

STANDING COMMITTEE ON
PUBLIC ACCOUNTS

AUDIT REPORT ON MUNICIPAL COUNCILS
2014-2017

Verbatim Report
Sigatoka Town Council

TUESDAY, 21ST JANUARY, 2020

VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS COMMITTEE HELD IN THE SIGATOKA TOWN COUNCIL CHAMBERS, SIGATOKA, ON TUESDAY, 21ST JANUARY, 2020 AT 10.00 A.M.

Submittee: Sigatoka Town Council

In Attendance:

- | | | |
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| 1. | Ms. Mohini Nair | Manager Finance |
| 2. | Mr. Anand Pillay | Manager Health Inspection |
| 3. | Mr. Davendra Rao | Acting Chief Executive Officer |
| 4. | Mr. Amenio N | Manager Projects |
| 5. | Mr. Sharan Singh | Manager Traffic |
| 6. | Mr. Adish Naidu | Special Administrator |
| 7. | Mr. Anil Chandra | Special Administrator |

Ministry of Local Government

- | | | |
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| 1. | Mr. Alipate Mataivilia | Senior Accounts Officer |
| 2. | Mr. Navin Chandra | Acting Director |

Office of the Attorney General

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| 1. | Ms. Alani Draunidalo | Audit Manager |
| 2. | Mr. Sairusi Bulai | Senior Auditor |

MR. CHAIRMAN.- Good morning, everyone. Welcome to the Public Accounts Committee (PAC) hearing on the Audit Report on Municipal Councils for 2013 (Parliamentary Paper No.135 of 2018). I once again welcome you all. On behalf of the PAC, let me introduce the Honourable Members of our Committee.

Before we begin with face to face meeting with Sigatoka Town Council on the Annual Report that had been submitted to the Council. Before we proceed I request Mr. Mitieli Uculoa to lead us with a word of prayer.

(Prayer – Mr. M. Uculoa)

MR. CHAIRMAN.- Thank you Mitieli for leading us with a word of prayer. Apologies, I believe we have two apologies this morning, the first one from Honourable Ratu Naiqama who is supposed to be replaced by Honourable Adi Litia Qionibaravi but she is running in late and also Honourable Aseri Radrodoro who has been replaced by Honourable Mikaele Leawere.

(Introduction of Committee Members and Secretariat by the Honourable Chairman)

Anything said in this meeting, I would just to inform you that it is going to be public. So, if you are actually saying anything please be mindful what you are saying because the Minutes and the Hansard Report will be available to the media as well as public. On that note, I would like the

Special Administrator for Sigatoka Town Council to introduce their team before we can go into submission proper, thank you.

MR. A. NAIDU.- Thank you Honourable Members and Honourable Chair. Welcome to Sigatoka.

I am sitting here as one of the Special Administrators appointed by the Government last September. So, I am here basically as an observer for the moment because I do not have privy of any other information which happened before our time. But I am available for questions if you need because I can talk about our future aspirations of Sigatoka would want to be.

(Introduction of the team from Sigatoka Town Council)

Our Acting Chief Executive Officer, Mr. Davendra Rao had been appointed a couple of months ago to take charge of the Council in the interim until substantive appointment is made for a CEO. Then Ms. Mohini, of course, she is the one who is going to get the brunt of the questions from you, she is the Finance Manager and I am hoping she will have all the answers and explanations ready for you. In the end, if you need I can then talk about the Council's future plans. Thank you.

MR. N. CHANDRA.- Good morning everyone. I am Navin Chandra, Manager Finance representing the Ministry of Local Government and also I am actually assisted by my colleague, Alipate Mataivilia and he was a Senior Account Officer with the Ministry.

MR. CHAIRMAN.- Thank you for that wonderful introduction. I would also like to acknowledge the OAG has joined us. Welcome to the team, I also believe this is the first time you are actually joining PAC as well so welcome to the Committee.

What we will actually do, I believe that there was a certain set of questions that was actually sent over. What happens in PAC is each question is going to be asked by a Member and then will actually seek explanation from the submittees and then if there is any follow up question then the floor will be open for the Members to actually ask that. Once we actually done with the first question then we will go on to the second question. So, in all we will try to have this as an informal discussion as well whereby we can get to know what has been done with regards to the Council and what is the future plan as the Special Administrator has mentioned for Sigatoka Town Council because with PAC it is not just about the numbers nowadays because we are also looking as to how we can improve the system. We have seen that especially with the municipal councils, there has been a lot of issues which has been ongoing for a number of years, it is more than a decade now. It is very important for us to actually see how best we can improve the system rather than just criticising what has happening in the past. So, you might have seen some of the questions that are designed are not actually more so about the financials itself but more on the explanation of what actually is happening in the Council. So, we will go around the table and I will ask Honourable Vijendra Prakash to ask Question No. 1 and from there we will proceed.

HON. V. PRAKASH.- Thank you very much, Mr. Chair. Congratulation to the Special Administrator and the Acting CEO.

Question 1: Why is the Council unable to meet the requirements of the Local Government Act?

MS. M. NAIR.- Thank you, Sir. For Sigatoka, all the financial statements are prepared by 31st May and it is submitted to the Office of the Auditor-General on or before time. All our audits are done on time and it is already published in the *Fiji Sun*. Sigatoka is adhering to all the requirement under the Local Government Act.

HON. V. PRAKASH.- Mr. Chair, supplementary question. If you are adhering then why has OAG pointed out that this account is not submitted on time and I think that is 31st March that the account should be submitted to OAG.

MS. M. NAIR.- Sir, can I request OAG to answer that question?

OAG REP.- Thank you, Honourable Member, for your question. The Report is as at 31st December, 2018, Sigatoka Town Council is actually the first Council that is able to submit by 31st December, 2018 on time, which is on 27th May, 2019. The 2018 Audit Report have already been signed by the OAG in November last year. So, they have managed to submit the 2018 accounts within the legislative deadline.

MR. CHAIRMAN.- Well acknowledged about the 2017 Annual Report, the financial report was actually submitted on time. What about previous years? How has been the trend in previous years? We are seeing an improvement now and we actually expect this improvement to continue in the future. I believe these are the four, at least the ones we are actually looking at are the four Councils and we appreciate the fact that these four Councils are at least on 2017. There are certain municipal councils which are still on 2009/2010. So that is very well acknowledged that your submission is on time with the current year but how about the previous years?

MS. M. NAIR.- Sir, from my knowledge, since we are here we are always on time. Maybe 1999/2000 we were far behind, but from 2004/2005 onwards we have been on time with Audit Department.

MR. CHAIRMAN.- Thank you and that is also acknowledged as well.

HON. J. N. NAND.- Thank you, Mr. Chair, Sir, through you I just like to point out that in the Accounting and Financial Management System there is an International Financial Reporting Standard for Small to Medium entities, is your organisation well versed on that? If so, can you please give us some success plan to it how are we able to address that now and in future also?

MS. M. NAIR.- Thank you, Sir. For Sigatoka, we are doing IFRS and we also have been doing some more training together because we are not experts. So, for Sigatoka all our accounts are prepared in IFRS. In addition, the Ministry is also assisting us to take up some more training. Currently we are doing things manually, we do make mistakes but with the assistance of the Ministry and changing of our accounts to MYOB, we will improve.

HON. J.N. NAND.- Thank you very much, Mr. Chair. You have pointed out that you are making a bit of mistakes, what are these mistakes? Are they costly mistakes?

MS. M. NAIR.- No, Sir, these are immaterial mistakes.

HON. J.N. NAND.- Just give us a hint on what type of mistakes are they?

MS. M. NAIR.- Sir, for example, sometimes a book entry, during calculating time the interest can go up and down in the book entries. In fact, when we do the balance sheet, the balance sheet does not throw that much. It is a immaterial ledger.

HON. J.N. NAND.- Mr. Chair, through you does it affect our customers?

MS. M. NAIR.- Definitely, no.

MR. CHAIRMAN.- Thank you. Can the Ministry of Local Government elaborate on what are the plans of actually getting digital platforms to all the municipal councils, not just Sigatoka Town Council but all other municipal councils?

MR. A. MATAIVILIA.- Thank you, Mr. Chair. I think for the Ministry, we have done some training from last week. Since 2017 we had one training specifically for IFRS standard where we advise all the Councils to attend and try to understand on how to report on financial statements from their respective Councils.

Another workshop we organised with the Office of the Auditor-General where we invited some accounting experts to come and explain to the Councils on how to deal with audit issues. There are some plans in place for this year, we will have to continue to organise workshops with the Councils and also provide them necessary training in terms of reporting of financial statements from their respective Councils. I think those are the plans in place. In addition to that we are also monitoring the financial management of the Councils where they have to report on a monthly basis to the Ministry on how they are utilising their funds and of course their budget and we are very much aware of how the Councils are managing their finance so far.

MR. CHAIRMAN.- Having noted that, how far have we have gone in implementing the OMRS system for municipal councils? Are they following the OMRS system and what is the procedure that is followed by Councils? Because most of the time in PAC we have seen posting errors where people do postings, ledger is not posted, the receipts are missing and all those kinds of things. So, I think one of the things that Government actually came up with us is the OMRS system by having capable people on capable positions so that these kinds of errors are eliminated both with municipal councils as well as Government agencies. So what is the status of OMRS when it comes to municipal councils?

MR. A. MATAIVILIA.- Thank you, Sir. For OMRS, this is widely implemented by the Ministry but for the Councils they still have their process of selecting the sources for candidate but the finalised approval is coming to the Ministry where we have to check against the process of selecting those officers, in this case like for finance staff, for example. If they want to appoint any finance staff, they will do the necessary processes from within the Council and now we have the Special Administrators and one of the objectives of this is to promote good governance within the Council. It will come through them and they have to recommend to the Ministry for approval in terms of selecting the right people for the job.

MR. CHAIRMAN.- Can we have an explanation from the Council before we go on to the Special Administrator to see whether the current process is appropriate in terms of how Special Administrators see it or they would like to see some changes in the near future?

MR. D. RAO.- Thank you, Mr. Chair. For that software and programmes, we will consult with our Ministry first and then we will nominate our staff from finance who are working in the respective Departments to go and then come and enforce these things in our Council.

MR. CHAIRMAN.- With regards to OMRS, the process that is followed in the recruitment of staff in Sigatoka Town Council?

MR. D. RAO.- Will also get the assistance from the Ministry, like putting advertisements and then we will go onto proper channels to select the staff.

MR. CHAIRMAN.- Can we have the SA of what he actually sees and believes?

MR. A. NAIDU.- What we found, we look after Sigatoka and Nadi as well. There is an almost incomplete lack of HR issues. We do not special expertise in terms of like if you want someone with high qualifications, we lack that. They might do with accounts staff. We do not have any software. I was quite surprised myself personally coming from a wider background, this is the 21st Century and we do not have an accounting software in just about any Council. That is what is throwing things apart. So, we have come in and now put in a lot of things, in fact, we are doing so many things to bring about these foundation tools. Those are tools that you need to run anything. I am now a farmer, so in fact I use software to run my farm that is how the vegetables grow, I am not sure. We have found that without those key resources in terms of keeping accounts, now keeping accounts is one thing, it is really basically mathematics (plus and minus) but have we gone beyond that in terms of trying to find out what is a better way of utilising our finances. Unfortunately we have only 249 ratepayers. I was surprised myself. Sigatoka has only 249 ratepayers, our portfolio is almost \$1.3 million. So, I am just wondering whether I was sitting in the right place with \$1.3 million and the sort of services we provide and the demand from people is forever changing.

So, yes coming back to the way we operate, we want to change that. We are looking at, of course, finance is the main thing. You got to have money to provide the services. But are we providing the right services. Are we providing the timely services. Now what we are also doing is, we are looking at Nadi Council at the same time because we are all within an hour's reach. Do you really need two Councils completely with different autonomy? We are discussing about sharing certain resources. There is a lot of work ahead and I must also introduce Mr. Anil Chandra who is also an Administrator, he just joined us. Accounting is one thing. Good governance, of course, trying to be transparent and all these things. I must say, we are not taking the side of Sigatoka but they have managed well so far. We have not caught any thief but we managed to find a few issues in bigger Councils. Apart from that, as we go along, I will keep highlighting some of the issues.

MR. CHAIRMAN.- Thank you, Sir. Honourable Leawere if you can ask Question No. 5 please. Question No. 4 has been answered.

HON. M.R. LEAWERE.- Thank you, Mr. Chair. *Bula vinaka* to all who are present here this morning, *vinaka vakalevu*. Just by listening to what has been discussed, it is a sign that Sigatoka thrives in terms of actually what has just been discussed.

I just have one question on the OMRS in terms of selection process to the Council. What happens if your nominee does not, I mean, being approved by the Ministry? So what happens in that regard? Does it go back to you and then it goes back? What is the process there?

MR. A. MATAIVILIA.- Thank you, Honourable Member. I mean for the recommendation of the staff to be appointed, if we find out that the process is not followed or any other complaints that we receive along with that selection, our position is we have to put it back to the Council to re-advertise the position or again follow the same process in selecting the staff.

HON. M.R. LEAWARE.- Thank you, Mr. Chair.

Question No. 5: Unsupported balances and un-reconciled variances formed the basis of modified audit report. What are the root cause of these problems and what has the Council done to improve on the maintenance and safe keeping of these financial documents?

MS. M. NAIR.- Thank you, Sir. For unsupported balances first I would like to address the root cause. Like for Sigatoka, we have only one recurring issue and that was like way back 23 years ago which has been carried forward in the Council's account every year and the root cause may be then was, they did not safe keep the Council's records or what so that could have caused it. But when this management came, we just tried to rectify the problems. They are talking about an amount of \$63,000 and that amount has been carried forward from 23 years ago till today. Since this management came in, we managed to look for documents worth \$30,000 by looking at the secondary resources and we are trying to come down to make it a zero and Sigatoka Town Council is working on that. From then till today, all our records are kept safely.

HON. M.R. LEAWARE.- Is there any progress in terms of the 1997 Report as alluded to in your response. Is there any progress?

MS. M. NAIR.- Yes.

HON. M.R. LEAWARE.- You mentioned something about the balances. So, is there any progress in terms of finding them?

MS. M. NAIR.- Yes, Sir. The initial amount was \$63,000 but we have managed to get, we have called some of our business houses after the audit. We found that the audit has been picking that every year. So, we spoke to some of the business houses who paid for car park contribution and that amount was for car park contribution. They are going to assist us by giving some information that they were the previous owners and they had paid for those amounts. We are working on that and maybe in a year or so, we will be able to get those information. This is as per audit report that we are looking on it, Sir.

HON. M.R. LEAWARE.- Thank you, Honourable Chair.

MR. CHAIRMAN.- Thank you, Honourable Leaware. Priya can you get the attendance signed by the Special Administrator who just walked in, please?

HON. V. PRAKASH.- Mr. Chair, thank you very much for the response from the Special Administrator. I think that is the way forward and indeed HR is the issue in a lot of municipal councils and you are knocking at the right place.

The Office of the Auditor-General has picked out that you are still using the manual system of accounting which could cause human errors. Is it true that you still continue with the manual system or have you changed?

MS. M. NAIR.- Thank you, Sir. Yes, I do confirm. We are 75 percent in MYOB and 25 percent manual. When preparing final accounts, we do it on Excel, otherwise our receipting, payroll and everything is in MYOB. Maybe in 2020, that is our target to fully get in MYOB.

MR. CHAIRMAN.- Honourable Deputy Chair, if you can go ahead with Question No. 6, please.

HON. J.N. NAND.- Mr. Chair, I think this has been answered but in a nutshell can the Ministry of Local Government actually come up with what scaffolding ...are you giving at the moment and what is your plan in the future?

MR. A. MATAIVILIA.- Thank you, Mr. Chair. Before I respond, maybe SA can take the lead on that?

MR. A. NAIDU.- Ever since we came on board we realised that liaison with Ministry of Local Government is the first thing. One thing that the Ministry of Local Government does is actually directs us in terms of good governance, of course accountability and transparency. Otherwise they would like to handle the way that we want because we are now administrators for this town. If there is anything that we feel that we ourselves are not sure or feel that there is something that we need advice on, we actually fall back on the Ministry. So, at least we have our backs covered by the Ministry of Local Government in case we are not sure ourselves. I am glad that we can blame someone at some point.

MR. A. MATAIVILIA.- Just to add onto that, I think one approach that we have to acknowledge for Sigatoka Town Council is this shared services approach. They have been assisting Rakiraki Town Council on their preparation of their accounts based on the progress that they had so far, they also went beyond that in trying to assist other small Councils. We are trying to emphasise about this to other Councils, that is, those Councils that are up-to-date.

HON. J.N. NAND.- Thank you very much. If any audit report comes, the common finding is with the cash management or cash flow and how we manage it, there are some loopholes there. Is there any as such in our organisation on how we handle cash? Can anyone respond to this, please?

MS. M. NAIR.- We follow our SOPs for revenue management in the sense like, receipts are being receipted, banked, then bank reconciliations are prepared and on that basis, financial reports are prepared. We are being checked by the Ministry. Our monthly reports are sent to the Ministry and at the end of the year it is being audited by the OAG.

HON. J.N. NAND.- Thank you, Mr. Chair, through you in regards to asset management; procurement of goods and services. What are the procedures in place?

MS. M. NAIR.- Thank you, Sir. As per our manual of accounts, half of \$10,000 has to be published in the paper and tenders are called. But if it is below then the Council have the powers to get it approved by the board or the Council meeting with three quotations, reports and all those things.

HON. J.N. NAND.- Have you encountered any problem so far regarding that? Any major challenges?

MS. M. NAIR.- Yes. For Sigatoka, not all services are provided in Sigatoka, sometimes to look for quotations, we have problems.

HON. J.N. NAND.- For services such as?

MS. M. NAIR.- I think our Acting CEO can speak on that.

MR. D. RAO.- Thank you, Mr. Chair. We had some challenges for our digger maintenance and some signage companies, they do not do large board printing so we had some challenges getting quotes from them.

MR. CHAIRMAN.- Thank you for that, Honourable Member. Honourable Leawere if you can go to Questions 2 and 3; this is all about internal control and asset and financial management.

HON. M.R. LEAWERE.- Thank you, Mr. Chair.

Question No.2: Is there an internal audit function that constantly checks and reports on internal control systems?

MS. M. NAIR.- Thank you, Sir. For Question 2, the Manager Finance does weekly checks and the balances of all the revenue generating areas in terms like, I move around in the field, I go to all the areas who collect revenue like car parks and public convenience, I do internal audits and checks at the same time and then the reports are being emailed to the CEO and to the respective HODs. The supporting documents were provided to the Audit Department, I mean whenever we did some audits but that is the way we do our checks and balances in Sigatoka.

MR. CHAIRMAN.- Alright, before we actually go onto the second question, OAG Page No. 17 of the Audit Report - Internal Control Mechanisms.

Sigatoka Town Council 2014 – 2017 basically except for one all of them are red, that would mean ineffective. Can you explain that discrepancy compared to what has just been explained by Finance Department?

AUDIT REP.- Thank you, Honourable Chair. For Sigatoka Town Council even though they are properly maintaining the documents, there are some internal control issues and the internal audit function that we are raising in our Audit Report is actually someone independent from the Finance Department coming in to check the internal control. When we come in, after the end of the financial year, we find a lot of internal control issues for receipting. There is no check from the Market Master to when it is receipted by the Council and there are some missing receipt books. That is why we are raising this issue on internal controls for the Council.

HON. V. PRAKASH.- Mr. Chair, to the OAG, you have found that ineffectiveness in the Council.

AUDIT REP.- Yes.

HON. V. PRAKASH.- And then you are also suggesting that there are no checks and balances within the Council. Are you suggesting there should be some internal audit conducted?

AUDIT REP.- So from us, internal audit, it is someone independent of the Manager Finance, from outside coming in to check the internal controls of the Council. So, if the Manager is checking her own work, which is not independent.

HON. V. PRAKASH.- Mr. Chair, I think that is a very valid point raised here on how to improve the accounts on behalf of the ratepayers. So far we have not mentioned ratepayers anywhere. We will be coming strong on that and I think for the SA, this is very important. It may cost a bit of the money but it will give you a very fair result of your internal control. I think criticism is something for improvement. It is not something that we can take it as a downfall. So, the suggestion is that we really need, you have used "I" and I was really surprised that you are doing it yourself. So, if that "I" can be removed and there is some independence for the CEO and the SA, please. We represent the ratepayers. We were told that you have a limitation. No, you have got very good ratepayers and then you have got other facilities that Council earns monies from. Lawaqa Park is one of the most important venues for rugby all over Fiji and other sports. So, we should not undermine the Council's number and other positions. We should be looking after a proper financial team. Thank you, Mr. Chair.

MR. D. RAO.- Thank you. Just a point on like, the Manager doing an internal audit, actually that is a big conflict and you cannot have her doing that. I think there is a process underway at the moment between us and Nadi where we will have an external audit for a different person auditing both areas so those things are in the pipeline.

In terms of the ratepayers, our focus is on rate paying. They are the ones who finance the town. Unfortunately, perhaps in the long run, you may know the boundaries have been extended. Sigatoka now handles right up to Keiyasi, Momi Junction and Mango Bay. That is the boundary, not technically. The Ministry of Local Government, I think, subsidises some money but not all. So, a lot of expense is going in to that extending rubbish collection beyond the original town boundary. Of course there are a lot of things to look at, we want to increase certain things but then it comes with a lot of opposition from ratepayers. We are trying to make everyone happy but there is a way of doing it and I think we have to show the people that we are serious about giving them the services and hopefully at some point in the near future we will be able to achieve this.

MR. CHAIRMAN.- Thank you, SA. While still on that, I think this will actually lead to Question No. 3 as well. I believe the 2014 to 2017 Reports were presented in respective years or all at ones. OAG, can you confirm that.

AUDIT REP.- For Sigatoka Town Council, it is just for 2017 Report.

MR. CHAIRMAN.- So, what about the 2014 to 2015?

AUDIT REP.- I understand it has already been presented in Parliament.

MR. CHAIRMAN.- No, this is the one we are actually looking at. Can Sigatoka Town Council confirm on that, please?

MS. M. NAIR.- Yes, Sir we get out audits every year.

MR. CHAIRMAN.- Audits every year.

MS. M. NAIR.- Yes, Sir.

MR. CHAIRMAN.- Alright. So, having said that and what we were actually just discussing about the internal controls and getting all those four of those important internal control mechanisms, I believe in exit meeting you might have been discussing this. So, what has Sigatoka Town Council doing for the past four years that is still showing year- in and year-out because definitely it would have been discussed even though the report was not presented? It is a consolidated report from 2014 to 2017 presented to Parliament. But year-in and year-out, OAG would have been pointing this out to Sigatoka Town Council that this is an issue. So, what proactive approach has Sigatoka Town Council taken in the past three years to ensure that this is not repeated?

MS. M. NAIR.- Thank you, Sir. As per Audit Reports and the recommendations, we are taking it positively and we are trying our very best to implement whatever we can as per our resources, but we are trying every year to improve. I think the auditors can vouch for us on that, we are trying to improve every year.

MR. CHAIRMAN.- Maybe to OAG this is something they can look into when they are doing consolidated reports, if they can give a breakdown on a yearly basis rather than actually consolidating because someone on average might actually get all bad scores rather than trying to improve. Let us say 2014 and 2015 was very bad and then 2016/2017, there were improvements, but when you actually take it on average it actually comes below the scale. So that is something the OAG can actually look into.

With regards to the comment passed on the Financial Manager doing its own internal audit and you are saying to engage an external audit. Because you are actually looking at two Councils; Nadi Town Council and Sigatoka Town Council, what is the probability of switching the Finance Manager from here to look after internal audit that side and that side to this side rather than actually spending money on external audit.

MR. D. RAO.- We usually get our own audits to look after that the financial process until we look at the proper Director Finance and Manager Finance.

MR. CHAIRMAN.- Honourable Leawere, Question 4, Page 2.

HON. M.R. LEAWERE.- Thank you, Mr. Chair.

Question No.4: Does the Ministry of Local Government provide any monitoring roles or checks on the governance and controls at the Council? If, yes, how often?

MR. A. MATAIVILIA.- Thank you, Honourable Member. I think I have already discussed this on the Ministry's role on monitoring the Council's finance management. This in terms of the Audit Reports of the Council. We used to monitor this very closely, working with OAG in trying to get their audit reports up to-date now. I can recall that in the beginning of the year there were a lot of backlogs and we can confidently say now that about five Councils managed to give in their accounts until 2017 to OAG for audit. That is through continuous monitoring the Councils on their audited accounts in terms of rates collection. We are closely monitoring the Councils on how effective their collection has been as far as possible. We also monitor the tenders on how they are getting these big companies for their products or any special work that the Council wishes to undertake. All the financial management of the Council, the Ministry is very much aware and it's monitoring closely.

HON. M.R. LEAWERE.- Through you, Mr. Chair, I thought I heard that there is shared approach in terms of Sigatoka Town Council and Nadi Town Council. Does that go across the board in terms of other municipal councils because that I seem to see here that Sigatoka is probably way on top. Why not piggy-back on that one in terms of getting other Councils to learn from what Sigatoka Town Council is currently doing?

MR. A. MATAIVILIA.- Thank you, Mr. Chair, through you the point is noted and not only is Sigatoka doing this, we are also requesting Labasa Town Council to assist Savusavu Town Council. Those are the shared services in terms of financial management that the Ministry is monitoring and we will try to see and take on from there on improvements, like for other Councils that can assist, especially those Councils with a backlog of accounts.

MR. CHAIRMAN.- Honourable Prakash. I believe Question No. 5 has already been answered so we can actually jump to Question No. 6.

HON. V. PRAKASH.- Through you, Mr. Chair.

Financial reporting issues highlighted the weaknesses in the financial management, what has the Council done to improve? Recruitment of finance staffs that are capable and knowledgeable must be considered.

MS. M. NAIR.- Thank you, Sir. For Financial reportings that were highlighted, the weaknesses of the financial management we are working on::

- a) Sigatoka Town Council is following the plans and the vision of the Council to achieve its goal;
- b) It monitors the financial positions regularly;
- c) Ensures that the customers pay the debts on time;
- d) Keeping the accounting records up to-date; and
- e) Meeting all financial deadlines.

For Part 2 of the question, recruitment of finance staff, the Council is considering getting an independent auditor, which is what we are planning to get extra people so that that person can in fact check my work.

HON. J.N. NAND.- Mr. Chair, supplementary question to Honourable Prakash, through you, in line with that, is there any Risk Management Policy or a policy in place?

MS. M. NAIR.- Yes, Sir. In fact as per audit comments, we prepared one and we gave them but I think that was not a proper one. So, in 2019 I have to prepare our bit. We have to do some more research and make a good Risk Management Policy.

HON. M.R. LEAWARE.- Through you, Mr. Chair, just a supporting question to what has been alluded to by the Honourable Member, in terms of recruiting capable and knowledgeable finance staff. How does OMRS impact on this response that you just mentioned?

MR. A. NAIDU.- Thank you, Mr. Chair. For the selected recruits, we can put one of this in our vacancy advertisements through knowledge of the OMRS software so that it will be an advantage for the Council. A background person has a knowledge. The applicants will go through the board and also send a submission to the Ministry for then recruitments take place.

MR. CHAIRMAN.- I believe that is one of the reasons I mentioned earlier about the OMRS system. One thing that PAC has been hearing, not just from municipal councils but from all Government agencies is like, for example training of our staff. This is not an issue now but it has been happening over four to five decades, when we bring in people, they are promoted on experience and trained but still we see that the same issues continue over and over again. I believe that is why the OMRS system has been brought in by the Government to actually bring in capable people who know the work rather than bringing in incapable people and then training them which actually takes two or three years for them to get trained and sometimes they do not even then learn, so it is better to actually bring in capable people rather than bringing in incapable people and training them on a particular position. That is one of the positions that actually needs to be advertised whenever a contract expires and the person actually acting on that needs to apply for that position as well.

Roles of the Council noted issues on increasing trend of trade debtors

What is the current debt recovery process of the Council and how effective is this process?

MS. M. NAIR.- Thank you, Sir. I have listed down recovery processes.

- i) Council gives a courtesy customer satisfaction telephone call. This is like after the invoices are being sent and the customers do not respond;
- ii) Councils gives them first reminder with a telephone call; first call, second call and third call.

Like Sigatoka we have set a strategy where all the HODs are members of debt collection department, where all HODs have a ward each to look after. Like we have six HODs and we have three or four wards so we have taken a ward each where we go to the debtors personally, maybe sometimes working hours or after hours, talk to them, ask for their problems and also allow them arrangements, in case they have some financial issues. After having dialogues, we managed to get some people to do part payments and some have given us problems like we have given them time, but if there is no response then the Council gives them a final demand letter and a final stage for us is to file in Small Claims.

HON. V. PRAKASH.- Mr. Chair, supplementary question, Madam, the rate of collection is 40 percent.

MS. M. NAIR.- Yes, Sir.

HON. V. PRAKASH.- And 40 percent is below the expectation of your budgetary allocation to carry out. There must be a reason for that because the ratepayers need to be responsible, the Council belongs to them, and if 60 percent of them are not able to pay rate or are not paying rate, the Head of Finance, you must have a reason, why? We know that there may be 10 to 20 percent who may we deliberately doing that but your 40 percent is a bad reflection of collection.

The other thing is, it is also important that there is ownership and relationship. The ownership of Council with the ratepayers and the relationship that we have. We want to rush to pay rate and at the same time, Mr. Chair, the Government was very kind enough to give also an amnesty period and then the Council requested that be extended again because the cane money is about to come, school fees and other things so there was a burden. It was again extended for six months and through Government's assistance because the Government has given that amnesty, why is it that he could not go beyond 50 percent collection? We are not undermining you, Manager Finance and the Special Administrator, here we see that there is problem between Council and ratepayers.

MR. A. NAIDU.- Thank you, Honourable Member. In fact we found that Sigatoka is the best Council in collecting rates. It is actually 40 percent of the arrears, the total areas for Council was \$59,000 last year. So, we managed to collect 40 percent of \$59,000. Is not 40 percent of whatever the rate is? So, in fact that is the best performing town.

HON. V. PRAKASH.- What is your rate collection for last year?

MS. M. NAIR.- (Inaudible) ... one of the ratepayer was close to 30 percent of the total arrears.

MR. A. NAIDU.- Thank you, Mr. Chair. Actually, his property converted to commercial and where the rates have increased and along the same street there was block rezoning. So, we did the due process, we published in the *Fiji Sun*, there no objections, it went to the Town Planning Office and that ratepayer's property has been gazetted to a commercial property.

What our Manager Finance has said, we are going to them,

HON. V. PRAKASH.- Mr. Chair, I would have congratulated the Council had you answered this question fully and yet you put one sentence there that you have collected 92 percent of your rate last year. I would have definitely congratulated you and also thank the SA - that is a very excellent rate collection. And now I congratulate you through, Mr. Chair that you have done marvellously well.

MS. M. NAIR.- Is just that 8 percent with people in arrears that we are looking at.

MR. CHAIRMAN.- Yes, Honourable Member, even I was actually going to comment on that as well because I was just looking at the financial on Page No. 37 and looking at the total income and the debtors amount, it was accumulating to around 8 to 10 percent. Congratulations on

that, it is a very good percentage of rate that you had collected. So you mean to say that the person who is not actually paying has been taken to court.

MR. D. RAO.- Yes, today we are having the court case. I will in court at 2.00 p.m.

MR. CHAIRMAN.- Alright.

HON. J.N. NAND.- Mr. Chair, probably this question has been answered previously but my concern is that the transaction from manual to fully data base, what are some of the challenges you are facing?

MS. M. NAIR.- Sir, we could have done it earlier, the reason I will just give a tentative but we may do it much earlier. I am just waiting for the busy period like for January to February, this is a busy period for the Finance Department, like the computer is busy receiving rates and business licences, so by March we have people who are training us for this and even our Acting CEO is a professional IT Officer. He is doing our training in-house.

MR. CHAIRMAN.- Honourable Leawere if you can actually go to Question No. 3. I think it is partly answered as well. So, if Question Nos. 3 and 4 can be asked together.

HON. M.R. LEAWARE.- Thank you, Honourable Chair.

Question No. 3: Operational deficits have been raised as well in the report. How is the Council functioning and able to meet the day to day operations within the straining cash balances?

MS. M. NAIR.- Thank you, Mr. Chair. I like to again inform this Committee that for Sigatoka one of the biggest challenge is that we do not have funds in the Council. Our biggest customers are ratepayers and market fees and others are small. Whatever revenue we collect is just offset with the expenditure leaving us with very less surplus and in between that, if there is a disaster in Sigatoka, the market fees are waived and like having additional duties outside the town boundary which gives us a deficit and makes the Council to nil balance. We do not have enough money. That is the biggest challenge in Sigatoka.

MR. CHAIRMAN.- Alright, still on that same question if we actually look at Page No. 35 of the Financial Statements, I can see in 2014 for Sigatoka Town Council, Cash at Bank was around \$500,000; 2015 it came to \$350,000; 2016 it jumped to almost to \$1 million, \$945,000. So, if you are showing that there was a loss of \$78,000 in 2016 and Cash at Bank actually increasing by close to \$600,000, how does that actually reconcile?

MS. M. NAIR.- Thank you, Sir. All thanks to the Ministry, they give us grants that goes to the Council's bank account.

HON. V. PRAKASH.- Mr. Chair, we must also recognise the Government of the day as it has been highlighted by the Special Administrator that the boundary has been increased, it is fully not gazetted but they are providing the service. I think the Government of the day is very mindful of that and I think they are giving you that support that you require.

The management of finance is in your hands under the care of the Special Administrator. All that we are saying is for all other Councils that are providing service which means that we want to see not only the town areas that are gazetted where the ratepayers are, but the nearby arrears are also able to follow a similar system of what the ratepayers are going through so that in near future, those areas that will come to you, as a town area will be to your advantage, not only for residential property but you will have more commercial properties and other things. I think we should congratulate the Government of the day for trying to give the required assistance and I think you should not go broke.

MS. M. NAIR.- We will take that positively, Sir, thank you.

MR. CHAIRMAN.- Finance Manager, can you show us where that grant is in 2015 or 2016? I believe grant sitting in Cash at Bank. It needs to show somewhere before it actually hits the bank.

MS. M. NAIR.- (Inaudible)

MR. CHAIRMAN.- Year 2016.

MS. M. NAIR.- Yes, so 2016 Sigatoka Town Council got a grant of \$845,000 for the river bank project which is added as a Cash at Bank, Sir. Government took \$945,000.

MR. CHAIRMAN.- So, grants are not part of Profit and Loss? OAG?

AUDIT REP.- The grant received by the Council is for the capital projects so it is actually recorded under deferred income in the statement of financial position. So, excluding the Government Grant because when the Council received the Government Grant it is actually restricted cash because it is for a particular project. So they are not allowed to use that cash expect for a particular project. So, excluding the Government grant from the Cash at Bank, the Council is actually showing that they will not able to pay their debt from the normal revenue that they receive.

MR. CHAIRMAN.- No, but where does it show in the Profit and Loss Account.

OAG REP.- No, it is not recorded in the Profit and Loss Account. It is recorded in the statement of financial position as deferred income because they have received

MR. CHAIRMAN.- The \$1.3 million that is actually showing at the bottom which is incorporative of that. Deferred income is what, a defined term or it is

AUDIT REP.- Because they have received the money in advance and they have not actually go into that project so that is why it is recorded as deferred income because they have not realised the income because the project have not been completed. So, once it has been completed then it will be recognised in the Income Statement.

MR. CHAIRMAN.- So, till to-date you have not use that grant?

MS. M. NAIR.- No, we have used that in 2017, Sir. We started doing the project in 2017.

AUDIT REP.- So, every year they will realise in the Income Statement. It is recorded in others in the Income Statement.

MR. CHAIRMAN.- But do you actually get a detailed of that deferred income whether it is only one particular amount or certain amounts accumulating to that amount?

AUDIT REP.- Yes, we receive a detail of this grant, so if we do not have the detail then we will actually raise it in our Audit Report.

MR. CHAIRMAN.- Alright, thank you. I believe next is Results of Audit. Have we dealt with Question No.4?

HON. M.R. LEAWARE.- Thank you, Mr. Chair.

Question No. 4: Outstanding TINs from parking meter infringements which were issued on LTA tickets/receipts, how is the Council recording these outstanding fees? Will they be payable to LTA when receipted?

MS. M. NAIR.- Sir, can the Traffic Manager provide an answer to that?

MR. S. SINGH.-Thank you, Mr. Chair. Yes, we are using the MYOB system and also we do recording manually. On the question whether this will be payable to LTA when receipted. No, we are not paying back this to LTA.

HON. M.R. LEAWARE.- And do you keep the money?

MR. S. SINGH.- Honourable Member, we are giving back this money and that money has been used for our day to day operations, for example, our salaries. We are buying TIN books from LTA and all our expenses we are using that.

HON. M.R. LEAWARE.- So, that will be impacted in your Income Statement, through you, Mr. Chair.

MS. M. NAIR.- Yes, it shows in the Income Statement. So, whatever revenue is collected from parking meter is actually used for operational expenses for parking meter in terms of their salaries, overhead expenses so that comes to nil to nil. We do not have any surplus funds generated from the Parking Meter Department.

MR. A. CHANDRA.- Mr. Chair, we have a problem. If you look at the fines the LTA issues, the fines if it is in Sigatoka Town, it is actually paid to LTA. Some people, if you read it, it actually is payable to LTA but some people do not, they come and pay at the Council. I think they are keeping quiet, they keep the money but if the LTA issues an infringement or we issue an infringement, the money goes to LTA. It should come to our town because the infringement is in our town. If someone is parking wrongly or illegally or perhaps not in the right manner, our town suffers because of that with traffic jam. So, why should we pay to LTA and to manage LTA's infringement notices, we are paying our staff for that. They are not paying us; we have to print the books ourselves and pay our staff. That is the big problem. I think there is an MOU or something so we are trying to sort that out. That is something we will need to take it up with the Minister for Transport.

MR. CHAIRMAN.- What about when it goes to the court?

MR. A. CHANDRA.- Well, the money goes to the court and LTA takes the money.

MR. CHAIRMAN.- So, it does not come to the Council?

MR. A. CHANDRA.- No. In fact we spend more money issuing ticket then actually it comes to us. Am I right in saying that, yes, Mr. Chair?

MS. M. NAIR.- (Inaudible)

MR. A. CHANDRA.- Maintaining the actual parking machine.

MR. CHAIRMAN.- Can we get an analysis from Sigatoka Town Council for PAC's reference with regards to the Parking Meter Fees. How much do you charge? How much do you collect? How much actually goes to court and how much goes to LTA? What is the expense of maintaining? Maybe PAC can come up with some recommendation once we have facts and figures because you cannot pass any recommendation without any evidence.

HON. M.R. LEAWERE.- Mr. Chair, just in addition to what you have asked. Is that allowable by law in terms of your Council Regulations? Is that allowable by law to use that money or you work in close collaboration with those who are involved in the traffic authority especially LTA. Some enlightenment on that, Mr. Chair.

MR. A. MATAIVILIA.- Thank you, Honourable Member. Can I just response to that question. Actually by law all these monies should go to LTA. It has been raised in the last PAC with other Councils and the issue raised by the Council is the maintenance of these parking metres and there are some overhead costs that they are incurring. We just had a discussion yesterday with our Director and we are trying to get LTA on board to try and have an MOU on this because we cannot be paying all these monies to LTA because of the issues that have been addressed. It is a good suggestion, Sir, that you have made to take an analysis and maybe the Council can do that then put up a recommendation to the PAC.

MR. CHAIRMAN.- Yes, because the fact of the matter is, one agency is getting in money and you go to that office and tell them, " you give us that money" it is not happening unless and until some recommendation can come from a bit higher authority. I think PAC will be a good one to actually recommend that. We can actually get LTA on board as well to actually have a discussion with them with regards to this and we will see that their opinions are.

HON. V. PRAKASH.- Thank you very much, Mr, Chair. I think the request by the Special Administrator and the Chairman's suggestion is quite valid unless and until we have figures to substantiate that the Council is incurring expenses on trying to book those people and that expense needs to be recovered somehow or the other.

Mr. Chair, at the same time, all Municipal Councils have an LTA Office right in the center of a municipality. Then why? It is the Council who is booking those people. They can have their own people do the booking and other things. That is another way. If they have got the resources right into the Municipal Councils or very near to Municipal Councils, they should have their own people to do that. But definitely as Mr. Chair has suggested, if the Council is trying to do that because the Council needs people flow so that more business comes to Council then definitely if

you give figures, facts and all that, PAC as the Chairman has suggested will be able to assist. You must have a valid reason to say that you have to do that because of this reason and you need the money for the service that you have provided. And I think the Ministry of Local Government through PAC's recommendation will take things up. These days you do not things for free.

MR. A. CHANDRA.- Mr. Chair, the problem here is that people have not thought about the interactions between agencies, like you have LTA, FRA and we have got the Council. The Council makes money through ratepayers and business licence, taxi, bus operators. So they know us. If there is a problem they will come they will to us, "hey, I paid all these things." We get bombarded. But then LTA comes in and also fines people who do not park legally or whatever it is. Then FRA is mucking around town telling us all sorts of things and on top of that, we have the Police. Police is parking every Tom, Dick and Harry you know if you double park or so. Once I talked to the Commissioner and I said, "where else can we drop and pick passengers in town?" So, there totally relaxed that. There has to be a joint meeting of all these agencies to see how we can make it more convenient. Because ratepayers pay to us, fees are paid to us, we have to have our own traffic management system just to look after their grievances.

HON. V. PRAKASH.- Mr. Chair, I would like to correct the Special Administrator. I think law enforcement agencies are an asset to the Council. They are providing you with you so many things.

MR. A. CHANDRA.- But money not coming in, Sir.

HON. V. PRAKASH.- They are not asking you to pay them. Law enforcement facilities that every Municipal Council and every citizen of this country are enjoying through the effort of Government. They have been giving service when people cannot give that service during disasters and other times to protect your town. I think to criticise those officers would not be a right thing because they are doing their duties. It is the duty of the Council being a former administrator also to try and facilitate more parking space so that people can comfortably come to Sigatoka, park their cars comfortably somewhere and go and do their business.

Parking problem, Mr. Chair, in every Municipal Council is a challenge to the Council and its Special Administrators to try and facilitate those things. We need to have reserve a special area for parking. Because if you do not have parking areas, the loser would be the Council. There is lot of revenue, a lot of people will just pass across from here and they will stop over where businesses are coming up. See from here to Nadi, the things that you are buy from town, there are shops available all around. Nice parking; just park there and get everything that you want. So, it is a challenge for the Council, we need to facilitate those facilities that the public want, parking spaces. I think you have got extended areas, through your expertise you have been doing so well. Very well-known figure in the West. Definitely, I think those facilities can facilitate so that people love to come to Sigatoka. They love to come and park. This is very important. This is a vision that we should have. We must come to Sigatoka, park our cars nicely and enjoy the service of the Fiji Police Force because they are giving us a very good service. Fiji Roads, Mr. Chair, is also doing a great job.

Mr. Chair, a lot of work that was done by Council through this Government's efforts have been taken away from them.

MR. A. CHANDRA.- All of it.

HON. V. PRAKASH.- Most of the job that was done by the Council before has been taken over by Government. Government is investing in your roads, probably in your drains, in a lot of ways to see that your expenditure is improved. You are able to provide more services to the ratepayers. So, Fiji Roads and all those people need to be in our municipalities because they are the ones who are fixing things that the Council was doing before. This was all the job of the Council. A big chunk of money that the Council used to provide has been taken over by the Government of this day and I think we should appreciate. You should really try and see that we improve our system as well, thank you, Mr. Chair.

HON. J.N. NAND.- Mr. Chair, through you, someone who is from Sigatoka for the last 18 years and I am from Sigatoka. One thing that I have observed here the new parking space where the former courts used to be. That space needs to be regulated because many people want to come and park but the problem is many vehicles are there for a long period of time. If it can be regulated for certain times, I do not know what your policy says but I could see many vehicles coming and then making a turn and going towards Nadi. If that could be regulated, it will be good because in certain municipalities, I have seen 30 minutes, one hour with different charges. I do not know what your policy states but it could greatly help the commuters. That is one feedback I got from my community village.

MR. CHAIRMAN.- Thank you. Just an additional question on that when it comes to parking space, who provides the parking space? Is it the Council or FRA? And if actually by the road side especially, on a private property it can be the Council, but on the road side who is the owner of that particular property, is it FRA or the Council? Because if we say, that that money actually needs to come to the Council and FRA hops in and says, “that is our asset, the money actually needs to come to us”; that will be another thing. Who legally owns that area?

MR. A. CHANDRA.- You know I did not realise until you asked this question. The road belongs to FRA, nothing belongs to us probably only the footpath because the footpath after that is the boundary that belongs to the owner. I really cannot answer that question. Actually it is a very good question; who owns the road. Who parks it there? Of course, who takes the money and all that? I am a bit confused. I really do not know but the fact that it is a traditional thing, it has happened over centuries, so if you are using a space in town, you pay for it. When it comes to Sigatoka, unfortunately, Sigatoka did not have any forward planning for the last 50 years. Yesterday I went to the Office of the Director of Town and Country Planning to give me a District Scheme. They ran around and said, “the file is too big and you need to bring your USB with 3 gigs in space.” I said just give me a print so they gave me a print which was done I think 40 years ago. Unfortunately Sigatoka was just a thoroughfare, people going from Nadi to Suva, so no one thought of actually swinging the traffic around and trying to see they can. There were more horses here before than cars but now there are more cars than horses and now there are hundreds and hundreds of cars in Sigatoka Town. Traffic is a problem, then we had this problem of people when they want to build a building, for a commercial building you have got to have a loading and unloading zone. So somehow they bypassed this, they do not provide it, they show it on the drawing, but when the building is done, they do not care. So, one big contributor to the traffic problem here is Shop and Save. They got a car park there, it is very convenient, people go in and then they bring one big truck in there. So those cars inside cannot come out and they have to reverse backward. In the meantime, there is a huge queue up to the river here. We have written them saying if you do not provide us a Traffic Management Plan, we will put a chain across so you

cannot use the car park at all. Of course, they come back to us and say, “give us three months and we will do something.” So, we have that problem.

Just going forward we have got an approval from FSC now to remove the tramline and then we could get about 100 car parks there. Once we remove that tramline then that street and this street, if they are at the same level, they can see through. At the moment, you have to climb through. I have a problem in climbing through and get that done then we have got other streets which are supposed to be service lanes so we can dodged through the back way and there is one guy not allowing people to go. Now, we have to go through certain things to clear that.

We have very limited parking spaces for people, for carriers and taxis. That empty space where there was a fire which damaged the building, there is an empty space; that is a private space. It is not ours. It is Bill Naidu’s, , he is making money out of it so we wrote to him – fine it is your business, your private but because you are charging money, you are by duty of care , you should make sure the car park is safe. So, we have a problem of traffic and spaces so hopefully we can do something then the greater issue is we have got this hill in between.

Now, I can talk about it because that is my expertise and I have some knowledge on planning. We hve got this big hill separating two sides of Sigatoka Town. Now, we have this side of town then we have that side of time. This hill has become a major impediment for interaction to both sides. People go through and then that is why those restaurants were set up, they find it easier. But then the other restaurants there, because of parking, this land belong to MHs and then somehow the Council got it, the condition that we should make a back road which we have done and suddenly somehow the Council sold it back and MH bought it back from us. I think it is in the report. So, we need that land. Now we do have that land and that is most crucial for Sigatoka’s expansion. Coming back to you, Sir, that Lawaqa Park that was ours. It is no longer ours. It is now Sports Council’s. We do not get money, we only get 5 percent of the income.

HON. MEMBER.- (Inaudible)

MR. A. CHANDRA.- But if they come, they come business here and there but the thing is, it is a revenue stream and we lost most of it. We have to plan. I am actually putting some time planning, I have asked FRA and LTA to come on board but at some point we will present to the Government to see how we can improve because this is like every other town, we consider this as most important because it is in the centre. We need to get people inside so we can get business, so that will take a bit of time.

Going onto I believe Section 3 is basically not so much of interest to Sigatoka Town Council.

HON. V. PRAKASH.- Sir, there was one modified account here. We need an explanation.

MR. CHAIRMAN.- No, modified means I believe for Labasa.

HON. V. PRAKASH.- No, there was modified for Sigatoka and Section 3 is clear. Through you, Mr. Chair, can we have an explanation on that modified and which year it was?

MS. M. NAIR.- From 2014 to 2016 we got unqualified accounts but in 2017 we got a qualified account.

MR. CHAIRMAN.- Can the OAG be consistent in whether using unqualified rather than no qualification and then modified and unmodified because I believe the new approach is modified and unmodified.

HON. V. PRAKASH.- There is an issue there, Sir. They are suggesting that 2017 had been modified?

MR. CHAIRMAN.- Unmodified.

HON. V. PRAKASH.- Which one is modified?

MS. M. NAIR.- In 2014 to 2016 are unqualified that is modified and 2017 is unmodified.

MR. CHAIRMAN.- What does no qualification mean? In layman's term I would say that there was not any qualification whether modified so what does accounting system mean?

OAG REP.- The modified is when there is a qualification so we have to change modified to modify the Audit Report so we need include the qualification paragraph for Sigatoka Town Council. Unmodified, there is no qualification issue. Disclaimer of Opinion, that is Auditor-General saying that he cannot give an opinion on the whole financial system as a whole.

HON. V. PRAKASH.- But they have one.

AUDIT REP.- Yes, they have one issue.

MR. V. PRAKASH.- Mr. Chair, through you, which year and what were the issues?

MS. M. NAIR.- In 2017 there was only one issue which I already spoke earlier, that is, Sundry Deposits of \$57,000 which the Council could not sustain. The records were missing in the Council for the last 23 years, that is the one which made our account qualified.

MR. CHAIRMAN.- So, that means in 2017 you actually clarified that pending issue for the past 23 years.

MS. M. NAIR.- We managed to get some information and we are trying to make it a zero by 2019.

MR. V. PRAKASH.- Sir, can we have an opinion from OAG?

AUDIT REP.- Thank you, Mr. Chair. The reason we raised it as a qualification issue because there is no, because for deposits there should be a detailed listing of all those who put their deposits into the Council because it is a deposit. So the Council at one point in time they have to refund their deposit. So, there is no detailed listing of these deposits and advances and there is no supporting document at all of this \$63,000 and the sundry advances is \$4,000.

MR. CHAIRMAN.- Sundry is \$4,000.

AUDIT REP.- Yes.

MR. CHAIRMAN.- So there are other issues?

AUDIT REP.- Sundry deposit is \$63,000 and sundry advances is \$4,000.

MR. CHAIRMAN.- Alright, going onto Section 4.1, Honourable Nand.

HON. J.N. NAND.- Mr. Chair, this concern has been raised there and noted that the Council is operating in deficit. Please can you elaborate further and what are some the measures taken, and what is the reason why it is operating on deficit?

MS. M. NAIR.- Thank you, Sir. For Sigatoka Town Council we are operating in a deficit and the main reason for the deficit is our budgets. When budgets are prepared, we hardly have much surplus in our account and the reason as you have seen in the explanation, I have shown the percentage of expenditure of Sigatoka Town Council in terms of the revenue received. Our chunk of expenditure is used to pay the salaries and wages, this is 38 percent. Our loan repayments are 13 percent; Contractual Works are 18 percent; Capital Projects are 10 percent and General Expenses are 20 percent.

The fixed expenditure of the Council is high due to providing services to the ratepayers leading to recruit more workers, for example, we have taken out certain town boundary. We have to recruit two health inspectors that made our salary go high. So that led to the salaries also high. The Government gave us money to make a ladies accommodation and we got an attendant to look after the ladies accommodation. These are some of the reasons the salaries went high. For your information, the Council did not take any loan. Our last loan was in 2004. Our overdraft facility is only \$60,000, we have never exceeded our overdraft facility.

Now, I am going to tell you the reason why the Council is always in a deficit.

The Council is unable to increase its fees and charges for the past 10 years but the cost of living is increasing day by day due to new responsibilities added as I have spoken earlier. Some addresses issues which we are currently going to, with this management and the new ideas we are going to improve. Some of the ways we are going to improve our Council is:

- i) Council had received an approval for a valuation of the Council rates. Our last rates were valued in 2008. From 2021, our rates will increase so that may increase our revenue in a good percentage;
- ii) Our business plans to erect car parks as our SA has told us that we will be erecting 110 car parks next year; and
- iii) Reviewing all our fees and charges as per approval from the Ministry. So these will ease Sigatoka Town Council's problem of going in deficit, Sir.

HON. V. PRAKASH.- Supplementary question to that. Can I have the percentage of operational cost and percentage of service delivery to the ratepayers?

MS. M. NAIR.- Our operational cost as I had said earlier, 38 percent is salaries, loans are 13 percent and general expenses are 20 percent. Our contractual work is 18 percent and

HON. V. PRAKASH.- I just want an answer. What is your operational cost here, a percentage of operational cost versus the service delivery?

MS. M. NAIR.- 18 percent is service delivery.

HON. V. PRAKASH.- There we are, Sir. That is the question where the Council should always be mindful. We must try and contain our operational cost as far as possible.

MS. M. NAIR.- Yes.

HON. V. PRAKASH.- This is an issue. Once we are able to contain that then you are deliver more to the stakeholders who are the ratepayers and of that, most of that has been taken over by the Government services.

MS. M. NAIR.- Yes, Sir.

HON. V. PRAKASH.- If your operational cost is going high and then the service delivery 18 percent. The ratepayers are so nice to co-operate with you. We should come to 30 to 70 or 40 to 60 percent because if the owners are not getting the bulk of things that they require then 18 percent going back as a service delivery compared to the operational cost, it must be contained. As you have suggested that we have to do more work, I again remind you, Madam Head of Finance that Government is supplementing that to the Ministry of Local Government. They are giving you those extra that you are providing. So, it is important to contain those operational costs so that the service delivery can be increased. This was the issue for Suva City Council when I joined in 2018 and within a year we brought it to 30/70. This is how we have to see that. We try and contain those operation costs.

MS. M. NAIR.- Sir, your recommendation is noted and with the assistance of our Special Administrator, next year Sigatoka will improve and you will see a good difference when you come for the next meeting.

HON. J.N. NAND.- Thank you so much. Mr. Chair, one of the measures you say is to review other fees and charges. Can you please give an explanation or quantify what are these fees and charges?

MS. M. NAIR.- Sir, some other fees charges are bus stand charges which has not been reviewed for the last 21 years. We are still charging 21 cents per bus stand trip and that is our biggest challenge, our market fees we could review, taxis, carriers, mini-van; these are some of our revenues that we can review next year for an increase.

MR. CHAIRMAN.- I have two questions. This one can be answered later on by the Ministry.

- i) If there is a consistent fees and charges to all the service provided by all the Municipal Councils or is different including the rates as well?
- ii) When we are actually saying that we need to get out of deficit or we actually need to get out of overdraft?

There are two ways of looking at these.

- i) Increase your revenue; and
- ii) Decrease your expenses. You explained very well in increase of revenue but that has to be mindful, that only comes into effect if the Government gives approval.

Having said that, let us say in a scenario if the Government does not give approval for the fees to be increased, what are some of the operational costs that can be reduced to see that we go out of deficit? This one actually can be answered by higher authorities as well as the Special Administrator on what are the plans of doing that because I see that as a more practical reason now for Sigatoka Town Council to operate on to actually come out of deficit rather than going in. Remember, it is very easy to say, let us increase our revenue. But if we are increasing the revenue, which does not mean that we will not be increasing our expenses as well. Come tomorrow even if our revenue has increased, our expenses also increases, it is basically going in the same direction. So, what is actually happening with regards to the operational cost and what are some of the plans that will bring the operational cost down?

MR. A. CHANDRA.- In fact our plan is to increase the operational cost to get great efficient. Having said that, that goes against the grade, how do we do that. It is a challenge. We need to look at our revenue status and I am always a believer in spending money to make money. So we need to do something here. We do not have any revenue scheme apart from....

So, cutting cost down, maybe you are not aware but as far as I am concerned in the general scheme of things, the Council workers as it is are pretty underpaid in my opinion. How do we find the balance? It is a very difficult task unless we relook at ourselves in how we can make more money, how we can save money. There are areas we can save money. There was a case where there is a loader here that was gifted by the Japanese Government. Each time it breaks down, we have to drive to Lautoka and get it fixed. I think in the last one year, it has cost \$50,000 to repair but then no one here wants to repair. But if we do want to repair which is cheap but we happen to know that person, so I cannot engage in that sort of activity, so we have to pay higher.

Unfortunately, we are thinking very hard as to how we can increase revenue by minimising outgoing costs. We only got 43 staff. In fact the other way to increase deficit cost is, most of our money, if you look at contractual work it is 18 percent. In fact, half of our revenue goes to contractual like rubbish collection and grass cutting. We call tenders, the same gentleman gets it because he has all the machines, so no one bothers to invest in it unless they get the job.

So its catch 22 - we have to come up with some smart things to see how we can get others to actually do something. Maybe we will sectionalise it so that we can distribute work to other people, so we can make competition vigorous. I think in the next month the board will have some answers as how we can do this.

HON. V. PRAKASH.- Thank you, Mr. Chair. I think our, Chair, will be the best person to give you some ways in which to bring down operation cost. Operation cost does not mean you hold the salary or you reduce the staff. Operation cost means that you are able to bring in more to try and get that thing down. To the Special Administrator we have got a lot of confident in you. The Government of the day has appointed you with a lot of respect and definitely you are a very successful businessman. A businessman we have known, and Madam, when I have heard your rate

collection, you would be one of the best person to try and work out some of the ways with your CEO because operation cost, if it is going to go high and service delivery is going to come down, the whole purpose of Municipal Council is defeated in the world and that is a challenge. You have been chosen out of many people, and I think you are the best; 18 percent service delivery and 82 percent operational costs is a high risk and there are many ways you can do that. Get that 8 percent rate that you want. Definitely it will come down. Get some more business to the Council. Get some more earnings to the Council. This is how you are going to do and our Chair is the best person as I said, you can always consult him.

MR. CHAIRMAN.- I am sorry, I declare my interest and have no input with regards to that. Most of the time we try to do that, the most unhappy people are the staff. We are currently doing that in our Ministry.

HON. J.N. NAND.- Mr. Chair, just to acknowledge Anand, he has been a former CEO of the Council. I hope his expertise is taken and for a number of years we have seen a very good service delivery. I am just using this forum to thank you for the support you have rendered.

MR. CHAIRMAN- Going further on - Section 5: Internal Controls.

5.3. Results Summary

HON. M.R. LEAWARE.- Thank you Chair.

OAG has concluded that overall the internal control system of your Council is ineffective which is a serious issue. What has the Council done so far or what are you doing to implement effective internal control system in your Council?

MS. M. NAIR.- Thank you, Sir. Some of the effective internal control system that is being implemented by Sigatoka Town Council is:

- i) Separation of duties;
- ii) Physical audits of cash and other assets;
- iii) Prior Approval Authority Request from our Ministry and our board;
- iv) Using standardised documents like invoices and receipts;
- v) Ensuring compliance with all Council policies are intact - all SOPs, legislation and regulations; and
- vi) Safeguarding our assets from wastage and theft.

HON. M.R. LEAWARE.- Through you Chairman, I am going back again to what their Chair had alluded to earlier in terms of the OMRS. So do you have the staff to do all these, are they qualified in this area or is it just the normal routine duties of the Council?

MS. M. NAIR.- Sir, I am sorry. We are just doing normal routine duties.

MR. CHAIRMAN.- Thank you for that answer.

Section 6 – Other Significant Matters.

6.1- Common Findings.

6.1.1. Corporate Governance (All Councils)

This was actually raised and if you can elaborate on 6.1.

MS. M. NAIR.- Thank you, Sir. For Sigatoka we have addressed these issues like whatever was with our resources we managed to do it. For Sigatoka, we do not have internal auditors so an independent auditor, currently this was done by me. But as per our meeting today, we will definitely look into it with Nadi Town Council where we could an internal auditor.

For Risk Management Policies and for Disaster Recovery Business Plan as I have spoken earlier, we prepared but it was rejected by the OAG and we will make a good and comprehensive one in 2019.

MR. CHAIRMAN.- With regards to Risk Management Policies, is there a standard one by the Ministry or individual Councils have their own?

MR. A. MATAIVILIA.- Mr. Chair, I think individual Councils have their own. They do not have Risk Management Policy but you can recommend to us, maybe we can develop one for every Councils.

MR. CHAIRMAN.- That would be a good idea if you can actually have one or if the Council develops one and be vetted by the Ministry itself to ensure that it is in compliance with whatever the standards are asking for actually or what can be actually done by the Ministry and then amended as per the needs of the individual Councils. Because we have seen that certain things definitely the Department of Local Government they need to come down to Municipal Councils to actually give that standard which they are supposed to follow. At the moment what is happening, is most of the Councils have their own standard and when it goes to OAG, that standard is not met because most of the things are now going to the Department of Local Government, it would be in the best interest of all Councils that that standard is passed down.

HON. M.R. LEAWARE.- Mr. Chair, just a question on the Ministry in terms of the manual of accounts. What stage has it reached or what is the status of that in terms of maybe I seek clarification on that?

MR. A. MATAIVILIA.- Thank you, Honourable Member. For the manual of accounts we have reviewed it, now we still have a draft in place. We are working with the Commonwealth Local Government Forum getting the consultant to try and go through the review again before we finalise the manual itself.

HON. M.R. LEAWARE.- (Inaudible)

MR. A. MATAIVILIA.- It is the standardised manual for all the Councils and they are still following the current manual of accounts.

MR. CHAIRMAN.- You may continue, is there something left with that question?

MS. M. NAIR.- We have already answered that, we have sent it to the OAG but they rejected it so I think the Ministry will assist us.

MR. CHAIRMAN.-

6.1.2. Financial Reporting

Issues highlighted by OAG indicates that there is lack of appropriate personnel to carry out financial reporting. The issue is ongoing and why has the Council allowed this to escalate?

Sigatoka has a complete finance team to carry out financial reporting.

6.1.3 Revenue Management (All Councils)

I believe that has been answered.

6.2. Other Findings (for respective Councils as stated)

What is the status and the corrective actions taken to resolve the issues highlighted by the OAG? Discuss reasons for any unresolved issues?

Sigatoka has taken in most of the audit findings in a positive way and have improved and have taken corrective actions to resolve the issues. The same evidence was provided to the auditors.

Sigatoka had only one recurring issue which was stated that there was no supporting documents for Sundry Advance and Sundry Deposit. These amounts were carried from 1997 till to date. Council does not have any supporting documents for year 1997 but the Council has taken corrective actions to resolve this issue such as requesting business people in Sigatoka Town who had been operating business 15 to 25 years back to provide copies of receipts if they made any deposits for monetary contributions or car parks.

Alright, I believe that one has been answered. For the first part, can the OAG actually verify that?

AUDIT REP.- Mr. Chair, for the first part, for the management letter that we issue to the Council for 2018 (the current one), there is actually a lot of recurring issues in which the Council have not resolved such as non-compliance with International Financial Reporting Standards (IFRS) when they prepare the financial statements and there are some other issues that have recurred for 2018. So, we had a meeting with Sigatoka Town Council and we have actually told them if they can resolve that issue going forward in order to improve.

One of the issues with Sigatoka Town Council is actually on basic accounting principle so when we come in for auditing, we cannot actually find the audit trail because for our accounting if there is a debit entry, there should be a credit entry. For Sigatoka Town Council they still need improvement in that area.

MR. CHAIRMAN.- Is there any particular staff who is responsible for doing that?

MS. M. NAIR.- Yes, it is the Manager Finance's responsibility, Sir, which I am improving now.

MR. CHAIRMAN- Alright. I believe that was part of the written question.

Now actually going onto SDGs - Goal No. 11. Make cities and human settlements inclusive safe, resilient and sustainable. Can the Council give an explanation with regards to how they are actually trying to achieve this particular goal?

Are you aware about SDGs? Ministry, how much the Council has received training with regards to SDGs? SDGs are Sustainable Development Goals, this one actually came after Millennium Development Goal (MDGs). There were five MDGs and now we have actually 17 SDGs which is the goal of the United Nations and it is embedded in all our National Development Plans (NDP) and everything. If you read our NDP, it is part of that. Actually it is the responsibility of the Parliament to ensure that all the Government agencies do something with regards to this particular SDGs because the goal to achieve all the SDGs is in 2030. It is a whole of Government approach so everyone needs to do their bit in trying to achieve these particular goals.

The other thing about SDGs is gender equality. Can we know the number of males and females actually in Sigatoka Town Council?

MR. A. MATAIVILIA.- Mr. Chair, just to clarify on that. I think the Ministry is currently doing the Strategic Plan in line from the National Development Plan where you have mentioned that it is aligned again to the SDGs. One of the components there in the NDP where the the Ministry of Local Government is responsible for is sustainable citizens, I think in Section 12. So, that is where we will align the Ministry in terms of reporting on the NDP and will circulate for the Councils and then they can develop their Strategic Plan from their own, given our new Special Administrator is on board and that is where they can take on from there.

MR. CHAIRMAN.- I believe on that note it would be a good idea for the Ministry to combine with Parliament and have a workshop of all the Councils, Special Administrators and Senior Management so that they are actually well-versed with what SDGs are and how we are going to achieve it. One thing for sure, SDGs come with goals but not with finance. The finance has to be borne by everyone. Just like you actually came with the goals and it is the Government's responsibility to finance this. So that is what the Government will do to give you the goals and you need to finance that. But there are certain things like the *talanoa* session for example, gender equality, it does not need money. All we need to ensure is through the old system that we have at least a balance in the workforce. Another goal is climate change. So, anything you are doing with regards to climate change, for example, drainage, dredging of the Sigatoka River, climate mitigation and planting; all those things are part of SDGs. All those things can actually be incorporated because next year when we come around, definitely we would like to know how much has been done because five years has passed by, only ten years left for SDGs to be achieved by 2030.

When you do your Annual Report if those things can be captured under the SDGs because SDGs should become a part of all the Annual Reports now. Even in Parliament, when we present our Report, we have SDGs as a title under which we state this particular Council or this particular Government agency is doing this much and that much. So, it is a mandatory reporting system now for SDGs to be incorporated in our Annual Reports.

Members last round of question.

HON. M.R. LEAWARE.- Yes, Mr. Chair. As you alluded to in terms of climate change, I will go back to the Report on Page No. 21 - special loan rates. I see in the last sentence of that page, can we have some clarification on that in terms of non-compliance with the standing reporting procedure?

MS. M. NAIR.- Sigatoka Town Council does admit that it was not complying. From 2020 we will be complying with that.

HON. M.R. LEAWARE.- Thank you, Mr. Chair. As mentioned by the Honourable Chair, in terms of Sigatoka Town Council, what is the Council doing in terms of Climate Change Adaptation, in terms of flooding around Sigatoka? I know that will impact on your capital maybe operational cost, so what plans are there for the Town Council in terms of adapting to Climate Change?

MR. A. NAIDU.- Thank you, Mr. Chair. Like for Sigatoka Town Council we are working closely with seven villages around Sigatoka Town and also *Roko Tui*'s Office in regards to planting of mangroves. Also we are working closely with one of the Japanese teams in Nasau which is called OISCA and we have planted the mangroves at Korotogo. One of our strategy is environment, we are working with Mission Pacific regarding environment like recycling. So, whatever PET bottles we collect, we work in partnership with them, we give it to them. So, at the moment we implemented this project with 19 schools and we are working with the PA's Office to take this awareness right to the valley. Since we are covering right from Nawai to Draiba, since we are looking after the extension town boundary, this is one of the core factors for us to implement this and we also are looking at waste management as well. Looking at the 17 Goals of the SDG, this is one of the things we are working in partnership with the stakeholders in Sigatoka for the implementation of these projects::

HON. M.R. LEAWARE.- (Inaudible)

MR. A. NAIDU.- Yes, like we have just attended one workshop with MET so we put up one strategy on why not we continue planting the mangroves at Korotogo and Malevu due to the tidal waves. So, we are working with the *Turaga ni Koro* from Korotogo linked to the *Roko Tui*'s Office and *Mata ni Tikina*.

MR. CHAIRMAN.- Thank you for that question, Honourable Member. Just for your information your favourite friend, Honourable Reddy is doing a lot with regards to the Sigatoka River trying to remove the silt so that the flooding is not an issue in Sigatoka. Honourable Prakash any last question or statement, please?

HON. V. PRAKASH.- On Pages 13 and 14, Sir. There are two things mentioned but OAG - continuous deficit for two years, if that can be taken seriously and deficit is not coming up again in future years. On Page 14, Sigatoka Town Council and Rakiraki Town Council, your net has declined all the time. These two things are very serious, Mr. Chair, and I think they need your attention. You will need to work incorporation with the Special Administrator to try and see that. We do not run under deficit and also they want to see that asset continue to increase because that is an input.

Mr. Chair, finally I would like to thank the Council. There has been a lot of improvements seen. I think all the Members together with the SA, I think they have a very strong team and we will be looking forward to a better Council in the future.

MR. CHAIRMAN.- Honourable Nand.

HON. J.N. NAND.- Thank you, Sir. I would just like to declare my interest as I am from Sigatoka. , I am really concerned about the first entry point where it is the Chemist and then that road that goes inside - Monday to Friday its parking lots and then on Saturday there is, basically we say open market. One that caught my attention, when it rains people are getting wet and so on. During our Committee visit, people has recorded their sentiments as there are only 12 or 15 cars, maybe 12 cars in the parking lot. So, if that can be taken away and an extension could be done to the market. This is just a thought. What is the rate, how much they pay or what is the arrangement in place?

MR. A. PILLAY.- Vendors pay \$1.10 per stall and at the market car park, you pay 30 cents per hour.

HON. J.N. NAND.- Are there any plans to upgrade that or will it continue to remain like that?

MR. A. PILLAY.- I think my Special Administrator will be a good person to answer that.

MR. A. CHANDRA.- We have a dream. Unfortunately we do not have much money but slowly the market needs improvement. There are a lot of vendors who actually own the stall but they do not actually stay there and we are thinking of putting a roof along that street. The poor vendors come from the top and sell and get wet, if it is sunny it is actually quite hot. We have improved slowly by putting flood lights so they can sell at night. We put some flood lights in the bus stop but the whole market, unless we look at a bigger picture, it needs a big improvement. So, we are doing small things hopefully in the next month or so. So, we can remove some of those canteens which are there at the back so we can have more space. There are plans but we will see if the Government can give us more money, will do it quickly.

MR. CHAIRMAN.-*Vinaka*, Special Administrator. I have one more question coming from my Secretariat through me, he would like to actually ask a particular question to the Council.

(Inaudible)

MR. CHAIRMAN.- Final comment from Sigatoka Town Council before we actually wrap today's meeting.

MR. A. CHANDRA.- I would like to thank all of you for coming. Honourable Members, I am sure you have better things to do than to come and scrutinise our accounts. Hopefully we have provided all the explanations and nothing is of controversy or anything but we will try and improve all the time. My passing remarks I think at some point all the Local Governments should be standardized in terms of their accounting procedure; have one software, maybe we centralise it. The Ministry of Local Government can have a look at it every day on what is happening. This is like I said, the 21st Century software and all that but we are in the process of

buying software and hardware to use technology as a medium. But again thank you very much and we hope to see you next year.

MR. CHAIRMAN.- Thank you. I will request our Deputy Chair to give his vote of thanks on behalf of the Committee.

HON. J.N. NAND.- The team from the Sigatoka Town Council, my home town. On behalf of the Mr. Chair and the Honourable Members, Secretariat and support staff, I take this opportunity to thank you very much for availing yourself. Whenever we requested some information from your Council, it was at hand. I really appreciate the work that you do. It is not easy to run a Council, we all understand that. The PAC is there is support you and we also understand that you are responsive to whatever has been dealt with in the past.

On behalf of PAC, thank you very much for being there for us and we will work in collaboration to ensure that our Town Councils provide a better service.

So, thank you very much and I request the Honourable Members and Secretariat to give a round of applause.

(Acclamation)

The Committee adjourned at 12:45 p.m.

STANDING COMMITTEE ON
PUBLIC ACCOUNTS

AUDIT REPORT ON MUNICIPAL COUNCILS
2014-2017

Verbatim Report

Ba Town Council

WEDNESDAY, 22ND JANUARY, 2020

VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS COMMITTEE HELD IN THE BA TOWN COUNCIL CHAMBERS, BA, ON WEDNESDAY, 22ND JANUARY, 2019 AT 10.00 A.M.

Submittee: Ba Town Council

In Attendance:

1. Mr Dip Narayan - Chief Executive Officer
2. Ms. Manjula Devi - Acting Accountant
3. Ms. Beatrice Nast - Special Administrator

Ministry of Local Government

1. Mr. Alipate Mataivilia - Senior Accounts Officer
2. Mr. Navin Chandra - Acting Director

Office of the Auditor-General (OAG)

1. Ms. Alani Draunidalo - Audit Manager
2. Mr. Sairusi Bulai - Senior Auditor

MR. CHAIRMAN.- I welcome Members who were not present early this morning, Honourable Joseph Nand and Honourable Vijendra Prakash. So, we will start with Agenda No. 5.1 which is Committee Hearing - Report of Auditor-General of the Republic of Fiji. Before us we have Ba Town Council and just for the information of Members, the Special Administrator (SA) is still on her way so she will be actually joining us later this morning.

(Introduction of Committee Members by Mr. Chairperson)

Without further delay, we will go into the submission proper and what we will do is, I will ask my Members to ask question one by one and then we will give a chance to Council to actually response and if there are any supplementary questions, then we will ask those questions. So, we will ask Honourable Vijendra Prakash to start with Question No. 1 please.

Before that, can Ba Town Council introduce themselves before we proceed?

MR. D. NARAYAN.- Thank you, Mr. Chair and Honourable Members. Welcome to Ba Town Council. I am Mr. Dip Narayan, CEO for Ba Town Council and on my left is Ms. Manjula Devi, Financial Controller for Ba Town Council.

HON. V. PRAKASH.- Thank you very much, Mr. Chair.

Question No.1: Kindly explain why the Council unable to meet the requirements of the Local Government Act from the findings of the Office of the Auditor General?

MS. M. DEVI.- Good morning all. Previously the Council was submitting accounts on time but in 2016 there was a delay in submitting because the Council adopted IFRS system and in 2017 the Council submitted its accounts on time. There was a delay in submitting 2018 accounts as the Council was waiting for the 2017 audited accounts from OAG.

MR. CHAIRMAN.- Can we request OAG to comment on that, please?

AUDIT REP.- Thank you, Mr. Chair. We can confirm that the Council submitted its 2017 accounts within the legislated deadline. They submitted on 31st May, 2018. The Audit Report was signed in July last year and they submitted their 2018 accounts for audit in December last year.

MR. CHAIRMAN.- Any supplementary questions? No. We will proceed further. Honourable Nand if you can ask Question No. 2, please?

HON. J.N. NAND.- Thank you very much, Mr. Chair. **There are problems and delays in relation to the preparation of financial statements to be audited and this is a major issue. We found out in many Councils and with due respect can you please explain why?**

MS. M. DEVI.- In future, the Council will submit its accounts by 31st May of each financial year and will not wait for the audited account from OAG.

HON. J.N. NAND.- Honourable Chair, supplementary question to that. What are the reasons for the delays, can you please highlight?

MS. M. DEVI.- In 2016 and 2017, audit was carried out in the month of January. So there were some issues raised by the OAG, so we were trying to rectify all that. That is why the delay in 2018 I could resolve some issues and then submitted.

MR. CHAIRMAN.- Question No. 3, Honourable Adi Litia Qionibaravi.

HON. ADI L. QIONIBARAVI.- Thank you, Mr. Chair. **We understand that the Council adopted IFRS in 2016. The question is, what arrangements have been carried out by the Council to ensure that all your finance staff understand the requirements of IFRS and to ensure that your accounts are submitted in time to the OAG. What processes, has the Council planned or has implemented to ensure that the accounts are prepared timely under IFRS so that there is no further delay in the submission of your accounts?**

MS. M. DEVI.- In 2016, the Council resolved to follow the IFRS for SMEs and hired the services of Aliz Pacific since it was the first time for the Council to prepare the FS in IFRS system. Also more training needs to be provided to the Finance Department on IFRS system and small to medium sized entities. There are emails from the Ministry of Local Government. They always follow up on our audited accounts. Every month we receive emails from them that the accounts should be done in a timely manner.

HON. ADI L. QIONIBARAVI.- Supplementary question, Mr. Chair. I note that the 2017 accounts has been audited presumably under IFRS.

MS. M. DEVI.- Yes, it is under IFRS system - 2017 and 2018.

HON. ADI L. QIONIBARAVI.- The information from the OAG states that for the accounts that were audited for 2014 and 2017, two sets of accounts were modified meaning that they were qualified, in that the OAG did not obtain sufficient audit evidence to conclude that the statements individually or in aggregate are material were not pervasive to the financial statements. Were they are unable to obtain sufficient corporate evidence which to base their opinion on? It appears to the Committee that whilst the account is updated to-date, there is not adequate follow up on the people who are preparing the statements to ensure that the internal controls are effective, the accounts are accurately prepared so that the Council can move away from how they modified opinions issued on the accounts. There is also a disclaimer of opinion which is more serious to the modified opinion issued on two sets of accounts. The disclaimer of opinion is where the OAG is unable to obtain sufficient

appropriate audit evidence on which to base the opinion. They conclude that the possible effects in the financial statements are undetected misstatements, if any, could be both material and pervasive.

Mr. Chair, the two set of opinions modified the disclaimer of opinion point to the fact that the staff who are employed to carry out accounting and financial responsibilities are not fully aware of what is accepted off them. The Council should aggressively change the way it is handling their accounts so that the Council can move away from having modified opinion or disclaimer of opinion given by the OAG in the audit of their accounts. I again hear this morning training is being conducted. How many trainings have been done? How many people have been trained? How do you measure that the training that they received are actually working to improve the status of the accounts and to move away to allow the Council or to move away from modified opinion and disclaimer of opinion.

MR. CHAIRMAN.- CEO, that is a very valid question which we actually like to pose when the Special Administrator is here, Madam. With your indulgence if you can hold onto this particular question because that is the way forward for all the municipal councils. I request when the Special Administrator is here, if you can actually direct that question because we also need to know certain things about OMRS so it will be in the best interest if SA is here to answer to see what their prospects are as in bringing this up. With your indulgence if we can hold onto that question for now.

HON. ADI L. QIONIBARAVI.- I agree, Honourable Chair. Perhaps we can ask the representative for the Ministry of Local Government as to their role in regards to the improvements that are needed to be carried out at the Ba Municipal Council to ensure that the Council's accounts in future receive an unmodified opinion or certified opinion on the accounts. What is the Ministry of Local Government doing to ensure that the people are both qualified, knowledgeable and are actually carrying out the responsibilities so that the Council may move away from these two adverse opinions firstly modified, secondly worse is a disclaimer of opinion to unmodified opinions.

MR. A. MATAIVILIA.- Thank you, Honourable Member. Mr. Chair, through you in response to the question raised by the Honourable Member, the Ministry is closely working with all the municipal councils in trying to update their backlog of audit accounts as we have experienced not only Ba, but for other Councils too.

In the beginning of this financial year, I think most of the Councils had a backlog and until today we are thankful that we have five Councils who managed to submit their accounts to OAG for audit and one of them is Ba Town Council.

In monitoring their accounts, we conduct the monitoring every month in trying to follow up their accounts to be submitted on time to OAG and we are also monitoring their financial management of the Council in terms of the audit issues that are raised by the OAG. We conducted one workshop last year with the assistance from the OAG and we are trying to come with some Action Plan on how the Council can improve their reporting on their accounts.

Secondly, we also facilitate the training of finance staff from all the Councils in terms of IFRS reporting where we engage a consultant to conduct training for all the financial staff of the Council and Ba Town Council was one of them.

Generally, we are working closely with them in trying to rectify all the issues. We take note of the valuable comments from the Honourable Member and we will try to improve this with Ba Town Council in the future.

HON. ADI L. QIONIBARAVI.- Thank you, Honourable Chair and the member representative from the Ministry of Local Government. I would just like to complete my comments this morning to say that there is a dire need to work aggressively together with the municipal councils so that the Town Councils can improve. So, a major improvement from the modified and disclaimer opinions to unmodified opinions. I note the financial strength of the Ba Town Council. You have had one of the best municipal councils that has a strong balance sheet, efficient, a lot of assets. Whilst you are assets-rich the matter remains that you need to improve the opinion

that is given by the OAG. I think that they should be working together with Ministry and the Municipal Councils to ensure that effective training is being conducted. I hear the word this morning that the training has been conducted by consultants. I hope that there is a proper evaluation of the training that are being conducted to ensure that they go to the root of the problem, that your financial staff understand the errors of the past and are able to move forwards confidently to ensure that the Council records unmodified opinion in your accounts.

MR. CHAIRMAN.- Thank you, Honourable Member for those questions. Honourable Leawere, if you can ask the next question, please.

HON. M.R. LEAWERE.- Thank you, Mr. Chair. The question that is posed there is about competency of finance staff to meet the requirements of the Local Government Act. What is the Council doing to address the gaps or probably the problems that the Council is facing in terms of what the staff know or maybe qualification-wise?

MS. M. DEVI.- We will provide more in-house training for the finance staff as mentioned earlier. The Ministry of Local Government will assist Ba Town Council on that.

MR. CHAIRMAN.- Yes, that has been actually covered and we are reserving those questions for the SA.

HON. M.R. LEAWERE.- Yes

MR. CHAIRMAN.- So, that is the time we can actually ask that question.

HON. M.R. LEAWERE.- Excuse me, Mr. Chair, because there are some pertinent issues there that relate to that question.

MR. CHAIRMAN.- Alright.

HON. M.R. LEAWERE.- In terms of selection, maybe we can pose that question a bit later when the SA comes in.

MR. CHAIRMAN.- Definitely we can. So we will defer that question and the first question posed by Honourable Qionibaravi so that when the Special Administrator is here then we can actually ask her.

We will now move to Question No. 5.

HON. M.R. LEAWERE.- Thank you, Mr. Chair.

Question No. 5: Unsupported balances and unreconciled variances formed the basis of modified audit report. What are the root causes of these problems and what has the Council done to improve on the maintenance and safe keeping of financial documents?

MS. M. DEVI.- The Council will appoint one Finance Manager in Lautoka City Council who will assist in rectifying the variances and improvements to the financial system as these unreconciled variances are old with no source documents.

HON. M.R. LEAWERE.- Mr. Chair, may be this is another question that the Special Administrator can answer in terms of the appointment or maybe the selection of the Finance Manager and his role because that is an important decision in terms of getting the qualified personnel to carry out the task that is in question now.

MR. CHAIRMAN.- Yes, I agree with that as well, Honourable Member because I believe we need to acquire first whether there is a Finance Manager in Lautoka City Council and if not then who has been looking after their accounts. I do not think Ba Town Council will be in a position to answer that. Yes, I agree to that as well.

HON. ADI L. QIONIBARAVI.- Mr. Chair, I would like to raise a supplementary question to that? I would like to ask how many years back have these unreconciled accounts existed. How far back?

MS. M. DEVI.- That is from 2011, VAT reconciliation was not done.

HON. ADI L. QIONIBARAVI.- It is just VAT accounts or deposited accounts

MS. M. DEVI.- Yes, VAT . The reconciliation and in 2014 the fixed assets did not reconcile.

HON. ADI L. QIONIBARAVI.- May I ask whether the people who were responsible for the reconciliation then are still in the system or is it a matter of people who have retired, who have left the Council.

MS. M. DEVI.- Yes, Madam, the people have retired as well as the former Accountant. He was sick during his work time and he had suffered a stroke at the moment. He is unable to assist us in that. Like many information were not only with the computer, so it was very hard to go back and look for the information, like we did not have the backup.

MR. CHAIRMAN.- Yes, Honourable Leawere.

HON. M.R. LEAWERE.- Mr. Chair, through you maybe just some assistance to the Council in terms of, you just mentioned about the backup. It is very, very important because if something happens you are lost. So maybe right now as they go along, they can also have some kind of system that will help them whenever we ask or whenever there is a need to get some clarifications from the Council.

MR. CHAIRMAN.- I believe that is one of the reasons why everyone needs to move from the manual system to the digital system rather than relying on a particular person to do the job and have all the data. It is better to have the system in place. So, whoever takes up that position has access to all the data from the system rather than going over and over through the files.

Honourable Vijendra Pakash, you shall ask Question No.6, please.

HON. V. PRAKASH.- Sir, I think this question was answered by the Ministry of Local Government. Question Nos. 6 and 7 have been answered.

MR. CHAIRMAN.- Honourable Member, before we proceed, I would like to welcome the Special Administrator to this meeting and before we proceed we would like to give the floor to her to introduce herself and from there then we can continue. MS. B. NAST.- Thank you very much. First of all my apologies for being late. It was a long trip and I guess you already have been welcomed here. My name is Beatrice Nast. I am the Acting Chairman and Special Administrator for Lautoka City Council and Ba Town Council.

MR. CHAIRMAN.- Thank you, Madam for that. Before proceeding we had certain questions raised which we thought it would be in the best interest if we can get an input from the Special Administrator. Honourable Qionibaravi has certain questions that we put aside. If Honourable Qionibaravi can now ask those question for the Special Administrator to actually answer.

HON. ADI L. QIONIBARAVI.- *Bula vinaka*, Madam Special Administrator. I had raised the question earlier but we decided that we should await your presence. We know that you have not in the Ba Municipal Council when these accounting queries are raised this morning.

The question is on the adoption of International Financial Reporting Standards (IFRS) in 2017. The question has to do with the need to train your officials (both Lautoka and Ba) but this morning we concentrate on Ba.

Looking back at the accounts (2014 and 2017) which we recently updated by the OAG with two modified opinions for Ba and two disclaimer of opinion for Ba Municipal Council. Both opinions point to the fact that the accounts are not being prepared on time. Internal controls are not adequate and the manner in which accounts are prepared do not follow the requirements that are supposed to have been followed. The question is, what is the Ba Municipal Council doing to ensure that the training needs of your staff in the finance department are able to address the shortcomings or the weaknesses in the preparation and the submission of the accounts of the Ba Municipal Council on time and under the required standards of the preparation of accounts.

MR. CHAIRMAN.- Madam, just for background purposes, why this question is directed at you is because what actually PAC is trying to achieve at this point in time is rather than just looking back and to ensuring what are the future plans, that is why it is directed at you because you are the ones actually making the policies now. We are trying to obtain what are the future plans to eradicate these issues.

MS. B. NAST.- Thank you for the question. I understand, I think that is probably why we are also here; the Special Administrators. We are looking at the future and we are also planning to put Ba Council as well as Lautoka onto a new accounting system and that the staff will get trained on that. To my understanding, the lady here, Ms. Manjula who is preparing the accounts. She is acting as a Finance Clerk so we probably look at some more training for her. As I said, we are trying to bring every system in Ba to the 20th Century which includes the IT and the accounting system and then we hope that Ba will soon be on top with their lodgements and with the right system which is required. Also we already are on the way for the Manager of Finance for Lautoka which will happen in the next three to four weeks and he also agreed to overlook the Ba finance for the time being.

HON. ADIL. QIONIBARAVI.- Mr. Chair, supplementary question. Madam SA, you will know that Ba Municipal Council is financially very strong both in terms of your rates collection of your assets, et cetera. I heard the answer to the question. I am sorry you need to be taking action as soon as possible. You have a lot of money. Cash at Bank as at 2017 was \$2.036 million, Trade and Other Receivable was \$1.1 million, Total Assets of \$20 million, Net Assets is \$15.8 million. I would urge the Ba Municipal Council to undergo the necessary training for your financial staff. We need to improve the opinions that have been out by the OAG. You can only do that if the training is undertaken seriously for your Council Finance staff. If that is not done, this time next year we will still be talking about the same issue. The OAG in all effort to ensure that not only municipal councils even provincial councils should improve the way that they submit their accounts in a timely manner and the quality of the financial statement to the OAG. I would just like to impress on that point, the need to take action now otherwise this time next year we will be talking about the same problem. So, I would you urge, Madam Special Administrator to ensure that the necessary training, you have got a lot cash, engage the right people to conduct your training so that the accounts are sent on time and the OAG is able to find no issue, no problem with your financial statement.

MS. B. NAST.- Thank you and I agree with you. The plan from the other Special Administrator which is in charge for the IT system was to implemented in the first quarter of this year and we definitely are getting some training done for Ba Town Council.

MR. CHAIRMAN.- Madam, the IT software that you are actually talking about, just a question to Ministry of Local Government, is it the same one that will be actually sent out to all municipal councils or is it unique to Ba Town Council and Lautoka City Council?

MR. A. MATAIVILIA.- Thank you, Honourable Chair. In terms of the accounting system, these Councils are different in sizes. We have small Councils like Ba, then we have the medium then those large

Councils like Suva City Council and Lautoka City Council. So, we are trying to get in a system that can accommodate the level of finance in the Council. Like for smaller Councils, we are recommending MYOB to be implemented across as Sigatoka Town Council has alluded to yesterday. I think another Council is Ba Town Council. We are trying to work with them in getting a MYOB system to be in place in terms of reporting the financial accounts.

MR. CHAIRMAN.- There was some talks, I think, last year or year before last to actually roll out FMIS to all the Municipal Councils. What is the progress with that? And if it is still progressing, why MYOB?

MR. A. MATAIVILIA.- Mr. Chairman, FMIS is only for Government Ministries and Departments. Like for the agencies we have not rolled out this FMIS system, maybe OAG can elaborate more on that. For the Councils, they are still using their old system based on their level of finance that they manage as I have already explained. For Suva City Council, they have their own system in terms of reporting and it is quite expensive too to maintain these new accounting systems.

MR. CHAIRMAN.- I believe this year was the push by the OAG so if they can comment on and FMIS to be implemented in municipal councils if you have any knowledge about that because I think we were actually informed, if Members would recall that it was OAG who are actually calling for FMIS to be rolled out to all the municipal councils rather than the municipal councils having their own accounting system.

MR. A. MATAIVILIA.- Mr. Chair, to add onto that and also the reporting standard, like for Government in FMIS, it is accrual basis, cash basis, I think but for the Councils there is a new standard that we have discussed on the IFRS for small Councils and full IFRS for larger Councils. I think that is why we cannot roll FMIS to them because of the different reporting system we have in place.

MR. CHAIRMAN.- Alright. OAG any comments?

AUDIT REP.- Mr. Chair, I think for the Municipal Councils because they are on accrual basis, so they are using their own system which is MYOB, that is why FMIS cannot roll it out to all the Municipal Councils. They are preparing their accounts on accrual basis of accounting.

MR. CHAIRMAN.- Honourable Prakash.

HON. V. PRAKASH.- Thank you very much, Mr. Chair. First, congratulations to the Special Administrator and also to the Finance Head.

There are two things that I want to ask Ba Town Council:

- i) Is your Finance team well equipped with the number of personnel that you need; and
- ii) The Councils should not have now its own accounting system.

I think the OAG has already suggested that there should be a common system (IFRS) and I think you should be going into that. Your collection of rates and other things, I think is quite well done. Here it is the method and also there are a few things that are needed to be corrected only. We can see that the Council has done a good job, but the thing is, why do you get a modified opinion. It is through training and proper submission of accounts and other things. As suggested by Mr. Chair and Honourable Members that training is important and the right type of personnel needs to be there and also you cannot have your own system now. We should be adopting the system that was suggested by OAG. Can we have a comment on that, please? Are you adequate with the number of staff you have in the Council?

MS. M. DEVI.- At the moment we have six staff in the Accounts Department.

HON. V. PRAKASH.- Is that an adequate number; is the number okay?

MS. M. DEVI.- Yes.

HON. V. PRAKASH.- The number is there, only the training.

MS. M. DEVI.- Yes, I think the training should be given to all staff.

HON. V. PRAKASH.- Which means that all the staff are not trained?

MS. M. DEVI.- They are, but I think more training should be

HON. V. PRAKASH.- And the other question? You need to follow the OAG's Report to try and implement IFRS.

MS. M. DEVI.- We have submitted our accounts in 2018 using the IFRS system.

HON. V. PRAKASH.- You are adopting that?

MS. M. DEVI.- Yes.

HON. V. PRAKASH.- So, you will move away with your old system.

MS. M. DEVI.- From 2016, we adopted the IFRS system.

HON. V. PRAKASH.- Alright.

MS. M. DEVI.- But still there were some information that were not enough with the accounts.

HON. V. PRAKASH.- How is the HR team? You do not have a HR team? Lautoka has a HR team.

MS. B. NAST.- We do not have a HR team.

HON. V. PRAKASH.- In Lautoka City Council?

MS. B. NAST.- They do not have one. I just conducted interviews yesterday for a new Head of Human Resources for Lautoka City Council who will also spend time here in Ba Town Council.

HON. V. PRAKASH.- Thank you SA.

HON. M.R. LEAWARE.- Mr. Chair, can I just pose a supplementary question on that issue that has been raised in terms of what has been raised by the lady from Ba Town Council. In terms of when the question was asked by the Honourable Member, in terms of the number of staff that you have. I was just wondering if there was a staff audit being conducted to find out the respective positions that are there that needs to be filled so that the work can progress smoothly. Right now according to what has been raised here in the questions, there is a need for the staff to be qualified in their respective areas and that brings to mind as we may be aware, the Council is run by people or human resources. These are very important components in terms of having an organisation move forward.

The added thing behind that is that the selection process in terms of like right now the Government is more on OMRS. In terms of the selection process with the lady, Special Administrator, maybe she could also throw some light into that. In terms of selection, you alluded to that you had just conducted the interview. Is that interview conducted yours truly or are there other people in the panel to ensure that there is a, in terms of having

the right people to ask the right questions. So, what I am just saying here, Mr. Chair, maybe it is an important issue to be taken into consideration in terms of selection because you need the right people. You need those who have the right qualifications to be in these positions that I said in order to, like as has been raised so that we do not meet next time and then we are talking about the same problem. So the people that are going to be there in the office are very important in terms of their respective areas of expertise.

MS. B. NAST.- If I may say, the SA team also identified right from the beginning that we basically have to start from scratch with the organisation chart and going through the contracts; there is no HR in both of the Councils. There is definitely a need to build this up again from scratch and see who is in which position, because we come across people positions which they should not be, they should be in another position within the Council. So, it is quite mixed up and that is why the first act was to get a HR who can look into all these. Ba is actually running quite alright compared to others and so we were trying to combine the HR person who is going to come and they will have a hand and maybe one more person here for Ba who then looks after all these as well. So, that is all in the pipeline. As I have said, we had a panel of five to conduct the interviews, we just now have to submit it to the Ministry so they can endorse it. As I said, hopefully two or three weeks.

MR. CHAIRMAN.- This panel, Madam, what will you select? We are just trying to get some information because there are boards, Special Administrators and Government agencies such as the Ministry. Under OMRS, like for example when you are talking about Ministries, as policy makers, Ministers do not sit in the panel.

MS. B. NAST.- Yes.

MR. CHAIRMAN.- All the Permanent Secretaries are actually selected by CEOs, for example in our case in the Ministry, it is the Permanent Secretary. They are the ones who are actually responsible for recruitment. So, when it comes to Special Administrators, are Special Administrators the ones who are selecting or is it the CEO of the Council who actually selects?

MS. B. NAST.- They were all in the panel. We have two Special Administrators, the panel, we have the CEO in the panel, for example, for Manager of Finance we had a finance person in the panel as well. So, everyone could ask the right question.

MR. CHAIRMAN.- Do we bring in an independent person in the panel as well? Like for example, in the Ministry if we are doing an interview, there needs to be someone who is totally independent and not related either to the Ministry to actually be in the panel. Is that part of the recruitment process as well when you are selecting people?

MS. B. NAST.- Independent in not being

MR. CHAIRMAN.- Not related to Ministry, for example, any ratepayer or anyone who can actually come and sit in as a panellist?

MS. B. NAST.- No.

MR. CHAIRMAN.- Like for example, in the Ministry for Youth and Sports, if there is an interview to be conducted, we would actually bring someone from Ministry of Education to head that panel to have that independence in the panel itself.

MS. B. NAST.- No, we did not have anyone there.

MR. CHAIRMAN.- Ministry of Local Government, your comment please?

MR. A. MATAIVILIA.- Thank you, Mr. Chair. Just to clarify on that issue. For the Ministry we are implementing OMRS at the Ministry level for the last two years now till to-date. We acknowledged it from

yesterday when you raised it that OMRS should also be implemented at the Municipal Council level. We took note of that, Mr. Chair. I think we will have to go back to the Ministry and try to facilitate on how OMRS can be taken down to the Council level in terms of trying to select the right person as you have already raised yesterday.

MR. CHAIRMAN.- I believe it is very important to ensure that it is rolled out to the Municipal Council as well because from PAC's point of view, there are provincial councils and municipal councils. These two councils do not actually follow the OMRS system and these are the Councils' Report when it actually comes to us, it is in a mess. Some of these Councils, they have not presented their reports back to 2010 and even the ones that are actually presented to us, the same thing, posting errors. The Special Administrator said that people are sitting in wrong positions. Let us say, for example, a person who has an accounting background is sitting in HR. A person coming in with HR knowledge does not have any HR background. So those are some of the reasons why we are pushing from our side that OMRS be implemented as soon as possible to Municipal Councils and if the Ministry can also talk to the Special Administrator on how that can be implemented and what are some of the processes because I believe all the Special Administrators have come from the private sector.

MS. B. NAST.- Yes, we do.

MR. CHAIRMAN.- In the private sector we have different ways of recruiting our staff but under OMRS there is a special procedure because we do not want things to be done, like for example, if I as a Minister go and sit in the panel, that is null and void. So, the other thing they need to see whether the Act actually allows Special Administrators to be part of the panel, if not, then those are some of the recommendations that should be coming in to actually change the Act so that we can actually streamline all these things. We cannot be going in, out every year with the same reconciliation issue and most of time what we have found out is, the people actually doing the reconciliation came in as a junior staff and over time they have been promoted without gaining the knowledge in that particular field and that has been actually causing the issue because somewhere down the line someone has to put their foot down and say, "no." We need capable people because one thing that we are also against is, for how long are we going to train our staffs? We cannot be bringing in wrong people in wrong positions and keep training them. For example, I am a pharmacist, no matter how much you train me in accounting, it will actually go over my head. So, we need the right people to be brought in to the right position but in a right manner as well. For example, we have given a lot of responsibilities to the Special Administrator. It is not that they will actually do something and they should be questioned. This is something that we will be raising in our report as well, with municipal councils, a lot of issues was to do with OMRS not being implemented.

HON. V. PRAKASH.- I think for the Ministry of Local Government, the Special Administrator and the Council, the Chairman has made a very valid reference here and suggestion. For Ba, you have got a very successful business organisation that is coming in Ba. They have got some of the potential HRs just around your door who could be as suggested by the Chairman that they can come and be independent scrutineers of the selection process. They can be an asset for the Council as well because we are also including ratepayers to be part of that.

Secondly, most of time we are looking for HRs as people who can be in charge, but there are potential training officers now. These training officers are floating in the country. The training officers are not HRs, they will be HRs one day and they have got potential amount of knowledge to try and train people with the abundance of knowledge that can help the Councils. So, if the Council can also see that a training officer is available which is quite cheaper than HR, it will be an asset because the concern raised, we need a future; we need an improvement. I think that is an area where there is a gap with Ba Town Council and if that gap can be filled. I do not know how the Ministry of Local Government Act will suggest but the suggestion by the Chairman is very valid and I think it will be really helpful to any Council.

MS. B. NAST.- The lady we have in mind for Lautoka City Council and Ba Town Council is actually a trainer of the training officers as well. So, that should be also helpful.

HON.ADI L. QIONIBARAVI.- Mr. Chair, thank you for the comments that you have made earlier and I also acknowledge the positive comments from my fellow Members.

Madam Special Administrator, I heard what you just said now. If the training of the staff could likely be conducted by someone who is qualified to train people. I would like to ask, through you, Mr. Chair, that that person is a qualified person in Finance so that what she trains your staff will be able to help them improve the manner in which they carry out their accounting work.

MS. B. NAST.- I am sorry, I was referring to the HR position not the Accountant's position.

HON.ADI L. QIONIBARAVI.- Yes. For me, my concern both HR and Finance but when you engage someone to carry out your training, it must be someone who is qualified to do the training.

MS. B. NAST.- Yes.

HON.ADI L. QIONIBARAVI.- That is really essential for all Councils. May I just draw information in the OAG Report because this might encourage the Ba Municipal Council. Sigatoka Town Council in the last three years has received an unmodified opinion from OAG which is certified opinion on their accounts. Ba with your financial strength you might want to just try and beat Sigatoka.

MR. CHAIRMAN.-Honourable Leawere, you have any follow up question?

HON. M.R. LEAWERE.- Still on the selection, there is some clarification that we need from the Special Administrator in terms of the selection of HR, who is involved in that selection going forward because the important aspect of my question is because whoever it is, as being alluded to needs to be aware of what the Council needs. So meaning has I said earlier, a staff audit of what is there, who is there, who is not there that needs to be filled; these are issues that need to be addressed and maybe if you would like to answer this question or if you prefer not to, you may do so. Sometimes we look at things coming out from the social media but in terms of the appointment of the HR, there were only two panellists available out of the five who should be sitting there selecting that HR, is that true? As I said, if you want to answer that question, you can do so. I just need some clarification from you, Madam Special Administrator.

MS. B. NAST.- We had two rounds of interviews.

HON. M.R. LEAWERE.- I am talking about the first round.

MS. B. NAST.- In the first round that was the whole list and we were short listing, there were two (2) and then in the second round there were five (5).

HON. M.R. LEAWERE.- Is that a requirement for two in the first round and 5 in the second round?

MS. B. NAST.- The panel can be between two and five.

HON. M.R. LEAWERE.- Is that in order? Maybe the Ministry of Local Government can also assist in that regard.

MR. A. MATAIVILIA.- Thank you, Honourable Member. Just to clarify, right now we are recruiting the CEO for the Councils. I want to clarify here, OMRS is very much followed by them because our PS is also part of the panel with the Special Administrators in trying to select the suitable CEO for the Council.

In terms of recruiting the staff of the Council, that is where I have already mentioned that OMRS needs to be taken down to the Council level to be implemented. For that, we need to consult the Civil Service Reform Unit, Ministry of Civil Service if they can assist us on this so that we can take this to the Council level.

MR. CHAIRMAN.- Just for the sake of clarity, is the panel consisting of two to five or three to five for any recruitment? Madam Special Administrator said it is two to five, but what does the Act say?

MR. A. MATAIVILIA.- The Act does not specify the number of panel.

MR. CHAIRMAN.- It just says about the panel.

MR. A. MATAIVILIA.- Yes a panel. I think the current practice that they have now in trying to select the CEO is two Special Administrators with the Permanent Secretary. I am not really sure whether one independent member or not? That independent member is what we have to address.

MR. CHAIRMAN.- Honourable Member, your question was about CEO or HR?

HON . M.R. LEAWERE.- It is about the CEO.

Sorry, through you Chair, why was the CEO not in the first round of sitting in terms of the selection of the panel. When they sat the first time, the CEO was not there, is that correct? Also added to that question is, for me personally I say three to five is a safe number rather than two because two and two is four if you look at that sum. So, I would say three to five will be a safe number in terms of your selection process. So, back to you, Madam SA.

MS. B. NAST.- Yes, if it is to, the number that is okay. When I was informing myself it was that it could be two to five and that is how we had it because we needed to act fast as we need a HR and a FC in the Councils.

MR. CHAIRMAN.- Thank you, Honourable Member. We shall proceed now to the second question and I think that is something for the Ministry to look into.

I believe we are up to Question No. 9.

HON. V. PRAKASH.- Questions 9 and 10 have been answered, Sir, so we can go onto Question 11?

MR. CHAIRMAN.- Yes.

HON. V. PRAKASH.- Thank you, Mr. Chair.

Question No. 11: Unsupported balances and unreconciled variances are something which the OAG has been pointing out since 2014. I think it is continuously coming up to 2017. Because of that, two years of accounts has been modified. Now what are the root causes of this problem that you have got? The first one is, you have unsupported balances and then there is unreconciled variances. You will see that the OAG has been pointing this out right from 2014 to 2017. How are you able to solve this? What are your actions to try and solve this problem that has continuously been pointed out by the OAG?

MS. M. DEVI.- There was a variance only in VAT, fixed assets and rates. I managed to reconcile the rates issue. Until today, I still cannot do the VAT and fixed assets.

HON. V. PRAKASH.- How do you solve?

MS. M. DEVI.- The reason was because as I had mentioned earlier, in 2014 we did not have any backup. For example with fixed assets, I was going through all the fixed assets and I ticked all my fixed assets report with the audit account, but still I could not find anything in that.

HON. V. PRAKASH.- Mr. Chair, thank you. The question is, how would you solve this problem? What is your future?

MS. M. DEVI.-I had mentioned this to the Special Administrator and she has told me that the Lautoka City Council Finance Manager will assist us in doing this.

MR. CHAIRMAN.- Before we proceed further, just for background information, Special Administrator you might be aware, which Council is more financially stable; Lautoka City Council or Ba Town Council? Because we do not have the report with us.

MS. B. NAST.- Ba Town Council is more stable.

MR. CHAIRMAN.- Ba is more stable. So why are getting staff from Lautoka City Council to help in Ba Town Council? Why can Ba not recruit their own if they are financially stable? MS. M. DEVI.- I think, Sir, for VAT reconciliation, we will be consulting the FRCS Office and then we will be writing to the Ministry on what we can do on that.

MR. CHAIRMAN.- That is alright, totally understandable. But my second question would be, we have heard that we are trying to bring in people in Lautoka City Council and then bring over to Ba Town Council to help when Ba is more the financially stable Council. It then would be an extra burden on Lautoka City Council to bear the cost of something that is carried out in Ba Town Council because the account is prepared separately; everything is separate. It can be the other way around; healthy and financially stable Council helping a poor Council but over here we see the other way round. Any comments on that or thoughts maybe?

MS. B. NAST.- Just coming back at the task we have been given is to run the Council as a business is and we have been given usually two like a city and a town which are close by which will obviously later on merge. We are also trying to share costs and of course Ba Town Council has to pay Lautoka City Council for the services of the Financial Manager.

MR. CHAIRMAN.- (Inaudible) ... from the audit point of view, I think that will actually come back and haunt the Council itself especially with regards to internal controls.

With internal controls, what we have seen in most of the Councils are that their own Finance Manager has its own controlled mechanism which is not acceptable, I believe, by the audit. So, if you see on Page 17, the table down below, almost four out of those five dots are in red and majority of these Councils have been having their own Finance Officer or Finance Manager actually trying to control that internal control. If one person is looking after everything, how can we actually improve our internal controls? What we actually suggested in Sigatoka was, if the Manager Finance from Nadi can come and check be the Stock Controller of internal controls and the Sigatoka Finance Manager goes to Nadi so it will be independent and I think that is what OAG wants. But over here if we are actually sharing that, internal control will be an issue when it comes to audit query. Maybe OAG can explain further on that?

AUDIT REP.- Mr. Chair, for us internal audit is someone independent to come and check the internal controls. So your comment is actually the Manager Finance checking the internal control or is it like the Manager Finance checking her own work which is not independent.

MR. CHAIRMAN.- Because most of the time what we have actually seen is, for example, if I am in control and then I am checking my own work, most of the time we overlook and when the external auditors come in, because one thing from the Government side is that we want things to be resolved before it goes to OAG now.

MS. B. NAST.- Yes.

MR. CHAIRMAN.- As an independent auditor.

MS. B. NAST.- That will change the strategy now.

MR. CHAIRMAN.- Food for thought for you.

AUDIT REP.- We have organisations that actually hire external auditors to come in and check their internal controls.

MS. B. NAST.- Alright.

HON. V. PRAKASH.- Thank you very much, Chairman. I think this suggestion is very valid because you may not have continuous internal auditing but by engaging few years of this internal control will be very valuable for the Council. This red mark needs to be removed. You cannot have it you will be seeing your own mistake and you cannot see the mistake. It is important that you organise as suggested by our Chairman and also the OAG in engaging those independent people to come because that it will really scare your accounts team and they will look at things in a different angle. There are things available now. Fiji is now an advanced country with a lot of resources, it needs to be tapped.

MR .CHAIRMAN.- Honourable Nand, your question please.

HON. J. N.NAND.- Honourable Chair, I think Question 12 has been adequately covered.

It has been noted and reported also there is weakness relating to cash management, procurement of goods and services, payroll, asset management and revenue management; this seems to be high on the agenda. What is the Council doing to tighten these controls? What measures are being taken? MS. M. DEVI.- Some of the procedures are:

- i) Internal controls;
- ii) Segregation of duties;
- iii) Two to three people handling cash management;
- iv) Board of Surveys are carried out every year; and
- v) Manual of accounts are followed.

MR. CHAIRMAN.- Honourable Members, any supplementary questions?

HON. J.N. NAND.- Yes, Sir, in regards to how you handle cash; is it on daily basis?

MS. M. DEVI.- The cashier makes the receipts and

HON. V. PRAKASH.- (Inaudible) ... system you want to be out. Still you are saying that you are following the new system (IFRS), now the cashier is making the receipts again. They should be aware that in the new system it is

MR. A. MATAIVILIA.- Honourable Member, just to clarify on the system. IFRS is the system of reporting financial accounts for audit.

MR. CHAIRMAN.- Right.

MR. A. MATAIVILIA.- We have an accounting system of adopting like MYOB they are doing, managing the finance. Receipting is still the current practice now for most of the Councils in terms of revenue.

MS. M. DEVI.- It is not done manually. It is done in the system.

MR. CHAIRMAN.- So basically what the Honourable Member is asking, it is not manual receipting.

MS. M. DEVI.- No.

MR. CHAIRMAN.- It is done in the system. As soon as it comes it goes into the system.

MS. M. DEVI.- Yes, and then the banking is done by a different person.

MR. CHAIRMAN.- Again with regards to internal controls, I think there is an internal audit team with the Ministry of Economy. Madam Special Administrator, if you want, they can talk to the Ministry of Economy, their internal audit team, they will be in a better position to tell how to set up. They should have been part of this meeting as well today but I am not too sure why there are not, either way just for your information that they are available, they are to help out. They will not come and do it but at least.

Next question, we will ask Honourable Qionibaravi.

Question No. 2, we know that there is an issue. The question is, is there an internal audit function that constantly checks and reports on internal control systems? That, we have actually had a thorough discussion as to how we can improve on that.

HON. AD. L. QIONIBARAVI.- Thank you, Mr. Chair. Question No. 3: what monitoring mechanisms are there in the Council to ensure controls are in place and are functioning as they are supposed to?

This question has been answered during the earlier responses. Monthly meetings with HODs, et cetera. For me everything boils down to the qualifications and the expertise of your financial people. They are unable to perform to the expectations, if trainings have been carried out and there has been no change in the financial preparation and submission of your accounts and the internal control measures, we will not be able to change the situation. We need to have both the Ministry of Local Government and the Ba Municipal Council working together seriously. This matter is very serious. We cannot be having answers as, we will do this, we will do that. That may have been said last year. It has been said again today by both the Ministry and the Municipal Councils. The long and short of it, both the Ministry and Municipal Council needs to know that in the last four years, Ba Municipal Council had two accounts modified and two set of accounts with disclaimers of opinion and those are serious concerns. Unless if you really take the step to improve the recruitment process, to ensure that people in your Finance Department are continually trained to be able to handle the requirements and the standards that are required, we will not change the status quo.

So, Mr. Chairman, I do not know how that will happen. The action in my view is with the Ministry and with the Municipal Council. Unless if you change the way you recruit people, unless if you train the right people, unless you get qualified people, this situation is going to continue. I do not know which one of you can give the assurance that you are going to do something about it in the next month or the next three months. Let us see some changes happening on the ground.

MR. A. MATAIVILIA.- Thank you, Honourable Member. Through you, Mr. Chair, points are clearly taken and we will try to work with the Council in trying to rectify the issues that the audit has raised. Very good points. We have learnt a lot today and hopefully for the next few months, before coming next year, some of these issues are being addressed with the help of the OAG.

MR. CHAIRMAN.- Just for information sake, all those who might not actually know about this but I believe there will be follow-up audit as well on this. That is actually something that is our control mechanism for PAC which is done by OAG. For example, once we get feedback, everything goes back to the OAG. Let us say, with us sitting here and the Council says, “we will do this and that.” All those things goes back to the OAG. When they come and do a follow-up audit, they actually see the recommendations given to PAC and given by PAC as well, so they will see at this particular point in time what commitment was made, whether it has been actually fulfilled or not. So, in a follow-up audit, that comes out. We have actually started follow-up audit, I think, in all the Government agencies firstly with performance and some other audit. With Municipal Councils, they are trying to catch up. Once we are able to catch up with all the Municipal Councils then they will actually start with the follow-up audit as well.

Just for information sake, once we are done with this tour, we will meet with the Ministry of Local Government and with its Permanent Secretary to discuss all the issues that has been raised with regards to this particular OAG Report and what their opinions are because we need an opinion from PS so that we can actually get the information We will now proceed to the next question, Honourable Leawere.

HON. M.R. LEAWERE.- Question 5?

MR. CHAIRMAN.- Yes, we will jump to Question No. 5, Question. No. 4 has been answered.

HON. M.R. LEAWERE.- Question No. 5: Are Standard Operating Procedures prepared and approved? If yes, are they up to-date to reflect current business activities of the Council?

MS. M. DEVI.- We are following the SOP which was implemented by the Council but it was quite old.

HON. M.R. LEAWERE.- Mr. Chair, how long ago?

MS. M. DEVI.- (Inaudible)

MR. CHAIRMAN.- I believe that is something we also discussed yesterday with Sigatoka Town Council and the Ministry has taken note of it. If they can actually come up with a standard SOP for all the Municipal Councils. The Municipal Councils can amend it according to their requirements. So, that is well noted.

AUDIT REP.- Mr. Chair, can I also comment? I think that is also one of the root causes for the weaknesses in internal controls; Councils do not have a Standard Operating Procedure where they document their processes and procedures for each of the activities including the finance.

MR. CHAIRMAN.- Because one thing for sure SOP needs to change if you are moving from manual to the digital platform. Because the SOP will still say, “ a receipt needs to be written.” I think all the SOPs, it is high time that we need to review in terms of what changes we are going to bring about for the future.

HON. V. PRAKASH.- Mr. Chair, it is advisable that the Ministry of Local Government and Special Administrators look into SOPs so that it is followed by the respective Council. There needs to be changes. We cannot say that, five years one is the same that we are following now. The system has changed so there will be changes.

MR. A. MATAIVILIA.- Point is taken, Honourable Member. I think with the appointment of the new Special Administrators, this is something that they will have to review and come up with a practical means of implementing their financial management of the Council.

MR CHAIRMAN.- Next question, Honourable Prakash.

HON. V. PRAKASH.- Mr. Chair, Question No. 6 has been answered.

Question No. 1: What is the current debt recovery process of the Council and how effective is this process?

MS. M. DEVI.- Reminders, notices and e-mails are sent to the customers. We also have house-to-house visitation is done by the Rates Officer. The Council is taking legal action like less than \$5,000 for Small Claims Tribunal and more than \$5,000, we take legal action.

HON. V. PRAKASH.- Mr. Chair, supplementary question. Can you elaborate on your percentage collection for the Council?

MS. M. DEVI.- For the rates?

HON. V. PRAKASH.- Rates collection, yes.

MS. M. DEVI.- Last year the current rates we have collected is 86 percent and the arrears we have collected is 31 percent.

MR. CHAIRMAN.- Do you know the amount of arrears? This is not the debt arrears that we are accumulating from the number of years.

MS. M. DEVI.- It was \$620,000.

MR CHAIRMAN.- So, out of which you have collected 31 percent?

MS. M. DEVI.- It was \$990,000.

MR CHAIRMAN.- Alright, so that was the pending amount. As of 2017, 2018 or 2019?

MS. M. DEVI.- 2018.

MR CHAIRMAN.- 2018.

MS. M. DEVI.- Yes.

MR CHAIRMAN.- So, in 2019 you must have collected a certain amount as well out of that.

MS. M. DEVI.- Yes, many must have paid in the month of January.

HON. V. PRAKASH.- Sir, can we have a comment from CEO?

MR. D. NARAYAN.- In fact, we had \$1.4 million in arrears and we have collected \$900 ,000-plus. We have got \$620,000 outstanding at the moment.

HON. V. PRAKASH.- Both the current and the accumulating one?

MR. D. NARAYAN.- Yes.

HON. V. PRAKASH.- Out of the accumulating one, you have got 30 taking action rates which is long overdue?

MR. D. NARAYAN.- Yes, Mr. Chair. Previously we had taken people to Small Claims and we are difficulties because at the end of the judgement, it was given that the ratepayers to pay \$10 per month or so and he has got \$5,000 or so in arrears. So, these are some of the difficulties we are facing and at the moment, in fact, in Ba we have got about 20 percent of people under the poverty line, there are destitutes and widows.

MR CHAIRMAN.- Thank you. Next question, please?

HON. J.N. NAND.- Thank you, Honourable Chair.

Question No. 2: What rates records management system is in place and how else can the Council leverage technology to improve on the maintenance of these records and also the future plans for rate payers database, et cetera. Can you throw some light on that?

MS. M. DEVI.- The Council's Ratepayers Database has been compiled and currently the Council is using the MYOB Accounting System to record all the data.

MS. B. NAST.- If I can add here to the future plans, we also think that the only place where the ratepayers can come and pay is actually the Council but since now the rural areas and everything comes into one zone, we also looking into that. The CEO spoke already to Post Fiji, maybe to put something in place where the ratepayers can also go to the Post Office and pay their rates so they do not actually have to come to the Council. As I said, with the new website coming in for Ba Town Council and with the new IT which is planned also, they can pay online directly into the account which makes it probably more easier for the ratepayers.

MR CHAIRMAN.- Thank you. We proceed - Honourable Qionibaravi with the next question.

HON. ADI L. QIONIBARAVI. – Thank you, Mr. Chair. I will slightly change Question No. 3 because the Ba Town Council does not operate on a overdraft. Can I change that question?

MR CHAIRMAN.- Yes.

HON. ADI L. QIONIBARAVI. – *Vinaka*. I note that the Council's borrowing is \$2.1 million. Can they advise, this is at 31st December, 2017 whether the Council is keeping up with the repayments of this debt? There is also a provision account of \$46,288. What is the explanation for that provision account and the deferred income account of \$1.9 million? I note that this moved from \$50,000 in 2014 to \$177,000 in 2015, right up to \$1.7 million in 2016 and it is now \$1.9 million. So those are the questions - borrowings of \$2.1 million, can you please just advise the Council whether you are complying with some loan agreement for the repayment of this debt of \$2.1 million and on the provision, what is that amount for (\$46,000) and the deferred income which has jumped from \$50,000 in 2014 to \$1.9 million in 2017?

MS. M. DEVI.- For the loan repayment, the Council was previously paying \$19,560 a month and last month we have changed, now we are paying \$22,000 a month.

HON. ADI L. QIONIBARAVI.- Through you Mr. Chair, is that in accordance with the loan agreement you signed with the bank or whoever provided this loan to you?

MS. M. DEVI.- Yes.

HON. ADI L. QIONIBARAVI.- So you have reduced from \$90,000 to \$45,000?

MS. M. DEVI.- No.

HON. ADI L. QIONIBARAVI.- You cannot hear that?

MS. M. DEVI.- No, before we were paying \$19,560, now we have increased to \$22,000. We are paying extra now.

HON. ADI L. QIONIBARAVI.- Good. So are you paying extra to cover up some of your repayment because of your financial situation

MS. M. DEVI.- Improved, because we are getting more revenue from the complex rental, so we are paying extra now.

HON. ADI L. QIONIBARAVI.- *Vinaka*. How are you managing your trade and other payables - \$453,000 as at 2017? Has that figure come down in 2018?

MS. M. DEVI.- Yes. We have collected money from the outstanding debtors. At the moment, last month was \$109,000.

HON. ADI L. QIONIBARAVI.- Good, congratulations.

MR. CHAIRMAN.- Honourable Members, on that note, the time is catching up and we have to be in Rakiraki at 2.00 p.m. as well. I believe the written questions, we have sufficient answers. With the Members indulgence, we will go with another round of questions, if anything else we would like to clarify on with regards to the report itself, we can ask.

HON. V. PRAKASH.- Mr. Chair, thank you very much. It is a final round, I would just like to ask, what is your operation cost; percentage?

MS. M. DEVI.- For the wages, it is....

HON. V. PRAKASH.- No, everything combined.

MS. M. DEVI.- It is 80 percent.

HON. V. PRAKASH.- So, 20 percent goes to your service delivery. Ratepayers are the owners of the Council, they pay rate. A lot of the services have been taken over by the Government itself like roads, I think it is not your concern now; Fiji Roads Authority looks after that. To control your operation cost so that you are able to deliver more services to the Council, ratepayers is important; 80 percent is huge. It does not mean that you have asked people to go, no, but you try and see how things can work out so that more service is given to the ratepayers.

MR. D. NARAYAN.- Mr. Chair, just to answer that question, in fact 80 percent is the cost for the paying of wages and all the equipment being used in providing the service to the ratepayers. In fact that is the total cost of our wages

HON. V. PRAKASH.- Operation cost is totally different, Mr. Chair. Operation cost of Council and the service delivery, there should always be a separate service delivery cost to the ratepayers. When you talk about operation cost, you talk about your salaries, maintenance of your equipment.

MS. M. DEVI.- I am sorry, Sir, that is about 55 percent because grass cutting, drain cleaning and toilet cleaning are all in-house. It is done by our workers. We do not hire contractors to do all those things.

HON. V. PRAKASH.- That is quite good. You got 55 percent of your operation cost?

MS. M. DEVI.- Yes.

HON. V. PRAKASH.- So 45 percent goes to ratepayers?

MS. M. DEVI.- For the security service too.

HON. V. PRAKASH.- That is excellent. If that is what you are maintaining, I think your ratepayers will be happy.

MR. CHAIRMAN.- Actually a very good benchmark would be to look at the National Budget; what is the operational cost of the Government and what is our capital cost. So, the capital cost is basically what is happening to as the service delivery cost. What we are actually doing in terms of giving back something in terms of the ratepayers. Like, for example, our capital project is something that we are giving out to the public as well. So, most of the time, I think the balance of ours is around 65/35 or 60/40. That is the benchmark we are looking at. The National Budget ensures how the economy is going to run for that particular year.

HON. V. PRAKASH.- How is your museum operating?

MR. D. NARAYAN.- Mr. Chair, thank you for that question. We had just recently appointed the Councils for the Special Administrators. They are looking into it because they will be also creating awareness through IT and other means. Maybe the way forward is they are working on the programmes and they will be creating more awareness to the public.

MS. B. NAST.- I know that comes to me. There is one Special Administrator in our team and she has a passion with the museum in Ba and she actually created a little team within the Council so they can look at it because it is really beautiful. People do not know that it is there. It does not make any money but we try to find a way to attract people to come to Ba and have a look at the museum. So, that is definitely on the way.

HON. J.N. NAND.- Mr. Chair, through you, just one last question, something to think about. Is there any plan to expand the town boundary or you are currently satisfied with it right now?

MR. D. NARAYAN.- Thank you, Mr. Chair. In fact there are plans to expand the town boundary at the moment. We have an extended boundaries, apart from that, maybe in the near future we are planning to extend the Council's boundary. MR CHAIRMAN.- Thank you. Last question, Adi Litia Qionibaravi, anymore or anything.

HON. ADI L. QIONIBARAVI.- I just hope that they will reduce the administrative and the operating costs. I am looking at the 2017 figures of \$1.4 million – administrative and operating cost. Again, it is a total income of \$2.056 million, Page 36 of the Auditor-General's Report which means

MR CHAIRMAN.- Almost 75 percent.

HON. ADI L. QIONIBARAVI.- Almost 75 percent in 2017, yes. We have not seen the 2018 accounts. I just hope that they will move to improve \$1.4 million for administrative and operating cost is really high when you look at that against the total income.

MR. D. NARAYAN.- Thank you, Mr. Chair. Just to answer that question, in fact this Council is doing all in-house work. We are not hiring any contractors. Garbage collection, cleaning, public convenience, grass cutting and drain cleaning are all done by the Council. Maybe that is why the operating cost is adding up. If we have contract out then it should have been

HON. V. PRAKASH.- I think the Finance Manager is correct because she is adding all those to delivery. I think her calculation is right.

HON. ADI L. QIONIBARAVI.- If that is the situation, very good and congratulations; you have carried out all your civic responsibilities for the people apart from the actual cost of employing people to do the administrative work.MR. CHAIRMAN.- Honourable Mikaele Leawere, last question, please.

HON. M.R. LEAWERE.- Thank you, Mr. Chair. Maybe the way forward in terms of the selection process, I am just trying to add some more into that, maybe with the assistance of the Ministry of Local Government, in terms of your selection process later on, avoid yourself being involved too much in the day to day especially in the interviews. Get other people to be involved in terms of the selection so that you can get the right people and all these will be rectified in terms of financial performance.

MS. B. NAST.- Thank you very much. This is what we are trying to do. We are trying to get the right people in so we can step a little bit back.

MR. CHAIRMAN.- Alright, just a last one from my side. Page 36, 2014 to 2017 operation deficit profit for the year. In 2014, it was \$41,000, 2015 it jumped up to \$411,000, in 2016 it jumped further up to \$488,000, in 2017 it came down to \$31,000. Can this be justified? Page 36 - Consolidated Abridged Statement of Income Statement - Operating Profit of the Year. It is huge actually. It was a huge jump and then it was a jump upwards and then there was a huge jump downwards as well.

MR. D. NARAYAN.- Thank you, Mr. Chair. In 2014 we had two floods in Ba and in 2016 we also had floods and *TC Winston* and maybe the figures fluctuated due to those natural disasters.

MS. M. DEVI.- (Inaudible) ...that affects our expenditure too. When there is a interest waiver or discount on rates, that affects our expenditure.

MR. CHAIRMAN.- That is well noted. Honourable Members, any final comments from the Ministry of Local Government?

MR. A. MATAIVILIA.- Thank you, Mr. Chair. Just want to raise if they can prepare a written response for your questions. I think it is a very valid question on how the figures are fluctuating, maybe they can prepare something in writing.

MR. CHAIRMAN.- If we are making a graph graph, it goes and becomes more standard, it is alright with little fluctuations, but if it is going up and down, definitely we will need an explanation for that. So, if you can give us a break down, even for *TC Winston*. What actually PAC is interested in is getting that explanation; that is our responsibility and to see that money was utilised as it was supposed to be. Ba Town Council, any final comments?

MS. B. NAST.- Thank you very much. We have learnt a lot today and we definitely take your suggestions on board.

MR. CHAIRMAN.- Thank you Special Administrator. On behalf of PAC, I request Honourable Adi Litia Qionibaravi to give a vote of thanks before we actually conclude the meeting.

HON. ADI L. QIONIBARAVI.- Through, Mr. Chair, Madam Special Administrator, CEO and your Finance Manager, I would like to thank you sincerely for our frank discussion today. We thank you because you have given us explanations even though it may not be what we expect you to say but you, please forgive us if we have asked you harsh and difficult questions. We have to do that because that is our role. We need to change the opinions the OAG on your accounts.

I can advise Members that in my time as a civil servant, we were always drilled, grilled by the Members of the Public Accounts Committee. We would come ready for the tough answers that they would question us. They would be looking at us in their faces to see how we react to their questions.

We hope to see improvements in the accounts of Ba Municipal Council and that in your 2018 accounts, you will move from being modified or disclaimer statement to an unmodified account. For us Members that would be the pudding on the cake that we would expect from not only Ba Town Council but from all other Municipal Councils and Provincial Councils. Again thank you I ask Members to show our appreciation in the usual manner.

(Acclamation)

MR. CHAIRMAN.- Thank you. I shall suspend the meeting until 2.00 p.m. when we meet in Rakiraki Town Council Office.

The Committee adjourned at 12.10 p.m.

STANDING COMMITTEE ON
PUBLIC ACCOUNTS

AUDIT REPORT ON MUNICIPAL COUNCILS
2014-2017

Verbatim Report
Rakiraki Town Council

WEDNESDAY, 22ND JANUARY, 2020

VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS COMMITTEE HELD IN THE RAKIRAKI TOWN COUNCIL CHAMBERS, RAKIRAKI ON WEDNESDAY, 22ND JANUARY, 2019 AT 2.30 P.M.

Submittee: Rakiraki Town Council

In Attendance:

1. Mr. Mark Hirst - Acting Chief Executive Officer and Special Administrator
2. Ms. Deepika Goundar - Finance Manager
3. Ms. Salesia Buka - Admin Officer

Ministry of Local Government

1. Mr. Alipate Mataivilia - Senior Accounts Officer
2. Mr. Navin Chandra - Acting Director

Office of the Auditor-General

1. Ms. Alani Draunidalo - Audit Manager
2. Mr. Sairusi Bulai - Senior Auditor

MR. CHAIRMAN.- Thank you. I shall now call the meeting to order. On behalf of the Public Accounts Committee I would like to thank Rakiraki Town Council for accommodating us this afternoon to scrutinize the Report of the Auditor-General, Audit Report on Municipal Councils from 2014 to 2017. I believe this is the third Council we are visiting and from these four Councils we have seen they are actually quite up to-date with regards to their audits especially getting 2014 to 2017 which is a good sign. We have already been to Sigatoka, this morning we were at Ba Town Council, now we are at Rakiraki and tomorrow we will be travelling to Labasa to meet the Labasa Town Council.

Without further delay, what we will actually do is, the Rakiraki Town Council to actually prepare. We will be going question by question and if there is any supplementary question in between, we will definitely be asking supplementary questions.

(Introduction of Committee Members by the Chairman)

Now we invite Rakiraki Town Council to introduce yourselves and then from there we will take it forward, *vinaka*.

(Introduction of team from Rakiraki Town Council by Mr. Hirst)

MR. M. HIRST.- First, welcome to Rakiraki on another beautiful fine day up here in the West.

My name is Mark Hurst. I am the Special Administrator for Tavua and Rakiraki Town Councils. I am standing in as the Acting CEO as our recent CEO resigned some two months ago.

We will be quite happy to answer all the questions but bearing in mind that I am new to the position and you will see it through these questions that also our staff are not that holding their positions either but we will do our best to assist in the best way we can.

MR. CHAIRMAN.- Thank you, Sir. Before we start, an approach that PAC has taken and this is why we requested the Ministry if Special Administrators can be part of this particular meeting is not just scrutinising what has been happening in the past but also looking at what other ways we can actually improve things in future. This would be a very good and ideal situation whereby as a Special Administrator you can get to know what are some of the audit queries that are coming in and what are some of the things that you can actually improve on in future. As a new comer, we definitely do not expect to get all the answers from you, but way forward, definitely we would like to know what are some of the plans for both Tavua Town Council and Rakiraki Town Council.

So, we will start with Honourable Vijendra Prakash if he can go start with Question No. 1.

HON. V. PRAKASH.- Thank you very much, Mr. Chair.

Question No. 1: Why is the Council unable to meet the requirements of the Local Government Act in the submission of its account on time to the OAG so that it can be audited in time, that is, 31st May?

MR. M. HIRST.- In response to that question, Rakiraki Town Council has only been incorporated for the last 10 years. Its staff numbers have grown very slowly. The quality of the staff employed has only been able to grow on its revenue therefore one of its responsibilities is to pay its staff.

Currently the good lady on my right is qualified and has a Diploma in Banking and Finance and yet is operating and running all the accounts for the Council and doing a pretty good job at that. But previously, only the four years since she has been here, before that I have no idea what the qualifications of the staff were, whether they even knew what they were doing as far as requirements of the Act. All I can say is, from now on we have copies of the Act with us and we will be going to work pretty hard to make sure that the requirements of the Act are all met. Our biggest problem is going to be revenue generation so we can train all staff and then be afford to pay the staff the required salaries of that level of quality.

MR. CHAIRMAN.- Any supplementary questions? At this juncture I would like to welcome our Deputy Chair, Honourable Joseph Nand. He is also the Assistant Minister for Education, Heritage and Arts.

We will go to Honourable Leawere for Question No. 2, please.

HON. M.R. LEAWERE.- Thank you, Mr. Chair. The question is:

Question No. 2: What is the Council's solution to the problem of delays in the preparation of financial statements to be audited? What are some of the problems that you face?

MR. M. HIRST.- Partly that was answered in the previous question, it is mainly to do with capacity. We are probably one of the smallest Councils apart from Levuka in the whole country and yet we still have to maintain and do all the things and the requirement to the Act bearing in mind that we have only got about six or seven actual operational staff and the rest are labouring staff.

So, the new board has come in place to try and look at ways to build capacity through donor funding, that capacity is not only in people, it is also in machines and software and technology, et cetera.

We are now up to-date with all our audits, et cetera, so looking forward, I do not see any reason why there can be any delays in providing the Financial Report that is required by the OAG.

HON. ADIL QIONIBARAVI.- We note that Rakiraki Municipal Council accounts had been audited up to 2017. Just following up on the submission on the delay in the submission of the financial statements to the OAG, I am just wondering whether you have complied with the law for 2018, whether you have submitted the accounts of 2018 by 31st May, 2019.

MR. M. HIRST.- Already submitted.

HON. ADI L. QIONIBARAVI.- Thank you.

MR. CHAIRMAN.- Thank you Madam.

AUDIT REP.- Mr. Chair, for 2018 they did not submit it within the legislative deadline. We received it after 31st May, 2019. In 2018 we have completed our audit but we are still waiting for the comments to the management level. We cannot finalise until we receive the management comments.

HON. ADI L. QIONIBARAVI.- Mr. Chair, through you, the Special Administrator what would be the reasons for the delay in responding to the management letter?

MR. M. HIRST.- The delay we have got is, I was given a document of about 35 pages and we had to work through, I put comments on that, I sent it through and it was refused because I just written on it by hand. So now I have to type up the whole thing because they will not supply a soft copy. I have to retype the whole document and then add my comments to it because they require it in a certain format. I tried to get it done in the last two weeks but as you know, we have gone through two cyclones. And then we have cyclone and the power goes off all day we have no backup generator system, et cetera so they have granted us sometime, and I hope to have it done by the end of next week bearing in mind that most of our comments and most of the reports information is based on previous CEOs performances that I have no knowledge of and I have to investigate. So, most of my comments are virtually, refer previous CEO, refer previous CEO. I will attempt to get as much informations as I can and to the comments that are pertinent but barring that, I can only write down what I know. So we will do our best to get it done in the next seven days at least.

HON. ADI L. QIONIBARAVI.- Thank you, Mr. Chair.

Question No. 3: Do your Finance Officers understand and are well-versed with IFRS for Small Medium sized entities for which the Rakiraki Municipality is categorised under?

MR. M. HIRST.- What we have done is, we used a company called Alliance Financial Services as a consultant to give us a bit more capacity building and the understanding of IFRS. We are using those for this coming year and then will also be looking to upskill our own staff so that from here on, we have our own capacity, not expanding our cost in consultancy services. But right now because we do not have the capacity and the staff do not have the training in order to comply with these services, we will be using a consultant for the near future.

MR. CHAIRMAN.- Thank you. Question 4, Honourable Nand, please.

HON. J.N. NAND.- Mr. Chair, through you, I think we have partly answered this question but let us go through it again.

Question No. 4: It has been noted that there are some gaps in the competency of finance staff to meet the requirements of the Act. What is your organisation doing to address those issues?

MR. M. HIRST.- We are liaising with FNU and USP on accounting courses, et cetera, but it comes down again to the size of the Council, its revenue, its ability to pay the staff of the required level needed to run the Council. Our basic revenue is around \$300,000 a year but we are handling contracts of the Rakiraki Market in the region of \$6 million. We are doing it with this young lady's hard efforts who only has a Diploma in Banking and Finance. We cannot afford to pay \$60,000 for an Accountant, et cetera until we get our revenue up. So I will be looking at donor funding and capacity building. We had discussions with the British High Commission, the European Union and also the United Nations Women's Group in some way that we can either get assistance through staffing or assistance through revenue for training or just someone to come and sit in the office and help our officers out. So, really it comes down to our revenue generation and our ability to pay the right and qualified people to do the job.

HON. ADIL QIONIBARAVI.- Mr. Chair, a supplementary question. I note from the OAG Report, Page 37 that the Rakiraki Town Council received a grant of \$3.7 million in 2017, \$126,000 in 2016 and \$221,000 in 2015. What would be the allocations for this grant from Government? I note Mr. Chair, that out of the four Councils that we are currently considering, it is only the Rakiraki Municipality that is receiving grant from Government. What were the reasons for this provision from Government? Were they used according to the purpose? Could that grant be also used to enable you to train your finance officers, et cetera? Page 37 of the OAG Report - \$126,016, 2015 - \$221,000 and I note Mr. Chairman that in 2015 they did not use \$3.5 million of the grant. Why was that amount not used when obviously there is a lot of need to improve the Rakiraki Municipality?

MR. M. HIRST.- The grant that you are talking about is from the United Nations Women was to pay for the Rakiraki Market. It was not to do with any capacity building for the Council at all. So that Rakiraki Market is almost at completion stage and its overall cost was nearly \$6 million. So, the Fiji Government has also allocated a grant funding to supplement what was paid for by the United Nations Women. That was nothing to do with capacity building for the Rakiraki staff, that is for sure.

HON. ADI L. QIONIBARAVI.- Thank you, Mr. Chair, that is clear now. That has got nothing to do with the Council but it was paid to the Council for the purpose of maybe supervising or monitoring the work at the market.

MR. M. HIRST.- We have claimed no administration cost whatsoever from that market.

HON. ADI L. QIONIBARAVI.- So, why is this amount included in the accounts?

MR. M. HIRST.- Because the total building cost was nearly \$6 million. It was all to pay subcontractors, contractors and consultants for the development of the new market.

HON. ADI L. QIONIBARAVI.- Did you pay the officer?

MR. M. HIRST.- It was given to us, paid out from us and we have acquitted that.

HON. ADI L. QIONIBARAVI.- It should be clearly identified as grant for the Rakiraki Market.

MR. M. HIRST.- Some of the descriptions of what the grants were given and what they were expended for may not be 100 percent correct and what we are doing from now on of making sure that they are income and expenditure on our book.

HON. ADI L. QIONIBARAVI.- Just a last supplementary question, Mr. Chair. So the \$3.5 million that was not used in 2017 still remains as part of your funds in your bank account or has it been returned or what is....

MR. M. HIRST.- Completely used. Everything is completely used. In fact we went to the Government for another \$800,00 for variations on the market project. Because as you know in any major construction there is always going to be extra variations. These were handled by the consultants. They gave us the payment certificates once they were approved for payment and we paid them out of the grant money.

HON. ADI L. QIONIBARAVI.- Bank of \$1.1 million and that would include the surplus that was not used.

MR. M. HIRST.- It had not been paid out to date.

HON. ADI L. QIONIBARAVI.- Yes, at that date it was surplus. It was not incurred.

MR. M. HIRST.- None of it was used for Council work.

MR. CHAIRMAN.- Thank you, Honourable Prakash.

HON. V. PRAKASH.- Thank you, Mr. Chair. Unsupported balances and unreconciled variation form the basis of modified audit report, what are the root cause of these problems and what has the Council done to improve on the maintenance and safekeeping of the financial document?

MR. M. HIRST.- ... my answers before about the quality and the capacity of our staff, you are asking someone who is qualified to be a bank teller, to run \$100,000 worth of business and did not have the knowledge and the experience required. He was employed not even in that position but is taking it on and has done a pretty good job but as you can see through the audits there were shortfalls. It is not her fault, it is in the training that she has received and the qualifications that she has attained. So the Council needs to again get back to, and this will answer probably most of your questions on this, it comes down to the absolute capacity of that position.

One person in the Accounts was not qualified to do the job, has worked really hard to that, is still here and I am quite surprised she is and sits till 10.00 p.m. sometimes with no extra wages for further requirements that you have been asking for. So, from hereon then, we need to either again get donor funding or increase our revenues so we can afford to pay the right people to do the right jobs; qualified people in these positions. That is the only way I can answer most of these questions about what has not been done in the past. If we sit here and go through all these questions one by one, but I am going to give the same answer. We do not have the experienced, qualified people in the position because we simply cannot afford them.

Getting back to the Rakiraki Council and its revenues, we did have over 700 ratepayers of one stage but we are now down to 570 because several ratepayers have been declassified out of the town council boundary. So we have lost probably 30 percent of our revenue in that alone. I have got another area over the rodeo in Korowaqa who was saying we may as well pull out as well because since the Council was incorporated 10 years ago, there has been no footpaths, no drainage, no roads sealing and no streetlights, so they are saying, "what are we paying rates for?" So we are facing already another dramatic reduction in our rate paying revenue and effectively between the market, the taxi stand, bus stand and the carrier stand and our rates, that is our only source of revenue. We own no buildings apart from the new market now, we are paying rent for where we are. So effectively the Council has been struggling since its inception. Aid should give service to the ratepayers and then they are expected to be paid. If I was a ratepayer and I got nothing apart from rubbish collection, I would be seriously thinking about why am I paying my rates as well.

Our struggle with the Rakiraki Council is to prove that the Council can supply the services to the value of what the ratepayers are paying and then try and improve the services without any added revenue or look at other revenue streams from, as I said, donor funding, Government grants, et cetera, so we can provide to the ratepayers what they expect to be paid or what expect to receive from the rates that they are getting. We are already ten years old and when we were made ten years old, there were a lot of promises about roads and streetlights and that sort thing that have not eventuated. So part of the reason why I took on this position was because in the last couple of budgets Rakiraki has not received a lot in funding for major projects apart from the market. I think that was mainly because people just have not put in for it, they have not applied for it. So part of my job now is to get Rakiraki into the budget in the coming future so we can get some project. FRA, I have not seen them in this area in the town in the last four or five months since I have been in the position.

So, we are in that situation where we do not have the capacity because we do not have the revenue, because we cannot afford to pay the people and this is why you are seeing a lot of these questions being asked right now.

HON. V. PRAKASH.- Mr. Chair, supplementary question to the SA and Acting CEO now we are asking here, there is a problem , what is the solution? You are suggesting that unless and until you have the funds to try and train those Council staff to be up to-date, the answer seems that this will continue. There are other agencies which are providing this service including the Ministry of Local Government and there are other Departments as well. Have you tapped on that? Your answer suggests that it will continue unless and until you have the fund to train them. .

MR. M. HIRST.- (Inaudible) will get funding. I have been discussing with the PS about getting other Councils who have far more revenue streams, et cetera to assist us. What I am saying is that Rakiraki is being kind of left out in the cold for a long time and I think it is essential that the Council steps up, makes a name, puts its face out there on the map and tries to get this funding; either funding or assistance from other Councils.

I have already spoken to Lautoka City Council and Ba Town Council. They are willing to assist us just to get the valuations so we can get an actual value on our rates because the cheapest tender we go was \$11,000 on the week before Christmas, we could not even pay our wages. It would be fortunate of me to award a tender or write a cheque knowing there is no money in the bank. So right now my biggest issue is revenue generation. At the moment we are okay because rates are starting to come in. But in three or four months' time, that is going to be slow down and then we have no other streams of revenue.

So, we will be talking a lot more with the Ministry and the PS, et cetera to what else we can do; other Ministries as well. Mr. Chairman, \$100,000 came from Ministry of Waterways and Environment just two or three weeks ago and that is going to allow us to do the rock wall retention at the back of the market and do some of the drainage. So if we can get far more of that, and what they have not been doing is charging a percentage for administration. The whole \$6 million Rakiraki Market we never claimed a cent for that, we have been administrating that because the money comes into the account, the money goes out, only because probably the CEOs did not realise that they could, whether they should be doing that. We need to have a lot more professionalism on how we handle contracts, how we go back getting donor funding. Donor funding, people need to know what it is being spent on, how it is being remitted to make sure it is not being remitted on other things or diverted because there is a problem. So right now we are in the process of making sure that every single cent that comes in goes to the right purpose of what it was for and then looking at the shortfalls, to be on track. What are we going to do about this? What are we going to do about that? At the moment this training was down is the ladder of importance because we had serious other issues to deal with first.

So, I am fully aware that there are other areas that we can get assistance in that, it is just a matter I need to go out and find where they are from. People do not ring me up with assistance, we have to go and look for it. I have not been involved in Local Government ever before, I am four months into this position. So, I am ringing around, calling in the people I know, talking to people, having a Special Administrator forums and asking other people when you get donor funding even for waste truck or situations like that, if you get it, then please send those people to me so that I can ask the same questions.

HON. ADI L. QIONIBARAVI.- Mr. Chair, supplementary question. With the representative from the Ministry of Local Government, was the Ministry aware of the dire problem faced by the Rakiraki Council and what has the Ministry done about it?

MR. A. MATAIVILIA.- Thank you, Honourable Member for that question. In response to your question, Madam, I think the Ministry has been supporting Rakiraki Town Council since it was established as a town. We have been providing grants operationally and also for some of the capital projects including drainage. We are even also paying their CEO's salary for Rakiraki Town Council for the last three to four years. We do acknowledge that they are finding challenges on their revenue streams however for the completion of the new market, that can bring in some revenue to the Council and also for their business licence, we have extended the

areas too for Rakiraki Town Council. We are also providing subsidies for those services at Rakiraki Town Council.

For your information, Madam, the Ministry is aware of the challenges that Rakiraki is facing and that is why the Ministry has appointed these Special Administrators to come up with a way forward on running the Councils in the future.

HON. ADI L. QIONIBARAVI.- My last question, Mr. Chair. With the \$6 million plus cost of the renovation or extension of the market, what was the business plan? Was it expected that the Council would benefit in any way from that renovation or was it just purely for humanity, for the improvement of facilities for mainly women that use the market facility?

MR. M. HIRST.- The funding supplied by United Nations Women was for that reason was to benefit the rural women and women around the Rakiraki area into the stage where the upstairs part of that building has got accommodation to house women when they cannot get home, when the weather is bad or even on the weekends. The rest of it was from the Government as I said.

I would imagine with the market, it is done as a means of raising or using as a revenue source for Rakiraki Market because there can be increased number of stalls, to increase number of vendors means increased number of revenue.

I am also discussing with the United Nations Women about putting a vocational training centre for women upstairs because the upstairs is completely empty at the moment, it is just a large big floor. I do not think putting up anymore kiosks is not going to raise that much revenue. We want to have things that are going to pay good rental, advertising space on the roof et cetera, I imagine that is going to bring in round about between \$50,000 to \$60,000 a year extra to the Rakiraki Town Council. So in answer to your question, it was in two-folds; yes to improve the services to the people, especially the women, but also to raise revenues for the Rakiraki Town Council.

HON. V. PRAKASH.- Mr. Chair, we have heard the Ministry of Local Government and I think the input from the Government to Rakiraki Town Council for the last 10 years has been there always and we have also learnt that even the salary of the Acting CEO is from that pool. As far as the system from the Government is concerned, I think this is a timely assistance. Secondly, to try and see that the fund that is coming to the Council and grant that has been looked after for. Another good thing is when the Rakiraki Market will be opened, I was having a discussion with the representative from the Ministry of Local Government that market will become the asset of the Council. It will have value. I think indeed it will be one of the first markets in the whole of Fiji to also have an accommodation for females and the empty space in any locality, Mr. Chair, can be used for many purposes. It can bring revenue in the form of many things that can be useful because everyone will be looking for space and I think it will be a big asset.

As far as I am concerned, I am convinced through the assistance of donor agencies and the Government, Rakiraki Town Council has done quite a lot in ten years' time. Our investigation here is to see that the way forward is each and every single cent that comes to the Council has been looked after properly.

HON. ADI L. QIONIBARAVI.- Mr. Chair, an area that we can perhaps try and improve is the fact mentioned by the Special Administrator. They had managed these funds from the UNFPA Women. Nothing is paid to the Council for administering this fund. I wonder whether the Ministry of Local Government gave its approval for the Rakiraki Council to administer this fund. If it did, it should have ensured that the Council is paid a percentage of that money for ensuring the project goes to completion and funds are expanded for the purpose it was intended for. I think we have a big lesson to learn here. In such cases, what could happen in the future and

the Government is involved, the line Ministry should ensure that a certain portion of money should be paid to the municipality that administers these big projects on behalf of the people.

MR. M. HIRST.- (Inaudible) ... I have applied to the Government for revenue based on that. I asked for \$30,000 to be paid to the Council as part of a variation because they were deciding on a final figure for the market, I explained that we had not claimed anything and the Council should be due some administration cost.

I also had a chat to Mr. Shah from Construction and Implementation Unit about the errors that have occurred in the construction of this to the lack of performance from contractors and consultants because the new Rakiraki Market, bus stand is the next thing to come out in February. We want to ensure that none of these problems occur again and when contracts come in, that the manage, the Council does not have the capacity to manage a \$6 million contract; that is obvious. That is what the Construction and Implementation Unit is for. So we are going to be using them in their fullest capacity to manage the contracts on behalf of the Council. With the new bus stand coming in as well, that is the first time that the new board will be able to look at how the money comes in, how it is expended, how it is traced and how it is tracked.

My target or the board's target for the coming year is to have an unqualified audit report for 2020. That is what we are aiming at. And so this report and the report from the OAG will be a bible for the following 12 months and there is no reason why it cannot be. Audit is financial management, what comes in, what goes out and ensuring we are complying with all the legal requirements.

MR. CHAIRMAN.- Thank you for that explanation Special Administrator. I believe majority of the things that are stated here are covered. Whatever has been explained, it makes a lot of sense. It is just one of the components in this particular report which is about internal controls because what we have actually seen, I believe on Page 17 of the Report, when we are looking at internal controls, we can see four red dots and just one yellow dot rather than none of them being green. Are there any plans to improve the internal control system?

MR. M. HIRST.- Mr. Chair, we have already discussed this, we are due to have our third board meeting today but we postponed it because of this meeting and the preparation required for that. I have sat down with the other two Special Administrators and our main focus is the reporting, internal auditing, processes. My other Special Administrator, one has an MBA and the other is a fairly senior in the teaching industry in Fiji. Her position will be looking at our training requirements, his position is just purely focussed on the box. I have done a fair bit of work on major contracts in my profession as well. So, that is the main thing we will be doing, the financial reporting, again the legal requirements and to make sure that there is none of those red dots in next year's report.

Our board meetings have already been condensed into purely virtue financial. The first meeting we had, we had like 34-page reports coming in from the Council staff. We have reduced that down to one page per Council; expense and revenue.

Now, we are looking at budgets going forward. As the Acting CEO, I also am the main signature on the cheque book here so that is an internal control that is in place. My other Special Administrator oversees all expenditures and revenues that comes in, its matched to daily banking reconciliations. So, we have already got both Councils doing what needs to be done as per these reports. From now on then, all I can expect is, is better news and a better audit report next year.

MR. CHAIRMAN.- Thank you, Honourable Members, any other things that would like to know with regards to Rakiraki Town Council?

HON. ADI L. QIONIBARAVI.- Mr. Chair, the question on Standard Operating Procedures, is there one in place, if not, what steps have been taken to ensure that the Council has a Standard Operating Procedure?

MR. M. HIRST.- Mr. Chair, the Council is looking to employ one financial person for both Councils to share the resource. We already did it with health anyway. Right now, being the only signatory and Tavua is the same as far as the expenditure goes, right now that is the only control we have got. When the new financial person is employed, that person will be tasked with making sure all processes and procedures as far as financial reporting are in place, not just in place, but actually being used. Then that will report to the board on a monthly basis because as a board, that is our position, we are a governance board. We have to make sure that these things are put in place.

As running a new board, obviously we are still finding things from previous that we are shaking our heads and saying, "how did you even work like this before?" I mean this is going back years, obviously. So from that question, the answer does the new financial person will also ensure that new procedures are in place?

I can tell you right now, I am pretty confident that what we are doing right now is enough to hold the flow and to allow us to report properly in the next year.

HON. ADI L. QIONIBARAVI.- Mr. Chair, I for one, am pleased to know what I am hearing from you today. I think that you are the best person for Rakiraki Municipal Council right now. I am encouraged with your words that you are going to ensure that the next Audit Report will be an unmodified opinion. You would know that currently the latest audit for 2014 to 2017, it was the worst opinion for any organisation; a disclaimer of opinion. The Auditor-General was just not able to make an opinion at all because of various problems in the accounts. I am happy to hear your response and I would like to see it is coming to fruition in the next year. *Vinaka.*

MR. CHAIRMAN.- Thank you, Madam. Yes, Honourable Prakash.

HON. V. PRAKASH.- Mr. Chair, I also endorse the comments by Honourable Qionibaravi and to the Special Administrator and Acting CEO, we are looking forward because this report here is for four years. I am sure with your words, expertise and confidence that the Government has in you things will turn right. It is very important for us to try and see that on behalf of the ratepayers, the taxpayers and the Government of the day will become accountable and transparent in your activities. Your words have encouraged us. We are very pleased with the vision that you have for the Council.

MR. CHAIRMAN.- Yes, Honourable Leawere.

HON. M.R. LEAWERE.- Mr. Chair, thank you very much. I see that the Acting CEO has not been sitting idle for these four months and as alluded to by Honourable Members you have done quite well since you have assumed the position.

There was something that you mentioned which sort of interests me in terms of your getting the support of NGOs and maybe other organisations that have assisted you. Maybe that is a leap forward for other municipalities. Could you please just talk more about that in terms of how this is done and how will that affect, in terms of your operation and also the operations of other Councils that might not take a leaf out of that.

MR. M. HIRST.- What I have been doing since I started this, I have approached several NGOs, from the British High Commission we just received 10,000 pounds (FJD\$30,000) grant to supply linen bags for the market to replace plastic completely. Rakiraki Market Vendors Association approached us and wanted to make the market completely plastic free and I thought that was a huge thing to come from a Vendors Association; forward looking. The next stage is to go organic, which I would take my hat off if they achieve that. But that set me on the path of finding funding.

I have since been to Japan International Cooperation Agency (JICA) because we have got a truck out there, a blue turbo .and it is such a nice new donor truck but it is a Chinese truck; five months to get parts because no one has them in this country and that is only truck we have got. It was costing us \$400 a day to hire a vehicle to pick up the rubbish, because the Police took it off the road because it was a blown smoke. I have got a waste truck sitting in Tavua that has been broken for six months because it just needs a sensor. No one knows how to fix it in this country. So, it is not a matter of just getting donor funding, it is making sure that that donor funding does not increase your cost. You understand? Because if you give us the truck that we cannot get parts for, when it breaks down, the cost of hiring or replacing that becomes phenomenal. So, I am going to be approaching everyone I can think of from aid agencies, NZAID, AusAID, JICA, any other EU or I am just going to write submissions and letters for training, technology, computers, capacity building; all the things that ticks their boxes. If I can get it, I am going to share that with all the other Special Administrators at the Quarterly Special Administrators Forums we are going to be having because if it works for one Municipal Council than why not use it for others.

There is also a climate change funding that is out there that is available for anyone. In my previous life I ran the Naboro Landfill for 10 years. I am very strong on environmental things. I note that the Rakiraki Dump is an absolute eyesore but it is just the way things were done in on the day. Tavua does not even have a dump. It is carting its rubbish to Ba and Ba's Dump is even worse than ours because it floods all the time and its two metres under water and all that rubbish washes into the sea and mangroves.

Environmental disasters, there is funding out there for, I just got to find it. Even if you come across it, I would seriously appreciate an email or phone call and say, "mate, we found someone, have a talk." I will come down to Suva if I have to. Will bring them up here, again like I said, once we have one success story, I will share that with all the other Special Administrators so that they can also share in this success as well. We all have the same problems. We all have the same issues and most of it comes to funding. When I see that Suva City Council has \$21 million in outstanding rates and Nasinu had \$9 million outstanding rates, that is money that the Council cannot use to deliver the services that other ratepayers who pay their rates are actually paying for. Even today I am going to put an advertisement in the paper next week, I have got 80 compost bins downstairs and it has been sitting for over two years. We are going to offer free compost bins to the first 50 ratepayers who pay their full rates and arrears starting on Monday. So, we have got free stuff that is given to us, why not give that out and pass it on but give it with a bit of a tag that makes people actually earn it a bit. In that way we can move forward with getting people to pay their rates regularly, that gives us more money, go to the donors, get revenue and if we get good success stories that breeds more success stories so eventually in the next five to ten years Rakiraki should be a booming little town. I have even already spoken to the Minister about, when people come into the Government looking to invest, do not write-off Rakiraki as a place where it is not a good place to be. Since the mill closed, the money coming into Rakiraki is reduced dramatically; we understand that. But what I also see is some of the industries or shops in Rakiraki, like the larger ones namely Shop N Save, MH, Kasabias when people spend their hard earned wages in shops, it does not come back to this town.

I spoke to George Raj the other day, he owns an entity in town and we had a good discussion about that. How do we impress upon the people in this town to spend their money in the town at the people who revolves around the town, it creates this economy. The new market is going to be advertised to shop here first. Do all your shopping at the market first and then go and spend your money someone else because that money then stays in the town. We need to increase the revenue generation in the town but make sure that revenue stays in the town. Again I plea to you in Government, if you do come across any investment situation or just looking for a site virtually, a good young, well English speaking labour site is Rakiraki. Look outside. It is a beautiful place. We are not effected so much by other than apart from the cyclone that comes through the place, but other than that, we are busting for major company investment. Garment factories, we have got a couple here, that is a good start.

MR. CHAIRMAN.- Thank you for that response. Any other questions or clarification by the Committee. Alright, I will request Honourable Vijendra Prakash if he can wrap up today's meeting.

HON. V. PRAKASH.- Through you, Mr. Chair and Honourable Members, we are pleased that there is a new vision and we are already encouraged by the way the Council has for the future. As we all know, you are excited about the new market. We are very proud to see that that investment by the Government and donor agencies will be utilised by the people who are not only ratepayers but those who come from interior. You will provide them with at least some decent place to spend their time. We know these vendors while we were travelling across, they were just sleeping on the floor. Now Rakiraki will be a town of its kind.

On behalf of all the Members, we congratulate you on your new appointment and we look forward to see whatever you have told us today. We will have a new future for this Municipal Council and we thank you and the staff of the Council as we are able to move forward and a direction where your work can be appreciated and other Councils can also follow.

On behalf of the Chairman and the Honourable Members, Secretariat, OAG and also the Ministry of Local Government, we thank you for your vision and we wish you all the best.

(Acclamation)

MR. CHAIRMAN.- Thank you. I shall now adjourn the meeting till tomorrow at 3.00 p.m. in Nabouwalu - Bua Provincial Council.

The Committee adjourned at 3.00 p.m.

STANDING COMMITTEE ON
PUBLIC ACCOUNTS

AUDIT REPORT ON MUNICIPAL COUNCILS
2014-2017

Verbatim Report
Labasa Town Council

FRIDAY, 24TH JANUARY, 2020

VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS COMMITTEE HELD IN THE LABASA TOWN COUNCIL BOARD ROOM, LABASA, ON FRIDAY, 24TH JANUARY, 2019 AT 4.15 P.M

Submittee: Labasa Town Council

In Attendance:

1. Mr. Ami Kohli - Special Administrator
2. Ms. Doreen Robinson - Special Administrator
3. Mr. Sumeet Prasad - Chief Executive Officer (Labasa Town Council)
4. Ms. Seema Dutt - Chief Executive Officer (Savusavu Town Council)
5. Mr. M.F. Ali - Human Resources Officer
6. Mr. Ashneel Singh - Purchasing Officer

Office of the Auditor-General

Mr. Dineshwar Prasad - Director Audit

Ministry of Local Government

Mr. Alipate Mataivilia - Senior Accounts Officer

MR. CHAIRMAN.- Thank you. I shall now call the meeting to order
Submission of Public Accounts Committee with regards to the Audit Report on the Ministry of Local Government, in particular Labasa Town Council.

(Prayer – Hon. Leawere)

MR. CHAIRMAN.- Thank you, Honourable Leawere for leading us with a Word of Prayer. .
introduce my team over here and then we shall actually give the floor to Labasa Town Council to
introduce their team.

(Introduction of Members, Secretariat and OAG by the Chairman)

Before I give the floor to the officials of Labasa Town Council I must remind you that the
Public Accounts Committee holds the same powers as the High Court in Fiji and I hold the powers of
any High Court Judge. Whatever is spoken today become a public document, everything is recorded so
if you are going to say or act in any way which is not appropriate, please think before doing so. We
have actually informed you the powers of the PAC. Now I shall give the floor to Labasa Town Council.

(Introduction of Labasa Town Council members by Mr. Kohli)

MR. CHAIRMAN.- Thank you SA for that introduction. First of all, congratulations to the
whole team. I believe majority of you are sitting in your capacity as a new staff or Special
Administrator in that respect, so congratulations on behalf of PAC.

So what will happen is, I believe some of you this might be the first time you are facing PAC or a Parliamentary Committee in particular. We had sent some questions for the Town Council to be aware of which type or direction the questions shall be addressed. Each Member will be a question and in between if we have any supplementary questions, the floor will be given to the Members to ask their supplementary question. Without further delay, we request Honourable Vijendra Prakash to start with Question No. 1, please.

HON. V. PRAKASH.- Thank you, Mr. Chair.

Question No.1: The Local Government Act requires that financial statements must be prepared by 31st May and published by 31st August. Generally from the report, the Councils are not adhering to the requirements of the Local Government Act 57 (1) and Act 57 (3). Why is that and what actions have the Ministry taken to address this issue?

Why is the Council unable to meet the requirements of the Act?

MR. CHAIRMAN.- Mr. Special Administrator, before you answer, since we have two SAs present, what PAC would like to know the reason behind it and how we are going to change in the future. What are some of the views of the Special Administrators and ideas they have in place that we can actually change in the future. We cannot just go talking and harping what has happened in the past, but we are also interested in what are some of the changes that you are going to bring in in the near future so that this recurring issues can be resolved.

MR. A. KOHLI.- Thank you, Mr. Chairman. That will assist me a lot in answering the questions. Basically what has happened is that you will realize that we have been in office for a very short time.

Our CEO was not appointed for the last five years, so we did not have any CEO. As per our appointment, we were addressed by the Honourable Attorney-General and the Minister and we were given a guideline which were in this book together with the Act of what is required in the future and how to take the Council forward. We are not here to blame anyone. There were shortcomings, we accept that and we will address that.

As per the Manual, we will try to adhere to what is required and as per the Act we promise that we will try to meet the deadline so that next time the accounts are made and submitted on time. Now there has been some difficulty because of transformation of financials from FAS to IFRS or SMEs in 2014. There has been changes in accountants from 2014 to 2015 and we have previous issues in financials in 2014, there has been changes of software from WINBIZ to MYOB in March 2014. This was seen as a challenge for the entire Council. This is not offering excuses but these are some of the matters. Once they are streamlined and now we are in conformity with that, I do not think we will have difficulty in the future. Does that answer your question, Sir?

HON. V. PRAKASH.- Thank you, Mr. Chair, supplementary question. We have seen from 2014 that the Council has adopted changes in their accounting system and also as indicated they have had a software. We would like to know from the Council how much training was provided to you to be able to use the software correctly, that is, from 2014.

MR. A. KOHLI.- With your permission, if I could ask our previous Accountant to address this because she is well versed with it.

MS. S. DUTT.- On the changes of software from WINBIZ to MYOB, the main reason for this change was due to with WINBIZ, we cannot pull out proper Profit and Loss, Trial Balance and Balance Sheet from there. So switching to MYOB made our work much easier and on training basis, speaking for myself when I was recruited into Labasa Town Council, this was the main reason I was recruited because from my previous experience

I was well versed with the software from the previous company. So, based on the knowledge I had, I diverted the same knowledge to the staff in the Finance Department but before I came in, the software was already installed and it took a lot of time for me to correct the data entry in this software. This is the main reason it took us so much time to present the correct financial statement from 2015 to 2017.

MR. CHAIRMAN.- Yes, Honourable Member.

HON J.N. NAND.- Honourable Chair, through you, one of the responses the Council has given to Question No. 1 is previous issues Financial 2014. Can you please indicate what are those previous issues?

MS. S. DUTT.- The previous issues were basically, reconciliations were not done in VAT Receivables, Trade Receivables and these were the major issues that were qualifying our accounts from 2014 to 2016. One of the major issues was wrongfully taking of car park money and monetary fund which were interrelated accounts. This was wrongfully accounted in each other's accounts which was solved in the 2017 accounts.

MR. CHAIRMAN.- I have a supplementary question. Delay from Ernst and Young to submit financials in 2015, is this the normal procedure to use an external auditor? Ministry of Local Government can you elaborate on that, please?

MR. A. MATAIVILIA.- Thank you, Honourable Chair. For outsourcing accounting firms, this has been the arrangement for the Councils who were facing difficulties in preparing their own accounts in the past. We have a few Councils who face challenges in preparing their accounts, they are engaging those financial institutes. We also experienced that there are some issues too regarding those arrangements especially for those institutions whilst they are preparing their accounts and when the audit came to audit their accounts, they are still finding issues because the Council is like managing their finance and you get someone else to come and prepare the accounts. So, moving forward we are trying the Council to like engage in service agreement with an independent accounting firm to carry out that task and also ensure that they deliver the requirements of the audit like by paying half of the cost of preparing the accounts. Maybe after the audit completed its audit, satisfying all the requirements needed, maybe they can pay the full amount for that. Those are some of the way forwards that we have discussed with the Council and finally is for the Council to get the right person for the job in order to prepare their own accounts rather than outsourcing this to outside institutions as some Councils are practising now.

MR. CHAIRMAN.- Can the Council confirm that from 2016 onwards it was done in-house?

MS. S. DUTT.- From 2015 to 2017 it was done in-house.

MR. CHAIRMAN.- So, the delay in financials, that means before 2018?

MS. S. DUTT.- They submitted in 2015 for the 2014 accounts.

MR. CHAIRMAN.- Alright, that make sense. Do we a qualified person at this point in time with the Council to continue in-house?

MR. A. KOHLI.- I am really pleased to announce that we have got one of the most capable persons to have recruited as a CEO. The gentleman sitting on my right used to head FRCS in Vanua Levu. Since he came in, I am not trying to praise him, I must say that it was so well streamlined that he was praised by his boss. We have recruited him, half the problem will be solved just by having him. He is very particular on time, I know that because he knocked on my door when my tax was due. So, I had to pay on time to avoid penalty.

MR. S. PRASAD.- Mr. Chair, as a way forward, after the exit of our current Savusavu CEO from Accounts, there was a vacuum created for an Accountant. So, we have got Ashneel who is acting in that respective position but he was trained through the guidance of Ms. Seema who is currently our CEO. I think it was close of 2019, sorry for this, but this is something that I was not aware of as I just came in recently, this is the seventh day in the Council. I was advised that there was a vacancy that was advertised and yet to finalise the position so it would be forthcoming in February.

MR. CHAIRMAN.- Thank you. Any other supplementary question?

HON. ADI L QIONIBARAVI.- Thank you, Honourable Chair. Mr. Special Administrator, thank you for advising us that you now have a manual. I assume that, that manual maps out each financial task that each person is supposed to carry out. Is that correct?

MR. A. KOHLI.- That is correct.

HON. ADI L QIONIBARAVI.- Is it a manual for all other activities of the Council?

MR. A. KOHLI.- Well, what we are trying to do now is when we are recruiting people, will make sure people are suited for the job and they are not promoted just for the sake of promotion because they had been there. Actually, that is not in their interest and nor the interest of the Council. Just because they have been there. What actually, that is not in their interest, nor is it in the interest of the Council just because you have been there acting for a while then you get promoted. We are now trying to recruit people who are qualified like our CEO has said. The next person who is going to be recruited is an Accountant for the Council who will be fully qualified. We must see that we are not only recruiting accountants because accounting is such a wide field. We have to have someone who has the knowledge about Municipal Councils and how it operates.

HON. ADI L. QIONIBARAVI.- Thank you. My question is whether that manual is for accounting and financial responsibilities - tasks?

MR. A. KOHLI.- To answer your question, part of it has got to do with financial management reporting, accountability, et cetera. Some of it has wider aspects apart from just financial aspects.

HON. ADI L. QIONIBARAVI.- Honourable Chair, I asked that question because of the various shortcomings weaknesses identified by the OAG and in moving forward, I am sure the Special Administrator is challenged to change the opinions that have been given by the OAG for the last four years accounts (2014 to 2017), they are all modified accounts opinions. We are trying to encourage all

Town Councils to do the right thing, carry out their responsibilities according to the accounting standards so that the next set of accounts will have an unqualified opinion. Having said that, I am wondering whether that manual has been reviewed by the OAG to ensure that all the weaknesses that they have found in the last four years audit, the processes that you have included in the manual will ensure that the shortcomings will not arise again.

MR. A. KOHLI.- Let me correct myself. I think the CEOs and the other staff are oblivious to that manual. Now we are waiting for the CEO to be appointed because the day to day running of the Council is in the hands of the CEO not the Special Administrators. We are here to be in between the Government policy making and trying to implement through the CEO. So, basically when I was referring to the manual, I was referring to the manual that was given to us as Special Administrators and if we follow that and we pass it on, I think I would say about 70 percent of the matters can be addressed.

HON. ADI L. QIONIBARAVI.- Thank you, I appreciate your answer. That manual does not specifically only cover finance and accounting responsibilities. It is a manual given to help all SAs to administer to carry out their responsibilities.

My next supplementary question is, whether the Town Council is looking at or maybe is already starting to develop an accounting manual or Standard Operating Procedures (SOP) et cetera, to make sure that all the weaknesses identified by the OAG have been addressed and they will not be repeated again thus resulting in modified opinions in your accounts.

MR. A. KOHLI.- Thank you, Madam, for that question. For your information, we have got two qualified Accountants who are in the process of sitting together with the three SAs and working out to address the very matters that have been raised. They are going to put procedures in place so that in future those question

HON. ADI L. QIONIBARAVI.- Thank you, Mr. Chair.

MR. CHAIRMAN.- Thank you, Honourable Member.

HON. J.J. NAND.- Thank you, Mr. Chair, through you, **Question No. 2:** It has been established that there are delays in the preparation of financial statements to be audited. What is the Council's position on this and what are the solutions?

MR. A. KOHLI.- The accounts have been audited up to the year 2017. So, this is not too bad, we have got 2018 and 2019. The 2019 accounts are still in process. So, we have audited accounts until 2017.

MR. CHAIRMAN.- I believe the point to note is though it is coming in time. For modified opinions, if you look at Page 12 of this particular report that is before us - Result Summary 3.4: Labasa Town Council in terms of timeliness of draft financial statement and quality of draft of financial statement, both stand to be ineffective as described by OAG.

MR. A. KOHLI.- Mr. Chairman, I take heed of that. I am equally concerned and so my team and this is one of the areas, Honourable Member, which will be addressed. We are taking heed of it. Please give us some time and hopefully next time when you here, you will not see those black marks.

MR. CHAIRMAN.- On one side when we are saying that things should be given on time, but on the other side, we are looking at the quality as well and then we are expecting all the Councils, now that we are trying to adopt OMRS which will actually come at a later stage during the meeting, we will have a good discussion on that as well to have an unmodified opinion by the OAG.

MR. A. KOHLI.- Thank you, Sir.

MR. CHAIRMAN.- Just from OAG, can you actually highlight why this was the case in Results Summary – Labasa Town Council?

AUDIT REP.- Thank you, Mr. Chair, through you, the Results Summary on 3.4 actually assesses those significant areas:

- (i) Quality of the Draft Financial Statement that is submitted to the OAG for auditing; and
- (ii) Timeliness which is as per Section 57 (1) of the Local Government Act which is supposed to be submitted by 31st May. Unfortunately the timeliness was not met. The Financial Statements were not submitted on 31st of May for each preceding here.

Secondly, we measure the quality of the Financial Statements through the number of audit adjustments that we have to propose and make it into the Financial Statements.

So, those are the two reasons why we have classified the quality and the timeliness of the Labasa

Town Council to be ineffective because the Draft Financial Statement that was submitted contained errors and required adjustments and these were material adjustments. When we talk about material adjustments, these were adjustments if it was not detected and not corrected would have resulted in the Financial Statements to be significantly distorted. So, that is the clarification, Mr. Chair.

MR. CHAIRMAN.- Thank you. I believe that the Town Council has taken heed of that explanation as well.

Moving further on, **Question No. 3:** Do Financial Officers understand and are well versed with International Financial Reporting Standards (IFRS) for Small, Medium-Sized Entities and if not, what are the plans in future to get their staff to be aware of this IFRS?

MR. A. KOHLI.-To be very honest, they are not well versed with all the standards. To be more honest, we are trying to liaise with the Ministry of Local Government to assist us, to train the staff to be able to adhere to that. That is very short and simple.

HON. ADI L. QIONIBARAVI.- Thank you, Honorable Chair.

Question No. 4: We have heard today you have two qualified accountants. My question is, what is the Council doing to address the gaps in competency of Finance staff to meet the requirements of the Act as well as IFRS for Small, Medium-Sized Entities? Whilst your Accountant and the Special Administrator may be qualified, there are people below them who

actually do the work (recording and maintaining the accounts), are these people competent? What do you intend to do to address the gaps, if any? You have said that there are gaps.

MR. A. KOHLI.- Thank you, Madam. First and foremost as I said our recruitment policy has changed:

- (i) We are going to have qualified people who are qualified to do the work for the Council;
- (ii) We are going to send staff for training. Rather than the SA taking a trip overseas or going to Suva, we are going to send staff who are doing the ground work whether it be a gardener or accountant. So we send them so they can go and get trainings done and we encourage them; and
- (iii) What we are trying to encourage our staff is this, that if you need to take time off for studies, please do so, upgrade your qualifications. We will not stop you. We will encourage and furthermore we will be requesting the Ministry of Local Government if they can send people across here to train the staff on the ground looking at the book.

We do not see the Ministry of Local Government as coming and spying on us and something like that, what we see is, they are coming and assisting us than finding and telling us you made a mistake. We are prepared to learn.

HON. ADI L. QIONIBARAVI.- Thank you, Honorable Chair.

MR. CHAIRMAN.- Honourable Leawere, you shall ask the second question.

HON. M.R. LEAWERE.-. Thank you, Mr. Chair.

Question No. 5: Unsupported balances and un-reconciled variances formed the basis of a modified audit report, what are the root causes of these problems and what has the Council done to improve on the maintenance and safe keeping of financial documents?

MR. A. KOHLI.- I think the root cause was missing documents as has been highlighted. What it basically means that is that it has got to be proper record keeping and sometimes it is easy to be wiser on hindsight. Nonetheless what we need to do is from time to time, our CEO or even Special Administrators have to look at the file because memories are fresh and see whether it has been documented or not. If not address there and then rather than waiting six months later and looking for documents and you cannot find it. So, this is periodically, systematically checking that things are done properly.

HON. M.R. LEAWERE.- Supplementary question, Mr. Chair, there are two types of documents:

- (i) Software; and
- (ii) Paper.

So, how are you going to interrelate these two in terms of safe keeping of your documents?

MR. A. KOHLI.- I think I have a better qualified person, with your permission, Mr. Chairman.

MR. S. PRASAD.- Thank you, just to answer that, I guess in terms of software, we have stated that we have gone over with WINBIZ and now we are on to MYOB. There was a reason for this transformation. In terms of paper, I guess there is a protocol. Record keeping has to be adequate as per the expectations set by the Ministry of Local Government and in line with OAG.

HON. M.R. LEAWERE.- Mr. Chair, just further to that, and then you will need to have the qualified personnel, how are you going to address that in terms of your selection process, to get the right people to do the job especially to avoid whatever has been raised here in this question?

MR. S. PRASAD.- Thank you, Sir. Just to add onto as what has been in the initial one as per Question No. 2. We are in the process of actually short listing the candidates that had actually applied for the Accountant's position and while we are recruiting as the SA had mentioned, we have done a little bit of amendment to our recruitment process. We are no longer doing all those other things as had been happening in the past. Now we are focused on merit and getting adequate people who know their job, can perform and can stand PAC in future.

HON. M.R. LEAWERE.- Further to that, Mr. Chair, in terms of the participation of the Ministry of Local Government are they also part of the discussion in collaboration with those positions that you are going to recruit them in terms of as they also part of the discussion in collaboration with those positions that you are going to recruited in terms of your officers that will come in? Can we get some clarifications on that?

MR. A. MATAIVILIA.- Thank you, Honourable Member. Through you, Mr. Chair, for good practices in terms of recruiting staff of the Council, after they have done their selection process and when they recommend the suitable candidate, it is submitted again to the Ministry to scrutinize the process that they follow and put up a recommendation again to our Honourable Minister for approval in terms of getting the competent and right person for the job.

MR. CHAIRMAN.- Thank you for that explanation. We shall proceed further, Honourable Vijendra Prakash.

HON. V. PRAKASH.- Thank you, Mr. Chair. To have a modified opinion by auditors is something of a concern. Definitely we have got the Ministry of Local of Government. **Question No. 6: What assistance or direction did the Council receive from the Ministry of Local Government regarding the problem that you are facing? What was the position of the Ministry of Local Government.**

MR. A. KOHLI.- To be very honest, I know nothing because I was not there but I will be able to assist you by asking one of my members who has been long here, Mr. Ali can probably highlight on that.

MR. M.F. ALI.- Thank you, Mr. Chair. On the question which is being raised. I think we are talking about bullet point 6, I believe. It is very clear in bullet point, the directions which have been given, it is there frequent follow-ups on the financials of the Council with the Ministry. We do receive inquiries from the Ministry and we have to submit our monthly reporting to the Ministry on these issues. This enables the Ministry to determine the Council's financial position and for any further information or queries, it comes to the Ministry and we are here to reply. Also, on issues which are beyond the Council's understanding, this is later which becomes an audit issue, we also coordinate with the Ministry on that to give us a way forward.

So, in fact the Council liaises very closely with the Ministry on these issues and they do guide us. Also on that, we have Local Government Forums which are also taking place in the past where all Councils come together and these types of issues are also being discussed and we are given the way forward. So, on financial issues we do maintain a very close link with the Ministry and we have an assigned officer who normally looks after that and he is here with us today. I think he can also answer that question as well.

MR. A. MATAIVILIA.- Just to add on to the statement made by Labasa Town Council, the Ministry is fully aware of how the Councils are managing their finances. We have been providing assistances in the past, I mean the OAG is here, we have organized some workshops with all the Councils including their CEO on how to manage the finance in their respective Councils.

In terms of their audited accounts, if I can take you back to the beginning of 2019 financial year, most of the Councils have been on backlog in terms of submitting their accounts to OAG. As of to-date, I have already explained on this that at least five Councils have submitted their accounts till 2017. Those are the improvements that we have received in terms of trying to get this sorted out from the Councils by providing them training of IFRS where we have invited some Councils who are well-versed with the new standard of reporting in terms of IFRS for SMEs and also for full IFRS standards. Those are the measures that the Ministry have been implementing in trying to get the Municipal Council's Finance Management.

Moving forward, we will continue to work with the OAG. After this meeting for the various Councils, we have found some gaps and some valuable recommendations from PAC, will take that on board moving forward in trying to adjust. To add onto that, we have the new Special Administrators. We are appointing them in the last three to four months now. One of their main objective is to promote good governance in their respective Councils. So, these audited accounts and Annual Reports is one of their deliverables which they have to deliver in their term as a Special Administrator. I think those are the measures that the Ministry is trying to addressing the issues that we are discussing today.

HON. V. PRAKASH.- Supplementary question. That indicates that the two accounts which are pending, 2018 and 2019 will have an improved version from modified to unmodified; four years in a row is a concern for everyone. Are you suggesting or Council is taking, sort of telling us the two accounts that are there to be submitted or you may have submitted will not have those shortfalls that were there?

MR. A. MATAIVILIA.- Thank you, Honourable Member. If you had gone through the qualification reports for Labasa Town Council you can see that the issues are starting to decrease. Like for 2017 there is only one issue that made them qualify in their accounts.

So, in 2018 we have discussed before coming to the meeting that we have to address this issue so that come 2018 we have our accounts unqualified. That is a challenge we are putting across to them for Labasa Town Council to deliver and it is a big task for them. We acknowledge that they still have their 2018 accounts. Now we have passed 31st May where they are supposed to submit to OAG. We have already discussed with them on how they can fast track this process to ensure that by 2019 accounts, they meet the deadline on 31st May.

HON. V. PRAKASH.- Mr. Chair, another supplementary question. Is there any arrangement for Labasa Town Council to have internal audit controls, someone independent comes in and audits the accounts internally before it is passed to OAG?

MR. A. MATAIVILIA.- Thank you, Honourable Member. I think this is one issue we have to take on board especially from the Ministry. We have internal audit in the Ministry of Economy, I think they are supposed to be in this meeting too. We can engage them to see the internal controls of the Councils. We have the OAG who can advise us on what other measures we can take in terms of handling internal controls for the Councils. Maybe the OAG can assist us.

AUDIT REP.- Thank you. From the discussions going on, there is something that is key to resolving all the issues in the audit report. When I say the audit report, the issues for qualifications. One thing is that you have your policies and procedures right and then second thing is you monitor all those policies and procedures to ensure that they are being complied with. Because we have seen that some entities have their manuals, they have the policies and procedures but what is missing is that there is a lack of monitoring on those policies and procedures. So, what happens is that, we have the control there but its implementations is ineffective which means those people who were charged with governance, so when we are talking about those people who are charged with governance, at the Council level would be the CEO and could be the top level management. So, they need to ensure that those controls, those policies and procedures are complied with and there are various ways where they can do it. They can have an internal audit function within the Council or they can have someone from the Ministry of Local Government who can go around to all the Councils to look at those policies and procedures whether they are being complied with or not or outsourcing obviously is a costly thing which the Council can consider. But the foremost thing is that it needs to be monitored. Because once that monitoring is there, then that ensures that those controls are going to be implemented and it is going to be implemented throughout the year.

HON. V. PRAKASH.- Thank you, Mr. Chair. Just a suggestion, we have two Municipal Councils; Savusavu and Labasa. I think the Finance Manager from Savusavu can check Labasa's account and suggest the merits and demerits. Likewise, Mr. Chair, the Labasa Finance Manager could see Savusavu Town Council also try and suggest what are the merits and demerits meaning that someone independent will be making an opinion to try and assist and see the way forward is a monitoring system and also it is cost effective and also learning is taking place. The Chairman have been discussing with other Councils in trying to say this message that this system can be used to try and improve this. So, that is a suggestion, Mr. Chair.

MR. CHAIRMAN.- Thank you, Honourable Member. I believe that is also noted by Labasa Town Council. Moving further on, second part of the Report – Question No. 1: Common findings of the report noted weakness relating to cash management, procurement of goods and services, payroll asset management and revenue management are noted to be high risk areas. We have certain questions and I believe the Honourable Member has stepped into actually send some of those already. Question No. 1 is answered. If we can start with Question No. 2.

HON. J.N.NAND.- Thank you, Mr. Chair, I think this has been partly answered. **Question No. 2: As far as the internal audit function that constantly checks and reports on the internal control systems, is there such in place?**

MR. S. PRASAD.- Thank you, Mr. Chair. Just to indicate that we are currently in the process of formulating a SOP as of 2020. We have taken note of Honourable Prakash's suggestion in terms of being cost effective. I guess this should be agreed by all Municipal Councils that we are very much, in terms of our cost management, we have to minimize and look for options that can

actually be within our budget. So, the suggestions that have come across were our concerns that we had already raised with our Special Administrator that we will be assisting each other in improving the North.

MR. CHAIRMAN.- Supplementary question. When you are saying SOP, this is the view which which we are trying to pick from all the Councils that we have interviewed till to-date. Would you prefer to design a SOP just for Labasa Town or would you prefer the Ministry of Local Government to come up with a SOP and you can twist and turn it here and there a little bit to actually modify it in such a way that actually fits the practice within Town Councils or what are you opinions on that?

MR. S. PRASAD.- Thank you, Mr. Chair. If you talk about the accounting principles, we always, Mr. Alipate Mataivilia would agree to that and also the Auditor-General that we are always proposing consistency irrespective whether we stayed in Lautoka, Labasa or Savusavu. I guess the suggestion would be, we have one SOP designed and we get all Councils to work in accordance to that.

MR. CHAIRMAN.- That is something that has been mentioned by most of these Town Councils that they want to develop their own SOP but then we will try to compare all 13 or 14 Town Councils, they will not be the same. Then PAC would actually face the same thing over and over that the SOP should set up a standard is not of the standard at which the SOP should have been in the first place. That is why we are pushing and we have actually spoken to the Ministry of Local Government as well to try to design one SOP which should be applicable to all Municipal Councils.

Question No. 3: What monitoring mechanisms are there in the Council to ensure controls are in place and are functioning as they are supposed to?

MR. A. KOHLI.- As a matter of fact, after the appointment of the CEOs and Special Administrators, we are trying to formulate the audit functions into CEOs portfolio and daily monitoring. I think we had a discussion with the CEO. He has had his own experience at FRCS. He wants to bring it and implement it in Labasa Town Council and I think if he does so, it will be very effective. He has said that he would like to have a meeting every Friday (4 o'clock) for an hour with heads of departments to see what they are doing, if there are any mistakes done so it can be rectified within a week rather than waiting for a longer period.

MR. CHAIRMAN.- Thank you for that answer. I will ask Honourable Leawere to ask the next question.

HON. M.R. LEAWERE.- Question No. 4: Does the Ministry of Local of Government provide any monitoring roles or checks on the governance and controls at the Council? If yes, how often?

MR. A. MATAIVILIA.- Thank you, Honourable Member, for that question. In response to that, I think I have explained a little bit on the Ministry's monitoring role to all the Councils. In terms of financial management, they have this monthly reporting in terms of their budget execution in a year. Every month they have to submit to the Ministry on how they are utilising their budget in respect of the revenue streams that they have and how are they managing their revenues in terms of delivering the Council's services to the ratepayers. We are monitoring that every month and in terms of their annual reports, I think this is one of the backlogs that we have for other Councils and I am happy to say that all the annual reports from past years has been up to-date and the way forward for that is just to present it to Cabinet and then to Parliament in these coming months.

Those are the monitoring roles that the Ministry is playing in terms of monitoring all the Municipal Councils.

MR. CHAIRMAN.- Thank you for the response. The next question I believe we have already touched and we have an answer to that one so we will actually jump over to Question No. 6.

HON. V. PRAKASH.- Thank you, Mr. Chair. **Question No. 6: Financial reporting issues highlighted the weakness in financial management, what has the Council done to improve?**

I think the second part of the question has been answered so can you just answer the first part? How are you trying to remove those weaknesses as highlighted by the OAG?

MS. S. DUTT.- Thank you. As highlighted previously on the weakness in financial management, that was in 2014 and 2015. The Council had introduced the MYOB system. As I said previously, the data was not being entered correctly and from 2016 onwards we entered all the data correctly and then we also upgraded our MYOB system from Version 14 to Version 19. That enabled us to generate more reports in terms of financial management. All the reporting reconciliations has been done in that system and for the system software, how can we control the software? There is an internal audit function there whereby if you delete any transaction or make amendments to the transactions, for example, if a cashier wants to delete a receipt, it will be automatically picked up in that report and no one can play with the system. So, that is how we managed our Financial Management through the software.

MR. CHAIRMAN. –Thank you for that response and I believe that actually brings us to the earlier discussion on having an Internal Audit System in place. An Internal Audit System basically does not cover the accounting bit of the Council but it covers all the procedures and processes that are in place. What actually happens in an internal audit is that someone sitting in there to actually review everything happening as per the protocol and the procedure that is actually set out by the Ministry of Local Government for the Council’s to follow. They can be reporting directly to the Special Administrators because you cannot have an internal audit personnel reporting to a supervisor and then trying to oversight his or her work. Everywhere we went, we are trying to press for two things:

- (i) Internal Audit System whereby we have someone independent and as alluded to by Honourable Prakash the best person would be if the two Councils can share. One Finance Manager can go and be an internal auditor to the other Council and viceversa.
- (ii) The other thing that we have been focusing on is on the Open Merit Recruitment System which you have explained very well that you are adopting it. Some of the Councils that we went to are not even aware of the process. Some of the Councils are trying to adopt the process but they do not know how to go about it especially with regards to, for example the number on the panel, who should be short-listed , who should be conducting the interview, et cetera. So, it is quite pleasant to see and hear from Labasa Town Council as compared to other Town Councils especially with regards to the internal audit system and OMRS.

We shall now proceed further on the Roles of the Council noted issues on increasing trends of trade debtors. Page 36 of the Auditor-General’s Report, Consolidated Statement on Income

Statement. Question No. 1: From 2014 to 2017 can the Council actually explain operating deficit and profit for the year, why has there been a huge jump? For example in 2014 there was a profit of \$460,000, 2015 there was a deficit of \$167,000 then it jumped up to \$194,000 in surplus and then it came down to a deficit of \$141,799. So, year in, year out why such a huge jump in terms of profit and loss?

MS. S. DUTT.- Mr. Chairman, I cannot answer for 2015 because I was not there during that period: 2014-2015. For 2017, why there was a deficit, it was the projects given to the Council by the Ministry of Local Government to do it on their own cost basically which was involving maintenance of gaps and channels, some of the drainage plus building of temporary fish market and grog stall. So all these were expensed out since drains are no longer the Council's property so we cannot classify that as assets and this was classified as expenses. These money was not reimbursed to the Council. So the Council had to use its profit from previous years to accommodate these expenses.

MR A. KOHLI.- Subject to correction, Mr. Ali may be able to assist her. If I am wrong, I will apologise in advance but I think somewhere along the line with the previous Minister of Local Government directed that that a certain amount be given to the Fiji Roads Authority for maintenance of footpaths, et cetera. Am I right or wrong?

MR. A. MATAIVILIA.- Honourable Chair, maybe to clarify those issues, I think those were some of the services that were seen at that time as challenges raised by the ratepayers and also the market vendors. Those services need to be improved at that time and there was a directive given by the Ministry to use the Council Fund in trying to improve those services of the Councils. I think that is why the expenses really went up at that time.

MR. CHAIRMAN.- So, it was basically providing services to the ratepayers?

MR. A. MATAIVILIA.- To the ratepayers.

MR. CHAIRMAN.- So, one-off expense.

MR. A. MATAIVILIA.- Yes, because there are different projects that they need to undertake for that purpose.

MR. CHAIRMAN.- Alright, noted. Any idea about 2014 and 2015, why that huge decrease of almost, a bit more than a half million, I believe?

MR. A. MATAIVILIA.- Honourable Chair, maybe Labasa Town Council can investigate this and carry out an assessment then come back in writing to the Committee.

MR. CHAIRMAN.- Alright, that is agreed to. If we can have a written response at a later stage. Honourable Joseph Nand, you may ask the next question.

HON. J.N. NAND.- Thank you, Honourable Chairman. Just on the Debt Recovery Process. What is the current in place and how effective is it?

MR. A. KOHLI.- This is a difficult area, it always has been. There are several reasons for it and there are several recommendations that I have made, hopefully to be followed. Over the years what has happened is that, you will see that so much debt I see that so much debt has not been collected, overdue rates. We have to be very realistic and find out how much of that can actually be

collected even if you exhaust all the processes. If you are not able to do so, it may be an idea to write that off rather than carrying it on. I am saying after exhausting all the avenues. I am not just saying write it off like that, after exhausting all the avenues.

Now we have a difficulty as far as rates are concerned that people sell their houses, they disappear without paying rates. They go and borrow money from the banks to extend, to renovate \$30,000 to \$40,000 without paying \$3,000 rates. My suggestion is, and hopefully it will be taken up and passed as a legislation or regulation, in any dealing with land in a municipality, you must have the consent of the Town Council. Just like when you are dealing with iTaukei land you must have the consent of the iTaukei Land Trust Board. Lands Department, Section 12 or 13 states that you must have any dealing without that consent is null and void. It will not be entertained by the Registrar of Titles.

Basically what that means is that, if I try to borrow \$50,000 from a bank to renovate my house, then that mortgage, even for stamping will require the consent of Labasa Town Council. If rates for Labasa Town Council is unpaid, Labasa Town Council can notify the bank and say, "Out of that \$30,000, can you please clear that \$3,000, then we will give our consent." It will solve a lot of problems. It is such a simple thing to do but I do not know why that has not been done.

The legal process as you know sometimes drags on in court. In the High Court if you institute proceedings, you can get a result within a year. If you do so in a Magistrates Court, it can linger on for three years. And then there are cost factors, solicitors cost which are involved. Sometimes they supersede the amount of rate that is owed. Luckily we have got the Small Claims Tribunal now where if it is less than \$5,000, it costs about \$5 to go and get it. What we are doing now is that we are trying to educate the public, we are trying to also publish names of people who are owing rates. As my CEO says, "name and shame."

I must say that with our new CEO who has been very good in dealing with the public and collecting tax, hopefully he will utilize some of this skills in getting these rates collected. This is one area that I would like to address because of my background, a little bit of knowledge in law and debt collection, I would like to free of charge render my service to the Council to be able to recoup these monies that are owed.

HON. V. PRAKASH.- Mr. Chair, we would like to know the percentage rate collected and we also would like acknowledge that ratepayers are very important people to any municipality. These are the people who own our municipalities. I think there are various ways and means in which we can allow them to feel that they own the Council; awareness newsletters and other things because without these rates it will be difficult for the Council to carry out its duties. Unless and until we make them feel, we agree that there are some ratepayers who are not good; we know that. I believe that there are so many ratepayers that would like to see that their rates are paid before the end of January and they are doing that. You know these good ratepayers are the example to the Council and trying to totally sort of have a war with your own ratepayers should be quite costly to the Council rather than involving them as owners because that pride and ownership must be felt.

Secondly, Labasa is the pride of the North. When we come to Labasa we see a lot of changes and we are so proud to see those changes. The town is really neat and clean. These are some of the things that can be done – the award system. How many in the ward have 100 percent ratepayers? This will motivate them unless and until we give ownership to the ratepayers; until continue to keep them at bay, this war will continue. If I come to Labasa after the next six months,

I was telling my colleagues, there will be more changes. The town is dynamic, the ratepayers are dynamic. They have changed Labasa and I think, first we want to know what is your rate percentage collection? The second one, we have said that this ownership is quite important. The town belongs to them and on top of that Government is also assisting. Now the work that was done by the Council have been taken over by the Government of the day. All roads, waterways and other things, so there is a big relief which means that there should be more delivery to the ratepayers.

Now, we have seen in some of the Councils, there were parks made. The parks were for health reasons. No one dares go and play in those parks with the way the Council have kept those parks. So, these are some of the concerned areas that the Council must see to try and facilitate those things for the ratepayers so that they are happy, they do not complain and they have that pride. We are very proud of Labasa, Mr. Chair.

HON. ADI L. QIONIBARAVI.- Honourable Chair, I have a supplementary question.

MR. CHAIRMAN.- Sorry they need to respond to it first.

MR. S. PRASAD.- Thank you, Mr. Chair. Actually from my analysis, from the past week till to-date we actually analysed, there has been like what you have actually mentioned, there are people who are accountable for their town. They have pride for the town, they have contributed to the success and we are really appreciate the kind words that you have seen our town as one of the neatness towns. We are really proud of that. My entire team is proud to hear that.

In terms of the percentages, what I have seen, I am not able to actually at this point give you a direct answer as to the percentage of reduction. For this, we can actually put across the progress as of reduction in rates, arrears that has come in through our policy improvement that have actually been proposed like the changes, the accounting principles, the monitoring components that have come across after audit findings were done, the MYOB transformation from WINBIZ. From the analysis that I have actually seen and as I have been frequently monitoring the rates that are actually outstanding, as everyone is aware municipal councils are surviving on the rates. There was a figure of approximately \$1.9 million which went down to \$1.7 million and currently we are on \$1.6 million. So, basically we are working in hand with our ratepayers, giving them that awareness that ratepayers need to do their obligation, comply with the obligations that are of the town then only we are able to get those funds and invest it back to society in terms of amenities that you have actually mentioned.

Just to add on to what our SA has said, some of the challenges that I have actually identified within the past few days that I have spent, one of this is, people are so much rest assured that they can run away from the rates. That is why we have outstanding rates. Our enforcement part is one area that we have to put across. If we intend to build any town or any municipality to greater heights, I guess we are all talking about some things in the next few years. Next decade we intend to have our town to a standard. That will only occur, as all of you are aware that towns and cities are left on their own to fund for their day to day operation; the development. It will only work in terms of getting those outstanding rates if we have some strict controls, the enforcement components like other agencies are having. If you do not comply, there are certain regulations.

Just a suggestion like the Honourable Chairman has mentioned, in terms of FRCS, we have tax compliance. If you do not have a tax compliance your loans are not given and that is a mandate. Everyone is complying to that. Just because of that, I could see most of the outstanding payments

are cleared just to acquire that tax compliance. So can we not have the same for the Councils also so that we can improve our future.

MR. CHAIRMAN.- Yes, Madam, supplementary question.

HON. ADI L. QIONIBARAVI.- Honourable Chairman, I appreciate information that is coming across from the Special Administrator and his young team. We hope to see the fruit of your commitment in the next two years in terms of the change in the auditors opinion as well as improvement in the Labasa Town.

My other question, Mr. Chair, is on this capital expenditure in 2017 that was approved by the Government for the Council to carry out. I would like to know whether that arrangement was executed under some agreement with the Council? Will the Government repay part of the money that they authorized the Council to pursue the renovations or repairs of the drains, et cetera, or will Government pay all the sum that they authorized?

I may as well complete the question, I would like to ask also the OAG whether he sighted any agreement between the Government through the line Ministry and the Town Council on that amount that was spent that caused the deficit for the year 2017? If it is a debt, is it part of the receivables?

MR. A. MATAIVILIA.- Thank you, Honourable Chair, for that question. In terms of capital expenditures, there are two types of grants that the Council needs to implement.

- (i) Own Capital Project that the Councils are handling. This is where they use their own funds from the revenue streams that they have; and
- (ii) The other source of grant is coming from the Government. From the Government, we have supported Labasa Town Council in the past in terms of their women accommodation and the drainage project. We are handing that over to the Ministry of Waterways as they handle drainage works. We subsidise the Council in terms of cleaning the drains and also constructing new drains, if necessary.

We have also been providing some grants in terms of carrying out the consultancy of the bus stand. I think those are some of the grants that are included in this capital expenditure. Maybe the OAG can confirm this?

AUDIT REP.- Thank you, answering your question, Honourable Member. The capital rightfully said by the representative from the Ministry of Local Government, there are two types of capital expenditures, one is funded by the Council and then there is another arrangement between the Government through the Ministry of Local Government where the grant is dispersed to the Councils for capital works. It is obvious that the Council cannot fund all the capital projects just through the rates. So, the Ministry of Local Government also assists the Council through the grants.

There is a grant agreement between the Council and the Ministry of Local Government, however, my concern at this stage is that most of those capital expenditures which are funded by the Ministry of Local Government, if it results in a physical asset that is not affecting the profit, it goes into the statement of financial position.

So, looking at the capital expenditure that goes in the income statement, it is mostly the repairs and maintenance and the maintenance of roads. There was some arrangements made

between the Councils and the Fiji Roads Authority (FRA) when the Decree came in 2012, when all the roads were transferred to the Fiji Roads Authority, there was an arrangement, there was an agreement (MOU done) that those works that are carried out by the Councils, the FRA is going to reimburse the Councils.

However we have been raising this matter in previous Committee meetings too. At this point in time, there has been some, in order to honour the MOU, there has been some confusion with that MOU because FRA is not reimbursing the Councils and some of the Councils are also not paying their share which they should be paying to FRA according to the MOU.

We have also discussed this with FRA and FRA has actually said that they are looking into that MOU again and whether they are going to continue with that MOU or not, but the amount that is stated as capital expenditure, Madam, that is all expenditures mostly on the maintenance of their road system in the town boundaries and also as the representative from the Ministry of Local Government has said, on the maintenance of their buildings. But those that in the physical asset, that is capitalized in the statement of the financial position and there is a grant agreement which we always cite with the Ministry of Local Government.

HON. ADI L. QIONIBARAVI.- Thank you very much, Mr. Chair. A supplementary question to that, does the FRA owe money to the Labasa Town Council and how much does it owe the Council?

- (i) AUDIT REP.- Looking at the financial statements, the Council has not recorded any receivables. Like I have said, they are not, probably the Council may confirm that. There could be two reasons, one, whether they are not adhering to the MOU or
- (ii) all the works that is carried out in the Council's boundary is done by FRA. But if there are some works carried out by the Council themselves on their roads and footpaths, then by right then there should be reimbursements from FRA as per the MOU but that has not been happening.

HON. ADI L. QIONIBARAVI.- Honourable Chair, may I suggest that the OAG examines the MOU and makes the necessary adjustments. If the FRA owes money to the Council, it should be recorded as receivable and they should be made to pay in accordance with the MOU. The Council needs money to move forward and we should look at all avenues as possible to enable the Council to have money to move forward. *Vinaka*.

HON. V. PRAKASH.- Mr. Chair, a supplementary question about the rate collection. There are few Council members that you will see from years they are honestly unable to pay their rates, that is, in all municipalities. The situation has changed and some of them who were wage earners, they have lost those people and they cannot pay. What happened, Mr. Chair, the interest have accumulated over a period of time. Once they cannot pay and on top of that as per the Local Government Act interest has accumulated. The burden has gone more and more, in reality there are a few people, they are not many who cannot pay their rates. In that situation, Mr. Chair, there is a provision that the Council can write to the Ministry of Local Government and seek permission to provide a waiver on the interest so that the burden becomes less and the rate can slowly come or also there is a provision that part of the rates can also be waived through the permission of the Ministry of Local Government. This situation is very important because some people may have migrated but the next of kin is there but they do not have that source of income. These things are very important with the experience of our Special Administrator having a heart for Labasa, the Council must know their ratepayers. They must know their situation. They must try and see that they really are able to assist in this rate collection. Mr. Chairman, \$1.6 million is quite a lot of rates

that they owe, Mr. Chair. I do not know whether that is the current rate or a percentage of that have been accumulated from past years. However, \$1.6 million rate in arrears is a concern.

MR. A. KOHLI.- I totally agree with what you have said. We have taken that on board. There is a saying that we must look after the poor because the rich can look after themselves. What we are going to do is analyse these ratepayers, if they are genuinely poor people who are not able to pay, there is a system to follow. They can go to the Ministry of Social Welfare, get themselves registered and we will look into them. There are people who have migrated, for example, sold the building and not paying the rate, I do not think they should be able to get any sympathy. On the same token, I think as Ministry of Local Government who can write-off the rates, they have the powers not Labasa Town Council, if I am right.

MR. A. MATAIVILIA.- Thank you, Mr. Chair. Just to clarify on the waiver of rates. According to the Local Government Act only for hardship cases then the Honourable Minister has the powers to write-off the rates. But hardship cases is an open statement. We have various kinds of hardship cases. That is where the gap is. We have identified this from other Councils and we are working forward onto how we can address this issue moving forward. What we are currently doing now at the Ministry is, we are profiling all the ratepayers that could not pay their rates from the last financial year, 2019. We have given the whole year, 2019, as an amnesty period where if they come to pay the rates all the interest could be waived and they could just pay the principal. That is the work that we are doing at the Ministry and moving forward, our Honourable Minister will go back to Cabinet on this and other way forward that have been discussed with the Special Administrators on the measures to recover these arrears for all the Councils.

HON. ADI L. QIONIBARAVI.- Thank you, Honourable Chair. Just two matters to wrap up this very important section of our discussion this afternoon which concerns receivables.

- (i) Whether the Labasa Town Council has previously placed caveats on the properties of those that have not paid up their rates in arrears or if not, are they considering placing caveats which means they will not be able to sell their property unless all outstanding rates are paid?
- (ii) Whether part of the grant that is from Government to the Labasa Town Council, I thought I heard something similar to what we heard in Rakiraki. The Council is administering money provided through Government for the improvement of the market and other facilities but that grant is from one of the United Nations agencies and if so, is the Council which is part of the administration money for administering projects funded by one of the agencies of the United Nations?

MR. A. KOHLI.- As for the first part of your question in order to place a caveat, you must have a caveatable interest in the property. So, there are two ways of putting a caveat:

- (i) We can go to court, get a judgment, pursuant to the judgment, they can prove the debt that is owing, he can place a caveat;
- (ii) You can get a court order and place that order which only last for six months thereafter you have to renew it. Both of them temporarily protect.

What I was suggesting before, Madam, was this, if you have a legislation or regulation which says that any dealings with land in their municipality has got to have the consent of the Town Council, you will find somewhere along the line people will need to borrow money, buy or sell. They will require the consent of Labasa Town Council. Without their consent the dealing will

be null and void so people will be compelled to come and clear their rates. So, you can place a caveat in a nutshell, yes, you can place a caveat if you have a caveatable interest, you may do so.

HON. ADI L. QIONIBARAVI.- On that, Honourable Chair, I know that Suva City Council does that. They have placed caveats to stop the property owners from selling the property unless they pay up the debts. You may wish to consult with your Special Administrator counterpart in Suva.

MR. A. KOHLI.- Yes, I will speak to Mr. Tikoduadua and ask him what they do there.

MR. CHAIRMAN.- Just a follow-up question on that. If you are putting in a caveat, what is the cost factor involved? For example, this is accumulated fund that we are talking about of \$1.5 million. Some of those households might only be having arrears of \$100 and if the caveat fee is \$1,000 it does not make sense putting a caveat on those kinds of properties.

HON. ADI L. QIONIBARAVI.- Honourable Chair, the caveat is placed by the Council, not the ratepayers. The Council places the caveats against the property owner from selling the property.

MR. CHAIRMAN.- Yes, but there is cost factor involved in placing a caveat. That is what I am trying to establish over here. What is that cost factor? As a lawyer you might know that but for the information of PAC.

MR. A. KOHLI.- Thank you, Mr. Chair, you are absolutely right. What actually happens is someone is owing \$300 for the last three years, the cost of putting a caveat will be \$500. It exceeds the amount of rates that is owing. I would take the advice of Honourable Vijendra Prakash to speak to this people. Personally I have been doing this. I want to have a profile of the listing, visit them after hours and say, "Are you really facing hardship? Do you have brother or sisters overseas who can assist you and get more friendly with them, get money out of them. They are not our enemies as you said. They are part and parcel, an integral part of the system. Going to court is the last resort we want to do. We want to get them here. My Special Administrator here, Mr. Robinson, what we are going to do is we are looking at areas where we can go and talk to people. Are you really having a difficulty and find out for ourselves. Do they have any income?"

HON. ADI L. QIONIBARAVI.- Honourable Chair, if the Town Council has a legal officer, that would be a very easy task to do. It is largely the legal fees. If a legal officer is part of the team of the Council, the cost is really very nominal. The filing fees are very nominal. Anyway that is one of the suggestions.

My other question is whether through the Ministry of Local Government, an administrative fee is paid to the Council for administering the money for the improvement of the market, something similar to what we heard in Rakiraki. Rakiraki Town Council was administering I think over a million dollars for the renovation of the new market, et cetera, but no administrative fee was paid to them.

MR. CHAIRMAN.- I believe that can be broken into two parts:

- (i) If the Government is giving grant because there is an MOU between the Government and the Municipal Council itself and Government is actually funding; and
- (ii) An outside organisation, like for example in Rakiraki what happened was, it was funded by UN Women.

HON. V. PRAKASH.- It is very important to realize any grant that comes to any Council is the initiative of the Government. Government gets that grant to the Council. The Council does not get that grant.

It is also important to realize that any capital development that is taking place either it is from the taxpayers grant or from the foreign agency, the beneficiary is the Council. As I suggested in Rakiraki that Rakiraki Town Council when they will have their new balance sheet, their asset will increase by \$6 million and imagine when they have got that \$6 million, they can go and do an enormous business with the bank. They can have so many developments. So in those kinds of things, it is always important to realize that Rakiraki Town Council or any Council who has a big grant, chunk grant like \$6 million coming in, ultimately the beneficiary will be the Municipal Council and not only the Municipal Council, it will be the ratepayers. The ratepayer's property will go up. It is not as if someone is doing a project which is going to benefit the Council and the ratepayers, you need a separate fund to try and get that because those types of things are always accumulated within the Council's budget to see that that the evaluation property of the Council always are very healthy. If it is not healthy finish, you will be in a very big problem. That is quite important. Asset valuation is very important for any business, for any Municipal Council. You have a healthy valuation, you will be on your own, you will continue, you will not go and knock on the doors of taxpayer and the Government. You will not go and ask for grants because you can afford to make payments as your assets are very strong. Whatever development has taken place in Labasa, this development was neglected by the Council, by the Special Administrator then, that is why the Government has come in to see that those necessary developments need to be done. It is very important because their human interaction and people must have complained and the Government of the day is responsible to see that such a development is completed whether at a cost to the Council or through Government's assistance.

HON. ADI L. QIONIBARAVI.- Honourable Chair, I ask that my view be recorded that at the end of the day, it is the cash flow to the Labasa Town Council. You do not have sufficient money to carry out new responsibilities. My own view is that if a UN agency is providing money to the Council to administer or supervise the work that will beautify or improve the valuation, improving the valuation is very good but if that property is not worked out in a business way, it will not get enough cash. The bank will not only look at the valuation of the property of the Council, it will also look at the funds that are generated by the Council. In the meanwhile, the Council needs money and there is nothing wrong with asking the agency to provide an administrative fee, that is, if you need to have funds to help you move forward. I know that UN agencies pay organizations that administer their projects. It is only a suggestion, it is up to you.

MR. CHAIRMAN.- Thank you. Those points are noted. I believe we can have further discussions when PAC sits in a closed environment to assess whether that administrative fee should be charged. I also have my personal view but this is an open forum. So, it will be in the best interest when we have our meeting in Parliament, that is the time we can actually discuss this and whatever the Committee decides, that can always come out as a recommendation.

Moving on, Section 3: Results of Audit, Audit Opinion Results, 3.4 - Results Summary and 4.0: Financial Reporting we have thoroughly discussed these matters and answers have been provided.

Section 5.0: Internal Controls, 5.3: Results Summary (All Councils), that one has also been sufficiently answered.

We will go onto 6.1: Common Findings, 6.1.1 is on Corporate Governance (All Councils). The Auditor-General has highlighted issues of lack of appropriate Corporate Governance structure in our council. This includes absence of:

- (i) Internal Audit function;
- (ii) Risk Management Policies;
- (iii) Standard Operating Procedures; and
- (iv) Disaster recovery and business continuity plans

What have you done to address these issues highlighted by the Auditor-General?

This is again a question that is asked in preparation of the future, in terms of what are the plans of the Council and Special Administrators to see how best we can actually try to achieve this.

MR. A. MATAIVILIA.- Thank you, Honourable Chair. I think this issue we have taken on board from the Ministry's side of things and we will ensure that issues such as Internal Audit Function, Risk Management Policies, Standard Operating Procedures and Disaster Recovery Business Continuity Plans we will take it up with management for further deliberation in trying to assist the Councils deliver these issues highlighted.

In terms of SOPs, the Special Administrator, Mr. Kohli had already highlighted that we have one SOP for all the Special Administrators. They are following that in terms of Council operations. So, maybe we can work on that and try to deliver the SOPs for each Council, cascade it down to CEO level and operational level of the Councils.

In terms of Risk Management Policies, we will try to develop one for all Municipal Councils and the Disaster Recovery and Business Continuity Plans.

MR. CHAIRMAN.- Thank you for that response.

6.1.2 Financial Reporting - I believe that one we have touched as well that Labasa Town Council is trying to get someone on Open Merit System. Just a question with regards to the Open Merit System.

Is the Council well versed with the Open Merit procedure which is supposed to be followed in order to get the right and capable person for the right position?

MR. A. MATAIVILIA.- Honourable Chair, this is also another issue that we have discussed with the other Councils that we need to take this Open Merit Recruitment System down to Council level to be implemented. On the details of that, we are currently liaising with the Ministry of Civil Service on the advice on how we can move this forward because there are some challenges in terms of Appeals Board. Like for the Ministry, we have the Civil Service Appeals Board where we can appeal if something is not agreed along the process. But this is one area, we will discuss with the Ministry of Civil Service on the way forward then we will come around with the Council and try to get them trained on the OMRS especially on the number of people who should sit on the panel, the short-listing, long-listing, the grading system and the new things that are highlighted under the OMRS system. We will take that on board, Mr. Chair and try to implement to the Councils.

MR. CHAIRMAN.- Yes, definitely. That is something we strongly believe that should be implemented in not just Labasa Town Council but all Town Councils, that is the OMRS so that people are brought in. I believe all the CEOs were brought in under the OMRS but staff working under CEOs, we also need to ensure that OMRS is followed before the recruitment of any staff.

6.1.3 Revenue Management (All Councils)

What approach have you taken to improve on the revenue management as highlighted by the Auditor- General?

Especially when you are discussing about reducing expense, if you can go bit in-depth to tell us how you are planning to reduce the expense rather than justifying by increasing the revenue, by increasing the garbage fee and rental fees because that is part of management as well; good financial management as to how we can reduce our operational cost and other costs related to it rather than increasing the burden of the ratepayers.

MR. S. PRASAD.- Thank you Mr. Chair. Just to address that 6.1.3, the issue that has been actually highlighted; reducing the expenses. I guess we need to relook at our expenses and there are certain components that are actually manageable. One of the components that is of interest is outsourcing. If we have adequate people that are within either we pay them salaries or that salary could be diverted to outsourcing. We cannot have both because it is an expense for the Council. So, that is one area that I think we need to look on from here onwards.

Other aspects of expenses, we need to relook at the structure, the way we are operating, the people that we have, do we have adequate people, do we have excess employees who are eating up the budget and also working on some of the minor aspects in terms of minor expenses that are actually manageable and it can be eliminated so that at the end of the day the entire benefit remains with the Council.

In terms of the other component is increasing revenue. I guess as all municipalities own properties which could be relooked into, they could either be leased out or rented so that it can bring in revenue. This is one area that I would be actually working on in the first quarter of this year, is basically turning those idle land, not looking at the returns, we are just focusing on the expenses. Basically if you have a piece of land where we are just cutting grass and other security measures and it is not bringing no returns, basically it is questionable. So, these are some things that if we are holding a piece of land within the town vicinity that can actually rake in a few dollars, why not we bring that and manage the expenses so that at the end of the day we have profit from that particular land.

MR. CHAIRMAN.- Thank you and that is well noted. Another way of looking at this and we have discussed this with other Town Councils as well, it is important to see, like for example, in order to run a Council, we need to run it as a corporate organisation now rather than just being a service delivery agent. Whatever the income is, try to relate it to a private industry running a business with whatever the turnover of the Council is, especially with HR. For example, in agencies we have mostly seen in the accounts section, we have five to seven people just looking after accounts. One person is looking after payables and the other person is looking after receivables and when you actually compare that to a corporate organisation with the same turnover, it is only one accountant sitting there doing each and everything and then you have a cashier. So, these are some of the comparative measures that can be actually done when it comes to public and

private sector to see how best we can work on to decrease our expenses especially our operational expenses that will increase the profit.

That actually brings us to all the written question. We will go another round with the Members if they have any other questions to be asked under general matters.

HON. V. PRAKASH.- Thank you very much, Mr. Chair. I think the Chair's suggestion is sort of dynamic way of trying to see that you will be able to bring the operation cost down. That is very important for ratepayers. A ratepayer wants the operation cost to come down and more service delivery. We learn from Ba's experience. Ba does not have contractors, they have got their own people to service and 45 percent is given back to the ratepayer and 55 percent tax, that is excellent; 45 percent of each dollar was given back to the ratepayers which is very good. Also sometimes, the Council fails to make an annual budget. They just carry on a monthly basis. A good Council if it makes an annual budget from whatever rate he or she has collected and variation, that Council will never go wrong.

Mr. Chair, another issue is regarding the Human Resources. As we all know that HR now plays a very important role as far as the training, recruiting the right people and if one Council cannot afford then at least two Councils can afford a very good HR. HR are people who are an asset to any modern organization.

Lastly, Mr. Chair, from my side normally the accounts are published either in the dailies. You have published your account and as per Section 57 but you have not published the audited report. Was there any reason to do that? Because if you are going to publish your financials without the audited report then it can be a very big query on that. I think you have published your financials account but not the audited report. Before you comment, I would like the OAG to confirm that.

AUDIT REP.- Thank you, Honourable Member. The recent 2017 financial statements that was presented in the newspaper included the Income Statement and the Statement of Financial Position. However it does not include the attachment of the auditor's report as required by Section 57 (3) of the Local Government Act. That has been a concern by the Auditor-General himself so probably the Council may be able to clarify on that?

MR. A. MATAIVILIA.- Thank you, Mr. Chair. Before the Council responds, can the OAG provide a way forward for that because I think there might be an oversight or mistake or what can be the way forward for that, whether we make another press release in correcting what has been advertised or we can re-advertise the Council including the reports that they have not advertised?

AUDIT REP.- In order to fully comply with Section 57(3), I think the auditor's report needs to be attached with the Financial Statements. I think the Council can relook at publishing the Financial Statements together with the OAG Report so that a complete report is published and is available for the ratepayers.

MR. S. PRASAD.- Thank you, Mr. Chair. We have taken note of the concern that has been raised and will actually rectify and get that published next week.

HON. M.R. LEAWERE.- Thank you, Mr. Chair. Looking at the Report I saw that on Page 36 there is something about the business license. I think that has got to do with taxis and those who run the operation especially along the roads in Labasa. When we were coming in, there was a lot of traffic congestion. From 2017, the business license which also includes the taxi stand fees as well as the base. I am just trying to pose a question to the Council, what is the Council's plan going

forward in terms of, especially when we have about 135 taxis operating but only 45 go on a rotational basis in the market. Those are the finances that you are looking for in terms of what the Council needs. So, what is the Council's action plan on that in terms of looking at, especially the number of taxis that are there, maybe 35 or 45 that operate on a daily basis and they go on rotational basis. I have been told they do not pay the fees. They come, make business and run away. So, maybe that is something for the Council to think of. This is the revenue that you are looking for. Maybe you could just enlighten us on that area.

MR. A. KOHLI.- Thank you. What has actually happened is, reasons best known to people, our carrier stand fee as per gazette was \$38. It was reduced to half. This year, looking at revenue generating, we decided to put it back to what it was - back to \$39 a month. We had a very successful meeting with the carrier operators and we justified by giving them figures. They are paying \$1 plus per day for parking for 12 hours whereas in town you pay a dollar for about half an hour or one hour and they all accepted that.

Secondly, we are talking about business licensing. The legislation has come in which says that small businesses which employ less than three people have to pay 50 percent only. So, you lost 50 percent of the revenue. Instead of generating, we have lost and we are being asked to deliver the services. So, we have lost that 50 percent. Less than three people, so if a taxi owner is there, he is a sole proprietor or is a shopkeeper who has got only three people, he now pays 50 percent of what he was paying before, so we are losing out on that.

As far as these rotating taxi are concerned is beyond meaning our realm meaning that again what does Labasa Town Council do? We have invested a huge amount of money in parking meters. We pay our workers to go and do the bookings. All the income is taken by LTA. Where is the justification? We pay their wages. We pay for the meters, for the maintenance of the metres and they take 100 percent of the revenue. This is something beyond us. This is something at the Government level. We should have an MOU or something whereby at least we get 100 percent, according to my new CEO, thank you. Absolutely, they are in the town area. We are doing the booking. As far as rotating taxis are concerned, these are issues which has to be addressed by LTA. We can only look after our bases which are being given. We are not giving out bases for taxi bases when we know that it cannot be accommodated. I hope that answers your question.

HON. M.R. LEAWARE.- Mr. Chair, through you, I really feel for the Council because you operate and you do not get paid for it. For me it is a bit unfair maybe that can be worked out between the Ministry of Local Government, the Ministry of Infrastructure and LTA so that the Council can also benefit. Like I said, you do the job but you do not get paid for the job. Maybe the CEO will work on that later on.

HON. V. PRAKASH.- Mr. Chair, there is a provision there. I still believe that \$39 is incomparable. Nowhere in Fiji you will you get that cheaper rate and the Council can always write to the line Ministry and propose the rate that you want because I think \$39 per month and the space you give is something that you really have to reconsider and right back to the line Ministry.

MR. A. KOHLI.- Thank you, Honourable Member. My concern is, if we start trying to raise more than \$39 on a place where the carrier stand is centrally located near the market; prime property. We are telling the carrier operators, we will give it to you free, move on the other side of the bridge. We will turn this property to generate income for the revenue. We will give it to you free for three years – go on the other side, Council's land, operate for free.

Secondly, you are thinking that we should increase from \$39. At the moment, we are collecting garbage - \$1.41 per collection per day.

HON. V. PRAKASH.- Mr. Chair, I think the Government is looking into the rates of the Municipal Council. I think they are aware about this and the Government is looking into it.

MR. A. KOHLI.- Thank you. What you will see that the people's objections are already there. I have noticed it on *Facebook*, I have noticed it in the *Letters to the Editor*. My very good friend Sukha Singh calls me on the street and says, "why is it going up?"

HON. V. PRAKASH.- Mr. Chair, we do not know how generous this Council is. I think you are giving so much of your concession to your ratepayers. No one gives that and that must be noted. Labasa, your rate needs to be revised.

MR. S. PRASAD.- Thank you. I guess we are known as "Friendly North." orth. I guess we are very much friendly and very soon we might start offering our services FOC.

(Laughter)

MR. S. PRASAD.- But I guess the concern that was highlighted by SA is, the rate that we are offering to these carrier stands is very minimal. I was part of that meeting. It was on the first day I walked into this office where I was asked to come and address these people. Some of them were surprised as to why I was here. I told them, "no, this is my first day here" and then they actually accepted my comments.

One option I put across in that forum was, we have your grievances, it is costly. We are increasing from \$19 from the \$9.80 because we have to manage that area. What they are asking us if we could tarseal that area, there is dust accumulating. We could have all those other aspects done, but they do not realize how much does it cost for us to carry out improvements? We told them that it would be much wiser for the Council to convert that particular area into parking lots where we can charge an ordinary person \$1 an hour to park. We have parking problems throughout the town.

MR. CHAIRMAN.- CEO, I am sorry, if I may interrupt over here, I think this is a discussion for a different forum. That is something that the Council needs to take it up with the Ministry of Local Government first, that is the current issue so we will not indulge too much into that. Honourable Nand, any final comments?

HON. J.N. NAND.- Thank you very much, Mr. Chair. Since this is my town. I was and raised here so

MR. CHAIRMAN.- It was your town.

MR. CHAIRMAN.- Thank you, Honorable Members, that brings us to the end of today's PAC meeting. It was very enlightening to have a discussion with the Labasa Town Council. Before we close, we will ask Honourable Leawere to give a vote of thanks on behalf of PAC.

HON. M.R. LEAWERE.- Thank you, Mr. Chair. On your behalf and the Committee and the Secretariat, I take this wonderful opportunity to say *vinaka vakalevu* to the Town Council especially for the nice set up that we have here and also the deliberations that emanated from our discussions today. There were a lot of grey areas where we hope going forward and taking those

issues on board, we would be able to be a better Council in future and hope that when we come around next time we will see it is not only from within especially the administrative side of the Council but also out in Labasa. As we noted from our walk up and down the streets we were happy to see a lot of people last night. Sometimes they say that by 7.00 p.m. the town is empty but it is not like that in Labasa anymore. It is now a thriving town. We hope that one day when we return it will be Labasa City because there are a lot of developments coming around, with Damodar and all other developments. We hope to see that in the near future. With those words, Honourable Chair, on your behalf may I ask our Members and the Secretariat to show our appreciation with the usual manner.

(Acclamation)

MR. CHAIRMAN.- Thank you, Honourable Member. I shall now give the floor to Labasa Town Council as well.

MR. A. KOHLI.- Thank you, Mr. Chair. On behalf of Labasa Town Council I would also like to thank you all for coming. It has been a very, very constructive discussion. I must say that it has been an eye-opener for us particularly for those of us who are new to the system. We are prepared to accept that there may be oversight but it was not deliberate. If there has been, we will improve upon it and I think in time to come the Auditor-General himself will come and say that Labasa's accounts are the best. We will all work tirelessly to see that it is in line with your expectations. On a lighter moment, I would like to say please come back to Labasa. We do not have Sukuna Park in Labasa but we have beautiful people in Labasa. Very safe place. You can walk till 2.00 a.m. which I do. They just say, "Moce Kohli or say *yadra* in the morning. It is a beautiful place. We are looking for more people, more ratepayers, thank you very much for coming.

MR. CHAIRMAN.- Thank you, SA. Before I close the meeting there is a logistic issue that I need to discuss with my Members. There has been a suggestion for change of time and days for next week's meeting. I suggest if we can meet on Tuesdays and Fridays as explained. I will be back on Thursday so I can attend the meeting.

Honourable Aseri Radrodro has requested if the meeting can be from Monday to Thursday; that is one resolution.

The second resolution is if the meeting can be shifted from 12.00 p.m. to 9.00 a.m. What I have suggested is because Justice Law and Human Rights Committee will not be sitting next week, what we can do is, we shift Tuesday, Wednesday and Friday at 9.00 a.m. because we will have the empty space available. On Thursday we start at 10.00 a.m. so that I can be there on time but still I suggest if we can have it on Tuesday to Friday. I just need the indulgence of the Members if they agree with this change in timetable.

HON. ADI L. QIONIBARAVI.- (Inaudible)

MR. CHAIRMAN.- From 9.00 a.m. to 12.00 p.m. and then Friday we will also try to move it, even we can start at 8.30 a.m. it is fine with us. We can actually discuss that at a later stage. So, Honourable Members, if the time table can be changed as per the resolution of the Committee.

I shall now adjourn till Tuesday next week at 9.00 a.m. in the Big Committee Room 1. Thank you.

The Committee adjourned at 6.45 p.m.