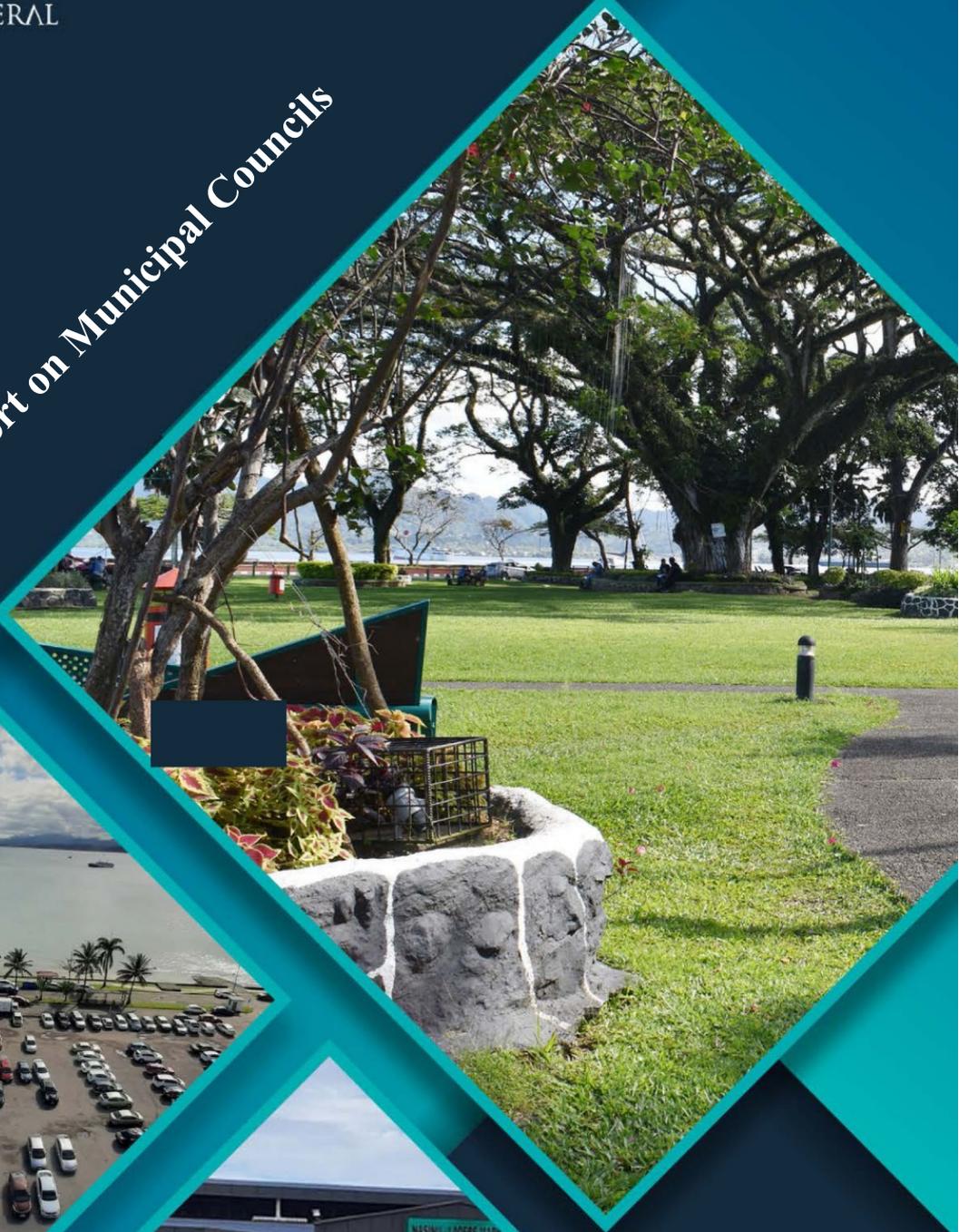




OFFICE of the AUDITOR GENERAL  
Republic of Fiji

# 2018-2019 Audit Report on Municipal Councils





OFFICE of the AUDITOR GENERAL  
Republic of Fiji

VISION

Promoting public sector accountability  
and sustainability through our audits

To provide independent value adding  
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To provide an environment where  
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We uphold respect  
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We are ethical, fair and  
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PROFESSIONAL FRAMEWORK

International Standards for Supreme Audit Institutions

International Standards on Auditing

LEGAL FRAMEWORK

2013 CONSTITUTION OF THE  
REPUBLIC OF FIJI

AUDIT  
ACT 1969

ENVIRONMENT  
MANAGEMENT ACT

NDP AND OTHER  
LEGISLATION

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# OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



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File: 102

28 August 2020

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

Dear Sir

## 2018 – 2019 AUDIT REPORT ON MUNICIPAL COUNCILS

In accordance with section 152(13) of the Constitution of the Republic of Fiji, I am pleased to transmit to you my report on Municipal Councils for 2018 - 2019.

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

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Ajay Nand'.

Ajay Nand  
AUDITOR-GENERAL



Encl.

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

The Auditor-General has the mandate under the Section 51 (1) of the Local Government Act 1972 to audit the accounts of the Municipal Councils.

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

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

This report satisfies these requirements.

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

## TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY .....</b>	<b>5</b>
<b>1.0 Introduction.....</b>	<b>6</b>
<b>2.0 Financial Reporting.....</b>	<b>9</b>
<b>3.0 Internal Controls .....</b>	<b>12</b>
<b>3.1 Internal Controls Assessments .....</b>	<b>12</b>
<b>3.2 Common Findings Related to Internal Control.....</b>	<b>13</b>
<b>3.3 Results Summary .....</b>	<b>14</b>
<b>4.0 Significant Matters .....</b>	<b>16</b>
<b>4.1 Common Significant Matters .....</b>	<b>16</b>
<b>4.2 Specific Significant Matters .....</b>	<b>19</b>
<b>5.0 Audit Conclusion and Recommendations .....</b>	<b>23</b>
<b>5.1 Audit Conclusion .....</b>	<b>23</b>
<b>5.2 Recommendations .....</b>	<b>23</b>
<b>6 Appendices .....</b>	<b>25</b>
<b>Appendix A: Qualification Issues.....</b>	<b>25</b>
<b>Appendix B: Abridged Financial Statements.....</b>	<b>41</b>
<b>Appendix C: Glossary.....</b>	<b>51</b>

## AUDITOR-GENERAL'S FOREWORD



I am pleased to present the report on the financial audits of the Municipal Councils for the audits that were completed after my last report to Parliament on 30 August 2019. I would like to draw attention that Municipal Council audits are generally behind and there are quite a number of audits which were completed were in backlog. Although backlog audits which were audited recently may not be of much interest to users, as a matter of transparency and accountability, I have included them in my report.

Section 51 (1) of the Local Government Act 1972 mandate the Auditor-General to audit the accounts of the Municipal Councils. Nevertheless, financial accountability by the Municipal Councils in terms of financial reporting and making available to the rate payers of the councils and public audited financial statements is seriously lacking. The audits of most of these Municipal Councils is behind by more than five years as financial statements were not submitted annually to the Auditor-General.

The Councils expressed their commitment to update their audit by providing the financial statements on time and assisting through providing relevant accounting records and documents for audit in a timely manner.

A recent amendment made to the Local Government Act 1972 through Local Government (Budget Amendment) Act 2020<sup>1</sup> will require all Municipal Councils to update the audit of annual financial statements up to 31 July 2020 and have them published in an English language newspaper in Fiji by 31 March 2021. By meeting the stated timeline, Municipal Councils can improve their financial accountability with the ratepayers and other stakeholders. However, as a result of the amendment, all Councils will need to prepare and submit for my audit, accounts for the seven-month period from 1 January to 31 July 2020.

The enormous responsibility of resourcing the audits of the huge number of draft financial statements which are in back-log is a challenge that my Office will embrace in the financial year 2020/2021.

### Status of the Audits

I am pleased to report that we have completed the audit of 14 financial statements for 10 Municipal Councils since my last report. Audits for 9 financial statements are in progress, 4 audits are to commence while 44 financial statements are yet to be received which also includes some financial statements which will need to be resubmitted for several reasons.

### Report

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

The issues discussed in this report require the immediate attention and prompt actions by the Special Administrators, Chief Executive Officers and senior officers of the Municipal Councils and the Ministry of Local Government to improve financial accountability by the Municipal Councils.

<sup>1</sup> Act no. 25 of 2020 – 31 July 2020

On that same note, I would like to acknowledge the efforts already made by the Special Administrators and the Ministry of Local Government to improve financial reporting by the Municipal Councils.

My Office is committed to fulfilling the immense task of updating the audits of Municipal Councils and will continue to work with those charged with governance to ensure that this is achieved.

**Ajay Nand**  
**AUDITOR-GENERAL**

**Date: 28 August 2020**

## EXECUTIVE SUMMARY

### 1. Introduction

#### Municipal Councils

#### Status of Audits

There are 14 Municipal Councils which the Auditor-General has the mandate to audit under Section 51 (1) of the Local Government Act 1972. This report is to provide the audit findings for 10 Municipal Councils.

Except of the 3 Municipal Councils, the audits for 11 Municipal Councils are in backlog. The delay in the audits is due primarily to the non-submission of draft financial statements to the Auditor-General for audit, by the legislated date of 31 May annually. We have completed the audit of 14 financial statements for 10 Municipal Councils since my last report. Audits for 9 financial statements are in progress, 4 audits are to commence while 44 financial statements are yet to be received which also includes some financial statements which will be resubmitted due to various reasons.

### 2. Financial Reporting

#### Quality of Financial Reporting

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

- We issued modified (Qualified) audit opinions on 6 financial statements audited while 8 financial statements were issued with modified (disclaimer of opinion).
- We reported to the Municipal Councils and the Ministry of Local Government all significant matters concerning material accounting issues and deficiencies in internal controls.

#### Timeliness of Financial Reporting

Timeliness of financial reporting has been assessed as ineffective and requiring substantial improvements.

### 3. Internal Controls

#### Assessment

Internal controls for the 10 Municipal Councils have been assessed as ineffective. The Municipal Councils need to strengthen controls over cash and receipts management, journals & reconciliation, purchases & payments and payroll.

### 4. Other Significant Matters

#### Common Findings

Other areas that require immediate attention by the Special Administrators/Chief Executive Officers for the Municipal Councils for priority and prompt actions for resolution include: -significant delays in submission of draft financial statements for audit, non-compliance with the accounting standards, limitation of scope due to insufficient supporting documents, poor records management, poor asset management, lack of documentation for key account areas such as general rates, loans and advances, policies & procedures not updated or non-existent, poor collection and recording of Municipal rates, absence of proper reconciliations for cash, debtors, VAT, rates, and payroll expenses.

### 5. Audit Conclusion

Modified audit opinion were issued on all the 14 financial statements audited which reflects negatively on the Municipal Councils. Urgent and close attention should be given to address matters highlighted in the Auditors' Reports including the significant matters raised in Sections 3 & 4. Due to significant delays in submission of draft financial statements for audit, the risk of fraud being undetected is very high.

## 1.0 Introduction

Municipal Councils are essentially territorial in nature and thus are concerned with activities and provision of service within defined areas. They are established by statute and their powers, duties and responsibilities are prescribed by the relevant law.

Generally, the Local Government Act requires the councils to promote the health, welfare and convenience of the inhabitants of the municipality and to preserve the amenities.

Section 51 (1) of the Local Government Act 1972 mandate the Auditor-General to audit the accounts of the Municipal Councils.

This report includes the audit results of 14 financial statements for the 10 Municipal Councils as follows:

Municipal/City Council	Year
1. Sigatoka	2018
2. Rakiraki	2018
3. Nadi	2015-2016
4. Tavua	2014
5. Suva	2012 - 2015
6. Nausori	2014
7. Lami	2014
8. Nasinu	2010
9. Ba	2018
10. Lautoka	2014

The audits of Municipal Councils have been extensively delayed and is due primarily to the non-submission of financial statements annually to the Auditor-General.

An update on the progress of the Municipal Councils' audits is provided under Section 1.3.

## 1.1 Legislative Framework

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

Legislative Framework	Requirement	Legislative Timeframe
Local Government Act 1972, Section 57 (1)	Prepare financial statements	31 <sup>st</sup> May
Local Government Act 1972, Section 57 (3)	Publish audited financial statements	31 <sup>st</sup> August

Each year, on or before 31<sup>st</sup> August, municipal councils are required to publish the balance sheet and summarized income and expenditure of the councils in local newspapers and annual reports containing:

- A balance sheet and a summarized statement of income and expenditure of the council on 31 December immediately preceding, together with any report by the auditor thereon and;
- Notification that any ratepayer or any person holding any security charged upon the property of the council, may at all reasonable time inspect, at council's office, the full annual statement as certified by the auditor and the council's annual report prepared pursuant to the provision of section 19 and may take copies from any part of the statement or report.

The Minister responsible for Local Government is required to lay before Parliament the copies of the annual statement and reports on or before 31 July in each year, for the preceding financial year.

The Local Government Act 1972 was amended by Local Government (Budget Amendment) Act 2020 on 31 July 2020. The amendment effective from 01 August 2020 prescribes, amongst other things, revised reporting dates for submission for audit and publication of annual audited financial statements. The amendment requires all Municipal Councils to update the audit of annual financial statements up to 31 July 2020 and have them published in an English language newspaper in Fiji by 31 March 2021. The amendment also prescribes the transition for change in financial year. Municipal Councils would be required to submit for audit and publish financial statements for seven months (01 January 2020 to 31 July 2020).

## 1.2 Types of Audit Opinions

In accordance with International Standards on Auditing, the Auditor-General expresses an **unmodified opinion** when the financial statements are prepared in accordance with the relevant financial reporting framework and legislative requirements. This type of opinion indicates that material misstatements, individually or in aggregate, were not noted in our audit, which would affect the financial statements of an entity.

### Modified Opinions:

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

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

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

### 1.3 Status of Audits – Update

As at 31 July 2020, a total of 27 draft financial statements for Municipal Councils were submitted to the Auditor-General for audit. Due to the significant number, resourcing to promptly complete these audits continue to be a challenge.

Below is a summary of the status of audits as at 31 July 2020:

Municipal Council	Draft Financial Statements Received	Audits Completed	Audits in Progress as at 31 July 2020	Audits Yet to Commence as at 31 July 2020	Draft Financial Statements not submitted for audit
Sigatoka	2018 - 2019	2018	2019	---	---
Rakiraki	2018 - 2019	2018	2019	---	---
Nadi	2015 - 2016	2015-2016	---	---	2017-2019
Tavua	2014 - 2015	2014	2015	---	2016-2019
Suva	2012 - 2015	2012 - 2015	---	---	2016-2019
Nausori	2014 - 2015	2014	---	2015	2016-2019
Lami	2014 - 2015	2014	---	2015	2016-2019
Nasinu	2010 - 2014	2010	2011-2012	2013-2014	2015-2019
Ba	2018 - 2019	2018	2019	---	---
Lautoka	2014	2014	---	---	2015-2019
Labasa	---	---	---	---	2018-2019
Savusavu	---	---	---	---	2011-2019
Levuka	2012-2015	---	2012-2015	---	2016-2019
<b>Total</b>	<b>27</b>	<b>14</b>	<b>9</b>	<b>4</b>	<b>44</b>

Of the 27 draft financial statements submitted to the Auditor-General, audit opinion on 14 or 52% of the financial statements were issued, audits for 9 financial statements were in progress and audits on 4 draft financials statements were yet to commence. A total of 44 draft financial statements are yet to be submitted to Auditor-General for audit.

As the Auditor-General is mandated to audit the Municipal Councils, the Office of the Auditor-General is strongly committed to fulfilling this mandate and will continue to work closely with the Ministry of Local Government, Special Administrators/Chief Executive Officers for these Municipal Councils to update the audits of all Municipal Councils by 2022.

## 2.0 Financial Reporting

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

- quality of financial reporting
- timeliness of financial reporting

### 2.1 Quality of financial reporting

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

- modified and unmodified audit opinions; and
- significant matters reported to management and those responsible for governance of the Councils.

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

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

The modified audit opinions issued on all 14 financial statements and the prevalence of the significant matters reported across the Municipal Councils indicated that the overall quality of financial reporting is ineffective and require substantial improvements.

### Audit opinions

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

We issued 6 modified (qualified) audit opinions and 8 modified (disclaimer of opinion) on the financial statements of 10 Municipal Councils reported in this report. The table below shows the breakdown of the modified audit opinions issued:

Municipal Council	Year	Qualified Opinion	Disclaimer of Opinion
1. Sigatoka	2018	✓	
2. Rakiraki	2018		✓
3. Nadi	2015-2016		✓
4. Tavua	2014	✓	
5. Suva	2012 - 2015	✓	
6. Nausori	2014		✓
7. Lami	2014		✓
8. Nasinu	2010		✓
9. Ba	2018		✓
10. Lautoka	2014		✓

**Appendix B** contains the qualification issues raised in the Auditors' Reports issued to the 10 Municipal Councils.

The abridged financial statements are presented as **Appendix C**.

## Significant Matters Reported

The Audit Act 1969 requires that the Auditor-General report on significant matters identified during the audit to those responsible for the governance of the Municipal Councils.

Issues that are classified as medium to high risks are control and compliance weaknesses of such fundamental significance or substantial importance to the Municipal Councils that they require immediate attention, by those charged with governance in the Municipal Councils and the Ministry of Local Government, priority and prompt actions for resolution.

An analysis of common significant issues across the Municipal Councils and those issues specifically related to a Municipal Council are discussed further on Sections 3 & 4 of the report.

## 2.2 Timeliness of financial reporting

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

Rating	Timeliness of financial reporting assessment
Effective	Acceptable draft financial statements received within 60 days before legislative deadline of 31 May
Generally effective	Acceptable draft financial statements received within 30 days before legislative deadline of 31 May
Ineffective	Acceptable draft financial statements received less than 30 days before legislative deadline of 31 May

All 14 Municipal Councils did not comply with the statutory requirements to submit to the Auditor General financial statements for audit by 31 May each year.

The submissions of financial statements to the Auditor General were more than 5 years behind the statutory deadlines. In some cases, multiple versions of the financial statements were presented for audit, which further delayed the audits for some Councils.

The timeliness of financial reporting is ineffective due to the length of time it took Municipal Councils to prepare and present the financial statements, submit them to the Auditor-General for audit and make them available to the public.

## 2.3 Results Summary

Both the quality and timeliness of financial reporting for the 10 Municipal Councils have been assessed as ineffective and therefore require the immediate attention of those charged with governance for prompt resolutions.

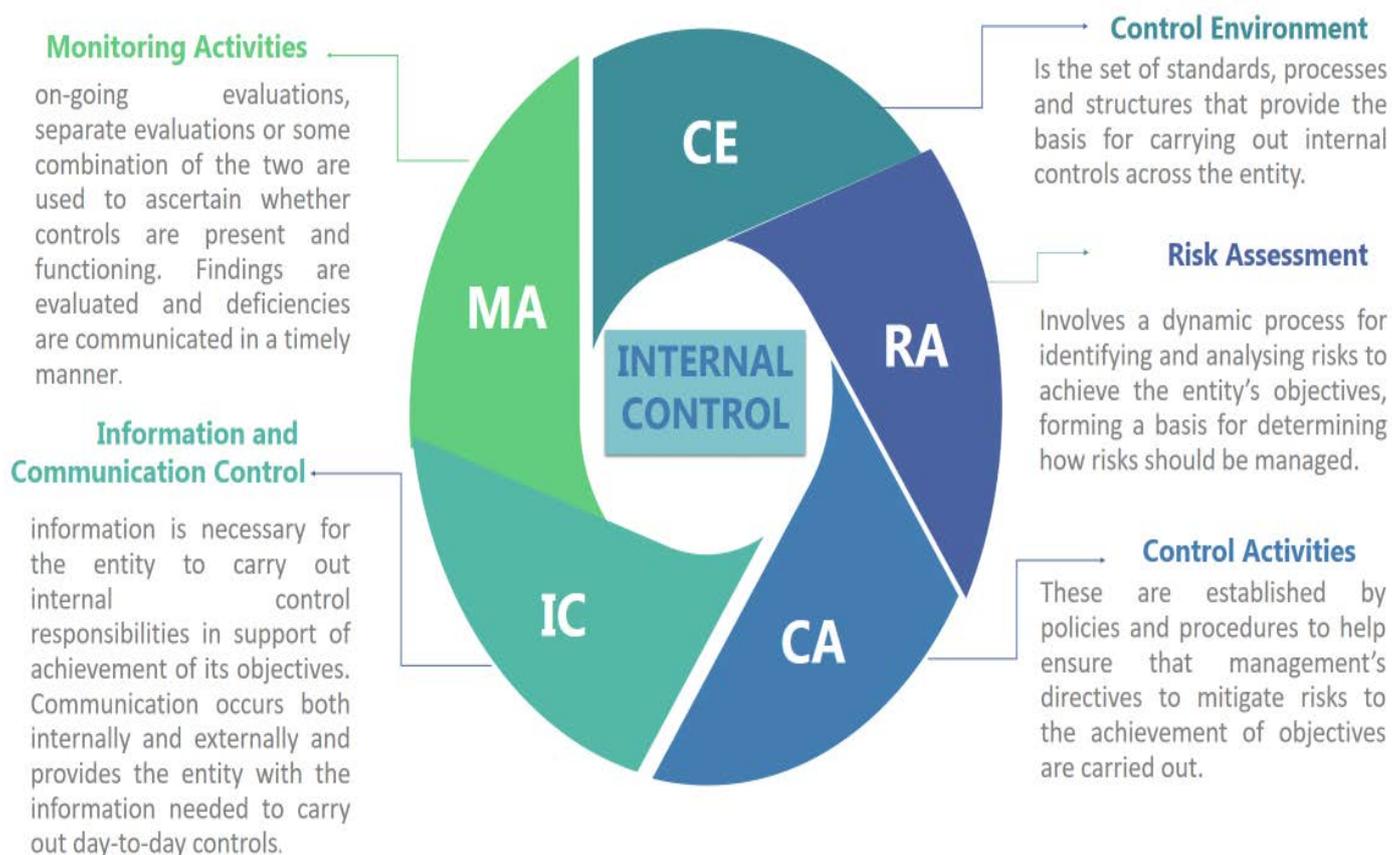
The following Table summarizes our assessment of financial reporting processes:

Municipal Council	Year	Financial Reporting	
		Quality	Timeliness
Sigatoka	2018	✖	✖
Rakiraki	2018	✖	✖
Nadi	2015-2016	✖	✖
Tavua	2014	✖	✖
Suva	2012 - 2015	✖	✖
Nausori	2014	✖	✖
Lami	2014	✖	✖
Nasinu	2010	✖	✖
Ba	2018	✖	✖
Lautoka	2014	✖	✖

## 3.0 Internal Controls

### 3.1 Internal Controls Assessments

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



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

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

The Results Summary in Section 3.3 shows the strength of controls in key elements for the 10 Municipal Councils for which 14 financial statements were audited. Our audit indicated that all five components were areas where significant deficiencies were identified.

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

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

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

### **3.2 Common Findings Related to Internal Control**

Internal control deficiencies identified were communicated to the Municipal Councils through our Management Letters. Common internal control weaknesses relate to the following key areas:

- Cash and revenue management
- Journals and reconciliations
- Procurement of goods and services
- Payroll
- Management of assets

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

#### **Cash and Revenue Management**

- Monthly bank reconciliations were either not prepared or if performed were untimely and inaccurate. As a result, there were unreconciled variances between the Bank Reconciliation Statements and the General Ledger with neither balances reconciled to the confirmations provided by the banks.
- Receipts were not banked intact as deposits could not be traced to the bank statements. This indicated that receipts may have been issued but could not be substantiated due to missing records. This was commonly noted for market and parking meter fees.
- Daily or regular banking of receipts were not done.
- Accurate and timely cash flow analysis were not performed.
- Stale cheques were not appropriately dealt with.
- Cash records such as lodgment books, cheque books and cashbooks were not properly maintained hence could not be provided for audit review.

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

#### **Journals and Reconciliations**

- Inadequate supporting documents were noted for journals posted to the General Ledger.
- Reconciliations for key accounts areas such as payroll, trade and other receivable, accounts payable, general rates, sundry advances and VAT were not prepared. Reconciliations were not reviewed or if reviewed, were not done independently and in a timely manner.

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

#### **Procurement of Goods and Services**

Purchases and payments processes were not complied with as follows:

- Local Purchase Orders were not always issued for purchases.
- Competitive quotations were not obtained in most cases.

- Payment vouchers and supporting documents were not always stamped “PAID”.
- Payments were not always supported with proper and appropriate documentations.
- Payment vouchers were missing in some cases.

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

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

### Payroll

- Payments of wages were not supported with timesheets/timecards.
- Employee details such as employment agreements, salary rates and positions, and leave schedules were not updated in staff personnel files.
- Personnel files and pay run reports were not always provided for audit verification.
- Salary reconciliations were not performed in some cases.

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

### Management of Assets

- Absence of asset capitalization policy was noted for some councils.
- Annual board of surveys to determine the physical existence of fixed assets and whether assets were in good order or condition were not always carried out or were not carried out in a timely manner.
- Asset were not tagged hence making it difficult to ascertain the existence of assets.

Weaknesses in controls around assets management could result in assets being stolen or used for unauthorized purposes. Proper maintenance of assets is crucial for efficient performance of Municipal Councils.

## 3.3 Results Summary

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

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

Municipal/City Council	Year	Internal Controls				
		CE	RA	CA	IC	MA
Sigatoka	2018	✖	✖	✖	✖	✖
Rakiraki	2018	✖	✖	✖	✖	✖
Nadi	2015-2016	✖	✖	✖	✖	✖
Tavua	2014	✖	✖	✖	✖	✖
Suva	2012 - 2015	✖	✖	✖	✖	✖
Nausori	2014	✖	✖	✖	✖	✖
Lami	2014	✖	✖	✖	✖	✖

Nasinu	2010	✱	✱	✱	✱	✱
Ba	2018	✱	✱	✱	✱	✱
Lautoka	2014	✱	✱	✱	✱	✱

CE-Control Environment	RA-Risk Assessment
CA-Control Activities	IC-Information and Communication Control
MA-Monitoring Activities	

## 4.0 Significant Matters

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

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

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

It is important to note that the deficiencies detailed in this report were identified during our audit and may have been subsequently resolved by the Ministry of Local Government and the Municipal Councils. These have been included in this report as they have impacted the overall system of control of the Municipal Councils as at the dates of the financial statements.

### 4.1 Common Significant Matters

Significant matters identified during the audit were communicated to the Municipal Councils through our Management Letters. These related to the following areas:

- **Submission of financial statements for audit** – Significant delays in the submission of draft financial statements for audit, which is discussed in detail in [Section 2](#) of this report. Lack of accounting capacity has been identified as a contributing factor to preparing complete, timely and accurate draft financial statements.
- **Compliance with the accounting standards** – Non-compliance with the requirements of the applicable financial reporting framework such as International Accounting Standards or International Financial Reporting Standards for Small and Medium Enterprises used by the Municipal Councils.
- **Limitation of scope** – Lack of sufficient appropriate supporting documentations to substantiate the account balances reported in the financial statements. The absence of records created a significant limitation on the scope of the audits and restricted the performing of necessary audit procedures.
- **Records management** – Records management for the Municipal Councils were generally found to be poor resulting in missing financial and related records to support most of the balances reflected in the financial statements.
- **Asset management** - The Municipal Councils have not reviewed the valuation of property, plant and equipment. In addition, the accuracy and completeness of the Fixed Assets Registers/Schedules could not be determined as the balances in the General Ledger and the Fixed Assets Schedule did not reconcile. Other significant issues noted were:
  - ❖ Board of surveys not performed;
  - ❖ Asset tagging not done;
  - ❖ Asset capitalization policy not documented to set the threshold for recording expenditures related to fixed assets;
  - ❖ Reconciliation not performed; and

- ❖ Disposals of asset not supported.

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

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

- **Corporate Governance** - Weaknesses in the governance of the Municipal councils was noted where by the Councils highlighted in this report did not have appropriate Corporate Governance structures in place. Our audit of the councils found the following anomalies relating to governance of the Councils.

- ❖ Absence of Internal audit function;
- ❖ Absence of Risk Management policies;
- ❖ Absence of disaster recovery and business continuity plans; and
- ❖ Legislative Compliance.

- **Financial Reporting** - Our audit identified high number of issues relating to financial reporting processes. Most Councils did not have a structured financial reporting system. This is evident in the number of errors and omission identified in the draft financial statements submitted for audit.

Common high risk issues noted were:

- ❖ Non maintenance of journal voucher system;
- ❖ Non-performance of key account reconciliations;
- ❖ Manual or semi manual accounting system still used by councils;
- ❖ Level of key responsibility and accountability for financial reporting not defined;
- ❖ Lack of capacity to deal with new accounting standards or complex accounting treatments; and
- ❖ Non-compliance with accounting policies.

- **Revenue management** – Generally, the Councils audited had poor revenue management systems. Revenue includes those derived from general rates, business and trading licenses, garbage fees, parking meter fees and public car park fees.

Common high risk issues noted were:

- ❖ Revenue reconciliations were not prepared or if prepared were not prepared in a timely manner and were not checked for accuracy by supervising officers;
- ❖ Revenue registers, receipt books, market, public convenience and car park tickets were generally not properly maintained;
- ❖ Rates revenue for most councils are fluctuating while there are no significant changes in rate payers or the rates per annum; and
- ❖ Rates and other receivables are showing an increasing trend for all councils indicating ineffective collection of outstanding rates, fees and charges.

- **Payroll and Human Resource (HR) management** - Our audit continues to report issues relating to payroll. Significant discrepancies were noted in relation to maintenance of personal files, reconciliation not performed between payroll report and general ledger and leave records not appropriately maintained.

It was noted that most Councils did not have qualified HR staffs and well-structured HR functions. There is a high risk of errors and mismanagement of salaries and wages in absence of proper records and reconciliation.

- **Cash Management** – internal control over cash management were generally found to be weak. Bank reconciliations were not prepared or if prepared were not done in a timely manner. As a result of ineffective reconciliations process, variances were noted between cash at bank balance and general ledger.

Cash is the most high risk component and adequate internal controls are required to safeguard cash from fraud and mismanagement. Despite highlighting this issue in previous reports most councils highlighted in this report have not improved their internal controls over cash management. Continuous ignorance of implementing internal controls over cash exposes the councils to high risk of fraud.

- **Procurement and payment process** - Issues continue to be identified in procurement and payment of goods and services such as tenders not called or competitive quotations not obtained, payments not adequately supported and payments not authorized by responsible officers. These findings indicate that councils are not consistently applying the procedures as per the financial regulations.

The above anomalies increase high risk of collusion, mismanagement of Council funds and unauthorized expenditures.

## 4.2 Specific Significant Matters

In addition to the qualification issues which are discussed in detail in [Appendix A](#), the following are other significant matters identified during the audit of each Municipal Council:

Municipal Council	Other Significant Matters
<p><b>Sigatoka:</b> <b>2018</b></p>	<p><b>1. Tenders not Called for Capital Works</b></p> <p>Audit review of capital projects carried out by the Council revealed the following anomalies:</p> <ul style="list-style-type: none"> <li>• The Council did not tender for capital works carried out for Cuvu Market construction project. The Council incurred a cost of \$119,944.41 for the construction of the Cuvu Market.</li> <li>• The Council did not tender works carried out for Landfill upgrade, which cost the Council over \$10,000.</li> </ul> <p><b>The Council agreed with our recommendation to call tenders for procurements of goods and services costing \$10,000 or more as required by the Manual of Accounts for Municipal Councils.</b></p>
<p><b>Rakiraki</b> <b>2018</b></p>	<p><b>1. Funds provided to Council by Contractors engaged for Market Construction</b></p> <p>The Council received a sum of \$131,910 VIP from the contractor engaged for the construction of Rakiraki Market which were used to clear Council debts. Our review noted that the Council did not obtain approval from the Ministry of Local Government to receive funding from the contractor. In addition, there was no agreement made between the Council and the Contractor.</p> <p>Subsequently the Contractor was awarded the contract for the construction of the Rakiraki Market worth \$5,200,000.</p> <p><b>The Ministry of Local Government should investigate if there was any instance of conflict of interest which provided advantage to the Contractor in obtaining the contract for the construction of the Rakiraki Market.</b></p>
<p><b>Nasinu</b> <b>2010</b></p>	<p><b>1. Negative Operating Cash Flow</b></p> <p>As at 31 December 2010, the Council had \$198,495 cash at bank and on hand. However, only \$23,239 cash was available to meet its daily operations, debt repayments and short term financial obligations since a total of \$175,256 was grant funds received from the Government in 2009 which could not be used for the Council's operational purposes.</p> <p>The main cause for the negative cash flow is the inability of the Council to effectively recover rates, fees and charges. As at 31 December 2010, a sum of \$8,510,981 was owed to the Council for the services provided to the rate payers.</p>

	<p><b>Insufficient Cash to Refund Deposits held for development of Commercial Lots</b></p> <p>The Council recorded \$361,775 as commercial lot deposits in its financial statements as at 31 December 2010. Audit enquiry into the commercial lot deposits account revealed that the Council has discontinued with the development of the commercial lots and thus has become liable to pay back the depositors. However, the Council's cash at bank and on hand amounts to of \$23,239 (net off restricted cash of \$198,895) which is insufficient to refund the deposits to the depositors. Upon demand.</p> <p><b>The management of the Council agreed with our recommendation to consider viable options to improve the financial stability of the Council and make necessary arrangements to refund the depositors.</b></p>
<p><b>Lami 2014</b></p>	<p><b>1. Negative Operating Cash Flow</b></p> <p>As at 31 December 2014, the Council has recorded an overdraft of \$60,079 for cash at bank and on hand, to meet its daily operations, debt and short term obligations. This indicates that the current operations of the Council is unable to generate sufficient cash to meet its financial obligations. Thus a negative operating cash flow was recorded.</p> <p><b>The management of the Council agreed with our recommendation to consider viable options to improve the financial stability of the Council.</b></p>
<p><b>Nadi 2015</b></p> <p><b>Nadi</b></p>	<p><b>1. Insufficient funds to refund deposits</b></p> <p>The Council should hold in trust deposits until it is refunded or permitted to use it. This will ensure that there is always sufficient cash to refund to the depositors should the depositor require a refund.</p> <p>The total cash at bank balance of \$886,851 (excluding restricted cash of \$138,100 and parking meter fund of \$169,338) is not sufficient to cover the total sundry deposits as shown in the statement of financial position of \$974,126 should the depositor require a refund.</p> <p><b>The Council agreed with our recommendation to maintain refundable deposits in a trust account and make available the deposits should the depositors require refund.</b></p> <p><b>2. Special Loan Rates Not Used for its Intended Purposes</b></p> <p>The Council received \$466,715 from loan rates and used \$310,968 for loan repayment. Our review of the special loan rates account noted that the surplus of \$155,747 was utilized for service delivery costs and capital projects contrary to section 59 (1) and (3) of the Local Government Act 1972.</p> <p><b>The Special Administrator and the Council management has agreed to ensure that loan rates are used for the purpose for which it was levied.</b></p> <p><b>1. Insufficient funds to refund deposits</b></p>

<p><b>2016</b></p>	<p>The Council should hold in trust deposits until it is refunded or permitted to use it. This will ensure that there is always sufficient cash to refund to the depositors should the depositor require a refund.</p> <p>The total cash at bank balance of \$865,245 (excluding restricted cash of \$754,964 and parking meter fund of \$303,745) is not sufficient to cover the total sundry deposits as shown in the statement of financial position of \$1,120,643 should the depositor require a refund.</p> <p><b>The Council agreed with our recommendation to maintain refundable deposits in a trust account and make available the deposits should the depositors require refund.</b></p> <p><b>2. Special Loan Rates Not Used for its Intended Purposes</b></p> <p>The Council received \$93,579 from loan rates and used \$285,054 for loan repayment. The Council did not maintain separate accounts for loan rates in accordance with the requirements of the Local Government Act, section 59 (3). As a result, the loan rates were accounted together with the general rates in the rates system.</p> <p><b>The Special Administrator and the Council management has agreed to ensure that loan rates are used for the purpose for which it was levied.</b></p> <p><b>3. Zero Written Down Value of Assets</b></p> <p>The Council has not undertaken a full review of the depreciation rates and the economic useful lives of its property, plant and equipment in progressive and structured manner for assets with zero written down value totaling \$422,188.</p> <p><b>The Special Administrator and the Council management has agreed to review the useful life of its property, plant and equipment.</b></p> <p><b>4. Non provision of Supporting Documents for Receivable Balance</b></p> <p>The Council was unable to provide supporting documents for the receivable balance of \$26,565 included in the financial statements. As a result, audit was unable to verify the existence of this balance recorded under non-current assets.</p> <p><b>The Special Administrator and the Council management has agreed to maintain proper accounting records and perform timely reconciliations for the receivable balance noted above.</b></p>
<p><b>Suva City 2015</b></p>	<p><b>1. Adoption of Fund Accounting</b></p>

The Council has adopted a fund accounting system as a considerable part of annual revenue balance recorded in the general ledger comprises of rates for different purposes and special purpose as required by the Local Government Act 1972. We noted that the Council does not maintain separate funds in the general ledger to record for rates received, expenditure incurred and the net balance of funds available to be carried forward into the next financial year for each fund.

The Council maintains the following Municipal Funds:

- General Rate Fund being maintained for general purposes;
- Loan Rate Fund being maintained for loan repayments; and
- Street Light Fund being maintained for maintenance of street lights.

**The Council agreed to our recommendation to review the recording the General rates separately from the funds maintained by the Council.**

## **2. Value Added Tax Reconciliation**

We noted variance of \$342,287 between the sales declared in the VAT form and the sales recorded in the general ledger. It was further noted that there was an unreconciled variance of \$870,786 in the VAT reconciliation prepared by the Council.

**The Council agreed to re-perform the VAT reconciliation and respectively prepare and file amended VAT returns.**

## 5.0 Audit Conclusion and Recommendations

### 5.1 Audit Conclusion

Modified audit opinions were issued on all the 14 financial statements audited which reflected negatively on the Municipal Councils. Urgent and close attention should be given to address matters which have been highlighted in the Auditors' Reports including the significant matters raised in Management Letters.

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

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

The monitoring role of the Ministry of Local Government on the operations of the Municipal Councils should be strengthened to improve financial accountability. It has been noted that it becomes challenging for Municipal Councils to prepare annual financial statements when these have not been done for some time resulting in backlog.

### 5.2 Recommendations

1. Ministry of Local Government, Special Administrators and Chief Executives of Municipal Councils, as a matter of priority, should urgently address all the issues that give rise to modified audit opinions, internal control deficiencies and other significant issues discussed and identified in Sections 3 & 4 and *Appendix A* of this report.
2. Improving the quality and timeliness of financial statements should be given the utmost priority. The quality of financial reporting can be improved by involving suitably qualified accountants in the Municipal Councils that are capable of preparing and presenting draft financial statements on time and in accordance with the requirements of the applicable financial reporting framework.
3. Ministry of Local Government and the Special Administrators should consider the establishment of a robust and capable audit, risk and improvement committee to specifically look at the quality and timeliness of financial reporting by the Municipal Councils and formulate action plans to resolve governance and internal control deficiencies and significant audit findings reported by the Auditor-General.
4. Ministry of Local Government and Special Administrators should consider employing a pool of qualified accountants who could assist small to medium Municipal Councils perform the accounting function better.
5. Formulation of strategic plans and annual business plans including risk management framework and plans for the Municipal Councils should be given due consideration. Regulations and policies and procedures to support effective governance and internal controls should be regularly reviewed and kept up to date or established for those that do not exist.

6. The Ministry of Local Government and the management of the Municipal Councils need to ensure that plans, policies, standards and guidelines are available to all staff and that staff are aware of them. These should provide direction for the day-to-day operations of the Municipal Councils, promote consistency across the 10 Municipal Councils, clarify accountability and support compliance with laws and regulations by staff and management of the Councils.
7. Maintaining accurate and complete fixed assets records is important to ensure effective management of property, plant and equipment and accurate financial reporting. In addition, there should be a clear plan on asset valuations to ensure that the process is appropriately managed and documented.
8. The Municipal Councils should maintain accurate and updated records and information.
9. The monitoring role of the Ministry of Local Government on the operations of the Municipal Councils should be strengthened to improve financial accountability.

## 6 Appendices

### Appendix A: Qualification Issues

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

Municipal Council	Qualification Issues
<b>Sigatoka:</b>	<b>Modified (Qualified) Opinion</b>
<b>2018</b>	<ol style="list-style-type: none"> <li>1. The Council recorded sundry deposits of \$63,917 and sundry advances of \$4,879 in the statement of financial position as at 31 December 2018. The Council was unable to provide any documentations to support the sundry deposit of \$57,817 out of the total of \$63,917 and sundry advances of \$4,879. As a result, I was unable to verify the completeness and accuracy of the balances and also unable to determine whether any adjustments might have been necessary in respect of sundry deposits, and sundry advances balance at the end of the financial year and any corresponding adjustments to the elements making up the statement of comprehensive income and statement of financial position.</li> <li>2. There was an unreconciled variance of \$65,806 between the VAT payable amount reflected in the financial statements and the Statement of VAT account provided by Fiji Revenue and Customs Services. The Council was unable to provide documentary evidence to substantiate the variance. As a result, I am unable to ascertain whether the VAT payable balance of \$58,097 has been fairly stated in the financial statements.</li> </ol>
<b>Rakiraki:</b>	<b>Modified (Disclaimer of Opinion) Opinion</b>
<b>2018</b>	<ol style="list-style-type: none"> <li>1. The Council was unable to provide payment vouchers to support transactions totaling \$168,697 recorded in various expenses account which make up expenditure totaling \$866,955 as disclosed in the Statement of Comprehensive income for the year ended 31 December 2018. In addition, the Council could not provide supporting records to support a credit adjustment of \$131,850 made in the repairs and maintenance account which make up administrative and operating expenses totaling \$622,252. As a result, I was unable to verify the completeness and accuracy of these expenditure balances and also unable to determine whether any adjustments might have been necessary in respect of the various expenditure account at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position.</li> <li>2. I was not provided with the monthly VAT reconciliations to support the VAT receivable as at 31 December 2018 of \$238,099 as reported in Note 8 of the financial statements. As a result, I was unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustment might have been necessary in respect of the Council's VAT receivable balance at year end and any corresponding adjustments to the elements making up the statement of comprehensive income and statement of financial position.</li> <li>3. The Council disclosed Trade and Other Receivables as at 31 December 2018 as \$380,214 out of which \$97,748 are long outstanding debts. Provision for doubtful debts has not been provided for during the year. As a result, I was unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary in respect of the trade and other receivables balance at the end of the financial year and any corresponding</li> </ol>

<b>Rakiraki – 2018 (con't)</b>	<p>adjustments to the elements making up the statement of comprehensive income and statement of financial position.</p> <p>4. The Council did not disclose Provision of Employee Benefits in the Statement of Financial Position as at 31 December 2018, which is a departure from the requirement of Section 28 – Employee Benefits, of the IFRS for SMEs. As a result, I was unable to determine whether any adjustments might have been necessary in respect of the provision of annual leave balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and the Statement of Financial Position.</p> <p>5. The Council recorded government grant and UNDP grant totaling \$2,463,953 for the year ended 31 December 2018 out of which \$1,890,642 was for the market project. The market project of \$1,890,642 were not recorded as a liability as required under section 24 – Government Grant of the IFRS SME as conditions attached to the grant have not been fully met. As a result, I was unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary in respect of the government grant and UNDP grant balance at the end of the financial year and any corresponding adjustments to the elements making up the statement of comprehensive income and statement of financial position.</p> <p>6. The Council could not assist to facilitate for provision of solicitors confirmation at balance date. Consequently, I was unable to determine whether any disclosures to the financial statements in respect of contingent liabilities were necessary.</p> <p>7. A disclaimer of opinion was issued on the 2017 financial statements. I was unable to obtain sufficient and appropriate audit evidence to ascertain the accuracy of the opening balances. Therefore, I am unable to satisfy myself concerning the opening balances disclosed in the Statement of Financial Position of the Council and the impact it may have on the determination of the closing balances of the 2018 financial statements.</p>
<b>Tavua:</b>	<b>Modified (Qualified) Opinion</b>
<b>2014</b>	<p>1. The Council recorded Cash and Cash equivalent of \$105,559 in the Statement of Financial Position as at 31 December 2014. Included in the amounts are Special Community Project Account of \$8,287, Challenge Fund Account of \$72,341, and Citywide Project Account of \$24,478 without any bank reconciliation statements provided for audit review. A bank overdraft disclosed in Note 9 of the financial statements totaling \$1,452 does not agree to the bank reconciliations statement resulting a variance of \$4,154. As a result I was unable to verify the completeness and accuracy of the cash and cash equivalent balance and also unable to determine whether any adjustments might have been necessary in respect of the cash balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position.</p> <p>2. Included in the Trade and Other receivables balance of \$35,333 recorded in the statement of financial position are Other Debtors of \$12,316 and enforcement and parking meter infringement of \$2,330. The Council was unable to provide me supporting documentations to support the other debtors and enforcement and parking meter infringement balance. As a result I was unable to verify the completeness and accuracy of the balances and also unable to determine whether any adjustments might have been necessary in respect of the other debtors balance at the end of the financial year and any corresponding adjustments to the elements making up the statement of comprehensive income and statement of financial position.</p>

<b>Tavua – 2014 (con't)</b>	<ol style="list-style-type: none"> <li>3. Included in the Trade and Other payables balance of \$50,261 recorded in the statement of financial position is VAT payable of \$23,880 and trade and other payables parking meter of \$5,759. The Council was unable to provide me VAT reconciliations with the Statement of VAT Account to substantiate the VAT payable balance. As a result, I am unable to ascertain whether the trade and other payables balance of \$23,880 has been fairly stated in the financial statements.</li> <li>4. The Council was unable to provide me any documentations to support the Deferred Income balance of \$98,775 recorded in the Statement of Financial Position. As a result, I was unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary in respect of deferred income balance at the end of the financial year and any corresponding adjustments to the elements making up the statement of comprehensive income and statement of financial position.</li> <li>5. There was an unreconciled variance of \$6,389 between the rates income listing provided by the Council and the amount reflected in the financial statements. The Council was unable to provide satisfactory evidence to substantiate the variance. As a result, I am unable to ascertain whether the general rates of \$49,233 is fairly stated in the financial statements.</li> <li>6. The Council was unable to provide me the IFRS transition report to support the transition to IFRS for SME for the year 2014. In addition, the Council did not disclose that the 2014 financial statements are its first annual financial statements prepared under IFRS for SMEs. Consequently, I was unable to determine whether any adjustments to the financial statements in respect of the transition to IFRS for SMEs were necessary.</li> </ol>
<b>Suva:</b>	<b>Modified (Qualified) Opinion</b>
<b>2012</b>	<ol style="list-style-type: none"> <li>1. The Council was unable to provide appropriate supporting documents to verify market revenue amounting to \$1,839,131 recorded in the general ledger. Consequently, I was not able to ascertain that all revenue and assets relating to market revenue general ledger account had been accurately accounted for and disclosed in the financial statements for the year ended 31 December 2012.</li> <li>2. As at 31 December 2012, VAT receivable of \$454,328 had not been reconciled by the Council. In addition, taxable supplies as per the VAT returns for the year had not been reconciled to the revenue balances recorded in the general ledger. Consequently, I was not able to ascertain that all assets and liabilities relating to Value Added Tax have been accurately accounted for and disclosed in the financial statements for the year ended 31 December 2012.</li> <li>3. Independent verification of inventory count procedures for the year ended 31 December 2012 was not performed. Therefore, I was not able to ascertain the existence of inventory recorded in the financial statements amounting to \$299,205. As a result, I was not able to verify that all expenses and assets relating to inventory account had been accurately accounted for and disclosed in the financial statements for the year ended 31 December 2012.</li> </ol>
<b>2013</b>  <b>Suva 2013 (Con't)</b>	<ol style="list-style-type: none"> <li>1. The Council recorded market fee revenue of \$1,923,782 within the caption balance 'Fee charges – Stalls, Building Permits, carrier stands, garbage disposal and others' totaling \$3,705,044 in the statement of profit or loss and other comprehensive income for the year ended 31 December 2013. The Council also recorded parking meter revenue of \$346,676 within the caption balance of 'parking meter collections' totaling \$375,201 as recorded in the detailed statement of profit or loss and other Comprehensive income – Parking Meter fund – Operating Statement. As these amounts within the caption balances were</li> </ol>

	<p>received by the Council on a cash basis collection with limited control over the collection process, I was unable to obtain sufficient appropriate evidence over the completeness and accuracy of this revenue. As a result, I was unable to determine whether any adjustments might have been necessary in respect of the Council's market fee and parking meter fee for the current year and the elements making up the statements of financial position, movement in funds and cash flows.</p> <p>2. The Council recorded VAT payable of \$870,786 as at 31 December 2013. Moreover the Council had not reconciled the taxable supplies as per the VAT returns for the year to the revenue balances recorded in the general ledger. As a result, I was unable to determine whether any adjustments might have been necessary in respect of the Value Added Tax at the beginning or end of the financial year ended 31 December 2013.</p> <p>3. The Council had an inventory balance of \$299,205 recorded in the statement of financial position at the beginning of the year and \$215,349 recorded as at 31 December 2013. The Council did not carry out stocktake at the beginning of the year. Due to the length of time that has lapsed from the current year to the commencement of the audit, I was unable to satisfy myself by alternative means concerning inventory quantities at either beginning or ending of the current year and therefore unable to verify the existence, completeness and accuracy of the inventory balances as at 31 December 2012 or 31 December 2013. As a result, I was unable to determine whether adjustments might have been necessary in respect of the Council's surplus for the year reported in the statement of profit or loss and other comprehensive income and the cash flows reported in the statement of cash flows.</p>
<p><b>Suva 2014</b></p>	<p>1. The Council recorded market fee revenue of \$2,228,355 within the caption balance 'Fee charges – Stalls, Building Permits, carrier stands, garbage disposal and others' totaling \$4,038,327 in the Statement of Profit or loss and other comprehensive income for the year ended 31 December 2014. The Council also recorded parking meter revenue of \$298,075 within the caption balance of 'parking meter collections' totaling \$333,328 as recorded in the detailed statement of profit or loss and other Comprehensive income – Parking Meter fund – Operating Statement. As these amounts within the caption balances were received by the Council on a cash basis collection with limited control over the collection process, I was unable to obtain sufficient appropriate evidence over the completeness and accuracy of this revenue. As a result, I was unable to determine whether any adjustments might have been necessary in respect of the Council's market fee and parking meter fee for the current year and the elements making up the statements of financial position, movement in funds and cash flows.</p> <p>2. The Council recorded VAT payable of \$1,336,962 as at 31 December 2014. Moreover the Council had not reconciled the taxable supplies as per the VAT returns for the year to the revenue balances recorded in the general ledger. As a result I was unable to determine whether any adjustments might have been necessary in respect of the Value Added Tax at the beginning or end of the financial year ended 31 December 2014.</p> <p>3. The Council had an inventory balance of \$569,867 recorded as at 31 December 2014. The Council did not carry out stock take at the beginning of the year. Due to the length of time that has lapsed from the current year to the commencement of the audit, I was unable to satisfy myself by alternative means concerning inventory quantities at either beginning or ending of the current year and therefore unable to verify the existence, completeness, and accuracy of the inventory balances as at 31 December 2014. As a result I was unable to determine</p>

	<p>whether adjustments might have been necessary in respect of the Council's surplus for the year reported in the statement of profit or loss and other comprehensive income and the cash flows reported in the statement of cash flows.</p>
<b>Suva - 2015</b>	<p>2. The Council recorded market fee revenue of \$1,584,950 within the caption balance 'Fee charges – Stalls, Building Permits, carrier stands, garbage disposal and others' totaling \$4,366,914 in the Statement of Profit or loss and other comprehensive income for the year ended 31 December 2015. The Council also recorded parking meter revenue of \$789,596 within the caption balance of 'parking meter collections' as recorded in the detailed statement of profit or loss and other Comprehensive income – Parking Meter fund – Operating Statement. As these amounts within the caption balances were received by the Council on a cash basis collection with limited control over the collection process, I was unable to obtain sufficient appropriate evidence over the completeness and accuracy of this revenue. As a result, I was unable to determine whether any adjustments might have been necessary in respect of the Council's market fee and parking meter fee for the current year and the elements making up the statements of financial position, movement in funds and cash flows.</p> <p>2. The Council recorded VAT payable of \$839,697 as at 31 December 2015. Moreover the Council had not reconciled the taxable supplies as per the VAT returns for the year to the revenue balances recorded in the general ledger. As a result I was unable to determine whether any adjustments might have been necessary in respect of the Value Added Tax at the beginning or end of the financial year ended 31 December 2015.</p> <p>3. The Council had an inventory balance of \$169,695 recorded as at 31 December 2015. The Council did not carry out stock take at the beginning of the year. Due to the length of time that has lapsed from the current year to the commencement of the audit, I was unable to satisfy myself by alternative means concerning inventory quantities at either beginning or ending of the current year and therefore unable to verify the existence, completeness, and accuracy of the inventory balances as at 31 December 2015. As a result I was unable to determine whether adjustments might have been necessary in respect of the Council's surplus for the year reported in the statement of profit or loss and other comprehensive income and the cash flows reported in the statement of cash flows.</p>
<b>Nadi</b>	<b>Modified(Disclaimer of Opinion)</b>
<b>2015</b>	<p>1. The Council recorded trade and other receivables balance of \$2,641,603 in the statement of financial position as at 31 December 2015. Included in the amount are other debtors of \$410,334, value added tax refundable of \$156,924, miscellaneous debtors of \$80,862, enforcement and parking meter infringement of \$43,717, and float of \$1,000. The Council was unable to provide me appropriate documentations to support the above balances. In addition, there was an unreconciled variance of \$198,103 and \$128,481 between the rates debtor listing and rent debtors listing respectively provided by the Council and the amount reflected in the financial statements. Furthermore, there was no evidence of impairment assessment carried out by the Council on its receivable balance. As a result, I am unable to ascertain whether the trade and other receivables balance of \$2,641,603 has been fairly stated in the financial statements.</p> <p>2. The Council was unable to provide me any documentations to support the receivables balance of \$26,565 recorded in the statement of financial position as at 31 December 2015. As a result, I was unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments</p>

<p><b>Nadi – 2015 (con't)</b></p>	<p>might have been necessary in respect of receivables balance at the end of the financial year and any corresponding adjustments to the elements making up the statement of comprehensive income and statement of financial position.</p> <p>3. The Council recorded trade and other payables balance of \$273,451 in the statement of financial position as at 31 December 2015. There was an unreconciled variance of \$75,759 between the creditors listing provided by the Council and the amount reflected in the financial statements. In addition, the Council was unable to provide me supporting documentations to support the audit and accounting fees balance of \$35,642. As a result, I am unable to ascertain whether the trade and other payables balance of \$273,451 has been fairly stated in the financial statements.</p> <p>4. The Council was unable to provide me any documentations to support the deferred income balance of \$1,304,018 recorded in the statement of financial position as at 31 December 2015. As a result, I was unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary in respect of deferred income balance at the end of the financial year and any corresponding adjustments to the elements making up the statement of comprehensive income and statement of financial position.</p> <p>5. The Council was unable to provide me any documentations to support the sundry deposits balance of \$974,126 recorded in the statement of financial position as at 31 December 2015. As a result, I was unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary in respect of sundry deposits balance at the end of the financial year and any corresponding adjustments to the elements making up the statement of comprehensive income and statement of financial position.</p> <p>6. The Council recorded miscellaneous income of \$114,531 in the statement of income and expenditure. The Council was unable to provide appropriate supporting documents to support the above balances. As a result, I was unable to verify the completeness and accuracy of the balances and also unable to determine whether any adjustments might have been necessary in respect of miscellaneous income at the end of the financial year and any corresponding adjustments to the elements making up the statement of comprehensive income and statement of financial position.</p> <p>7. There was an unreconciled variance of \$303,977 between the rates income listings and amount reflected in the financial statements. The Council was unable to provide documentary evidence to substantiate the variance. As a result, I am unable to ascertain whether the general rates of \$1,113,430 and loan rate of \$466,715 has been fairly stated in the financial statements.</p> <p>8. There was an unreconciled variance of \$11,208 between the subsidiary records of the business license income and the amount reflected in the financial statements. The Council was unable to provide documentary evidence to substantiate the variance. As a result, I am unable to ascertain whether the business license income of \$520,243 has been fairly stated in the financial statements.</p> <p>9. There was an unreconciled variance of \$68,569 between the salaries and wages balance reported in the financial statements and the annual pay report provided by the Council. The Council was unable to provide documentary evidence to substantiate the variance. As a result, I am unable to ascertain whether the</p>
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<p><b>Nadi – 2015 (con't)</b></p>	<p>salaries, wages and related payments of \$1,523,679 has been fairly stated in the financial statements.</p> <p>10. The Council was unable to provide me supporting documentations to support payments and journal entries totalling \$193,227 which were recorded on various general ledger expenses account which include telecommunications, electricity and water, miscellaneous, plant, machinery, motor vehicle and tools, printing, stationery and office expenses, staff development costs, garbage services, advertising, cleaning materials, maintenance various, and land rent. As a result, I was unable to verify the completeness and accuracy of the balances and also unable to determine whether any adjustments might have been necessary in respect of telecommunications, electricity and water, miscellaneous, plant, machinery, motor vehicle and tools, printing, stationery and office expenses, staff development costs, garbage services, advertising, cleaning materials, maintenance – various, and land rent expenses at the end of the financial year and any corresponding adjustments to the elements making up the statement of comprehensive income and statement of financial position.</p> <p>11. The Council was unable to provide supporting documents to verify the existence of the opening balance of the statement of changes in accumulated fund balance of the parking meter fund account of \$55,252. In addition, the balance were not reported in the statement of financial position. As such, I was unable to satisfy myself on the accuracy of the statement of changes in accumulated fund of the parking meter fund account.</p> <p>12. The Council was unable to provide supporting documents for the existence of Sewerage Services Fund balance of \$59,700. As such, I was unable to satisfy myself on the accuracy of this account balance reported in the statement of changes in accumulated funds.</p> <p>13. I have not been provided with relevant supporting documents and explanation in relation to event subsequent to balance date review. Accordingly, I am unable to determine if any adjustments, or disclosures is required to be made in the financial statements of the Council for the year ended 31 December 2015.</p>
<p><b>Nadi</b></p>	<p><b>Modified(Disclaimer of Opinion)</b></p>
<p><b>2016</b></p>	<p>1. The Council recorded trade and other receivables balance of \$2,758,948 in the Statement of Financial Position as at 31 December 2016. Included in this balance are other debtors of \$406,850, miscellaneous debtors of \$80,682, and enforcement and parking meter infringement fines of \$43,717. The Council was unable to provide debtors listings, subsidiary ledgers and reconciliations to support the above balances. Furthermore, the Council has not provided evidence of impairment assessment carried out on its receivable balance. As a result, I was unable to ascertain whether the trade and other receivables balance of \$2,758,948 is fairly stated in the financial statements.</p> <p>2. Included in trade and other receivables (Note 4) is VAT receivable of \$203,414. A variance of \$168,219 existed between the VAT receivable balance recorded in Note 4 of the financial statements and VAT reconciliations provided by the Council. As a result, I was unable to satisfy myself on the accuracy of the VAT receivable balance reflected in the financial statements amounting to \$203,414.</p> <p>3. Included in trade and other payables of \$229,423, is trade payables totaling \$176,123. An unreconciled variance of \$75,759 existed between the trade creditors listing and the amount reflected in Note 7 to the financial statements. As a result, I was unable to ascertain the accuracy and completeness of the trade balance of \$176,123 reflected in Note 7 to the financial statements.</p>

<p><b>Nadi 2016 (con't)</b></p>	<ol style="list-style-type: none"> <li>4. The Council was unable to provide detailed listings, and contract agreements to support the sundry deposits balance of \$1,103,009 recorded in the statement of financial position as at 31 December 2016. As a result, I was unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary in respect of sundry deposits balance at the end of the financial year and any corresponding adjustments to the elements making up the statement of income and expenditure and statement of financial position.</li> <li>5. The Council was unable to provide details and reconciliations to support the amortization balance of deferred income amounting to \$153,181 recorded in the statement of financial position as at 31 December 2016. In addition, the Council did not comply with the requirements of IFRS for SMEs Section 24 – Government Grants by not recognizing in government grant as income totaling \$341,099 despite the Council fulfilling the performance conditions attached with the government grant. As a result, I was unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary in respect of deferred income balance at the end of the financial year and any corresponding adjustments to the elements making up the statement of income and expenditure and statement of financial position.</li> <li>6. There was an unreconciled variance of \$244,564 between the rates income listings and the rates amount of \$1,579,272 reflected in the financial statements. The Council was unable to provide documentary evidence to substantiate the variance. As a result, I was unable to ascertain whether the general rates of \$1,485,693 and loan rate of \$93,579 is fairly stated in the financial statements.</li> <li>7. The Council was unable to provide reconciliations to support the sewerage service fund balance of \$59,700 recorded in the statement of changes accumulated funds for the year ended 31 December 2016. As a result, I was unable to verify the existence of this balance in the statement of changes in accumulated fund.</li> <li>8. The Council was unable to provide supporting documentations to support payments and journal entries totaling \$280,897 which were recorded in various general ledger expenses accounts under the General Fund Account Statement of Income and Expenditure. In addition, relevant approvals and supporting documents for the write-off of unreconciled variance totaling \$97,586 were not provided by the Council for my examination. As a result, I was unable to ascertain whether the General Fund expenses totaling \$3,709,001 is fairly stated in the financial statements.</li> <li>9. The Council was unable to provide market fees and public car park collection record register for the financial year 2016. In addition, variances amounting to \$17,679 were noted between the total daily market tickets issued to market vendors and the amount receipted. Due to the nature of transactions of the market fees and public car park, it is not practicable for my examination to include audit procedures to extend beyond the amounts recorded in the official receipts of the Council and daily market tickets issued. Accordingly, I was not able to satisfy myself whether the market fees and public car park fees amounting to \$391,775 and \$88,270 is fairly stated in the financial statements.</li> <li>10. The Council paid parking meter operating expenses relating to electricity, salaries and wages, FNPF employer contribution, uniform and protective clothing, vehicle fuel, vehicle repairs and maintenance, and water charges totaling \$169,631 from the General Fund bank account instead of Parking Meter Fund. As a result, the net surplus of the Parking Meter account is overstated by</li> </ol>
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	\$169,631, and the General Fund Account is understated by \$169,631 in the financial statements.
<b>Nausori</b>	<b>Modified(Disclaimer of Opinion)</b>
<b>2014</b>	<ol style="list-style-type: none"> <li>1. Unreconciled variance of \$40,555 exist between the general ledger and bank reconciliation statement of the General fund account. In addition, unrepresented cheques of \$52,295 has resulted in stale cheques which were not reversed by the Council. Consequently, I am unable to ascertain if the cash and cash equivalent balance of \$90,324 is accurately reflected in the financial statements.</li> <li>2. The Council has recorded bank overdraft of \$288,188 in cash balances (Note 3) and in Interest Bearing borrowings (Note 10). Consequently, this has resulted in understatement of actual cash at bank. Had the bank overdraft not been recorded in the cash balances the cash balance would have been recorded as \$364,093 additionally, had this double recording not been made, the financial statements would have been imbalance by \$288,188.</li> <li>3. Included in the Trade and other receivables of \$2,515,689, Note 4 is rate debtors of \$2,314,262. An unreconciled variance of \$158,102 existed between the general ledger and the rate debtor's reconciliation. In addition, the Council has not provided evidence of any assessment carried out for impairment of the rate debtors at balance date. Consequently, I was unable to obtain sufficient audit evidence to ascertain the accuracy of rate debtors recorded in the financial statements.</li> <li>4. The Council recorded total expenses of \$2,652,302 in the Statement of Comprehensive Income for the year ended 31 December 2014. Included in this balance is expenses amounting to \$124,302 which could not be verified as the Council could not provide payment vouchers and appropriate documents to support the expenditure. In addition, interest expense and bank charges of \$138,107 and \$27,013 which related to 2013 financial year were recorded in 2014. The Council has not made any adjustments in regards to these misstatements. As a result, I was unable to ascertain if the expenditure of \$2,652,302 is fairly stated in the financial statements.</li> <li>5. The Council recorded total revenue of \$2,657,873 in the Statement of Comprehensive Income for the year ended 31 December 2014. The Council has recorded certain revenue accounts on cash basis. This has resulted in understatement of these revenues which includes shopping complex income by \$53,994 and kiosk rental income by \$1,494. The Council also made adjustment to the garbage income amounting to \$147,968 which was not supported. In addition, the Council did not perform reconciliation of its rates revenue amounting to \$1,015,017 and failed to provide market revenue register for audit verifications. Consequently, I was unable to obtain sufficient audit evidence to ascertain myself on the accuracy of the total revenue recorded in the financial statements.</li> <li>6. The Council has leased properties which were not disclosed separately as investment property in accordance with International Accounting Standards (IAS 40). IAS 40.8 defines Investment property as "building owned by the entity and leased out under one or more operating leases" The council was unable to provide supporting documents for the leased properties. In addition, the Council has not amortized the leasehold land amounting to \$2,153,124. As a result, I was unable to determine whether any adjustments might have been necessary in respect of the Council's investment properties and leasehold land balances in the current year or comparative year, and the elements making up the statement of profit or loss and other comprehensive income, movement in funds and cash flows.</li> </ol>
<b>Nausori – 2014 (con't)</b>	

	<p>7. Included in Trade and Other Payables (Note 8) is Refundable deposits of \$169,771. I was not provided with any documentation to support this balance. Consequently, I was unable to obtain sufficient audit evidence to ascertain the accuracy of refundable deposits as stated in the financial statements.</p> <p>8. Included in Trade and Other Receivables (Note 4) is VAT receivable of \$142,634. A variance of \$319,225 existed between the general ledger and VAT reconciliation. Consequently, I was not able to satisfy myself on the accuracy of the VAT receivable stated in the financial statements.</p> <p>9. Included in the deferred income balance is government grant of \$208,150 which relates to roads. The Roads, streetlights and footpaths have been transferred to the Fiji Roads Authority as per the Fiji Roads Decree 2012. The Council has not made any adjustments to this deferred grant despite the transfer. Consequently, the deferred income of \$2,985,761 is overstated.</p> <p>10. Included in the Council Municipal Funds is Accumulated funds for General Fund of \$249,583. The opening balance of this fund has a variance of \$276,576 with the closing balance of the prior year audited accounts. Consequently, I am unable to ascertain myself on the accuracy of the Accumulated funds balance of \$1,005,164 stated in the financial statements.</p>
<p><b>Lami:</b></p>	<p><b>Modified(Disclaimer of Opinion)</b></p>
<p><b>2014</b></p> <p><b>Lami – 2014 (con’t)</b></p>	<p>1. Included in the Property, Plant and Equipment (Note 5) is Roads and Streetlights with book value of \$13,344,649. The Council has not made any adjustment for the transfer of the roads, drains and verges to the Fiji Roads Authority (FRA) in accordance with the Fiji Roads Authority Act 2012. Accordingly, Property, Plant and Equipment and the depreciation expense is overstated by \$13,344,649 and \$196,379 respectively in the financial statements.</p> <p>2. Included in cash and cash equivalent (Note 3) are bank overdraft for WBC and ANZ bank accounts of \$41,376 and \$18,903 respectively. The Council has used the bank deposits instead of receipts in preparation of the bank reconciliation. As a result, I was unable to obtain assurance whether all receipts has been banked and completely recorded in the general ledger. Consequently, I was unable to satisfy myself on the accuracy of bank overdraft balances stated in the financial statements.</p> <p>3. There was an unreconciled variance of \$78,275 between the Council’s Revenue Management System (CRM) which records all receipts and the total deposits made to the ANZ bank account number 1226653. I was not provided with the details of the variance. Consequently, I was unable to determine whether any adjustments might have been necessary in respect of receipts at the end of the financial year and any corresponding adjustments to the elements making up the statement of comprehensive income and statement of financial position</p> <p>4. Included in the Trade and Other Receivables (Note 4) is rate and garbage debtors totaling \$1,389,441. The amount for this receivable has accumulated from the prior years. I note that the Council has not assessed for any impairment of this receivable balance. In addition, Council has not provided detail information on other receivables of \$25,663. Consequently, I was unable to obtain sufficient audit evidence to ascertain myself on the accuracy of the trade and other receivables of \$1,415,104 stated in the financial statements.</p> <p>5. The Council was unable to provide documentary evidence to substantiate Rates arrears of \$102,131, License and Permit fees of \$21,185, Stand fees of \$28,108 and Garbage fees of \$1,484. Accordingly, I was unable to satisfy myself on the accuracy of these revenue recorded in the statement of comprehensive income.</p>

	<ol style="list-style-type: none"> <li>6. Included in current liability are Trade and Other payables (Note 6) of \$174,781. The Council was unable to provide a detailed listing of Sundry deposits of \$55,120. Consequently, I was unable to perform appropriate audit tests to ascertain myself on the accuracy of this balance. Additionally, accruals amounting to \$20,983 were not recorded in the general ledger. As a result, I was unable to satisfy myself if the Trade and Other Payable balance of \$174,781 is fairly stated in the financial statements.</li> <li>7. The Council has made adjustment to the prior period (Note 10) amounting to \$40,895. I was not provided with necessary supporting documents to substantiate this adjustment. Accordingly, I was unable to satisfy myself on the accuracy of this adjustment.</li> <li>8. There are a number of differences for the comparative balances of 2014 financial year. The net impact of the variances amount to \$54,537 and \$173,570 on Net Assets and on Operating Surplus respectively for the comparatives. Consequently, the comparative amount is not fairly stated in the financial statements.</li> <li>9. The Council has made several entries in the general ledger through general journals. The Council does not have a journal voucher system in place for documenting and authorizing the journals. Consequently, this has limited my scope in verifying the accuracy of the journal entries posted in the general ledger.</li> <li>10. The Council disclosed Capital Expenditure Commitment of \$386,000 (Note 13). I was not provided with the supporting documents to support this balance. As a result, I was unable to satisfy myself if the Capital Expenditure Commitment is fairly disclosed in the financial statements.</li> </ol>
<p><b>Nasinu</b></p>	<p><b>Modified(Disclaimer of Opinion)</b></p>
<p><b>2010</b></p>	<ol style="list-style-type: none"> <li>1. The Council used bank statement deposits instead of individual receipts as a source of recording cash in the general ledger and performing of bank reconciliation. As with this approach there is a risk that receipts not banked will not be included in the general ledger. In addition, there was a variance of \$11,910 between Council Revenue Management listing and bank deposits. Therefore, I was unable to satisfy myself whether all cash receipts have been completely and accurately accounted for in the financial statements.</li> <li>2. Included in Trade and Other Receivables (Note 7) are advances and deposits of \$68,099 and \$5,702 respectively. I was not provided with the supporting documents to substantiate these balances. Consequently, I was unable to satisfy myself on the accuracy of these balances reported in the financial statements.</li> <li>3. The Council has recorded rates debtors amounting to \$8,510,981 (Note 7) after allowing for doubtful debts of \$447,930. I note that the Council has calculated the allowance for doubtful debts at 5% of the gross rates receivable. From the Council's disclosure in Note 7, I note that the rate payers owe 81% of the rates which are over 1 year old. No documentations were made available to substantiate the calculation of management's estimate for allowance for doubtful debts at 5%. Consequently, I was not able to satisfy myself if the management's estimate of 5% is adequate for assessing the impairment of rates debtors whether any adjustment might have been necessary in respect of the Council's rates debtors at year end and any corresponding adjustments to the elements making up the statement of income and expenditure.</li> <li>4. Included in Trade and other payables (Note 11) are Trade payables of \$193,402 and other payables of \$40,506. I was not provided with a detailed listing of these balances. In addition, the Council has not prepared VAT reconciliation to reconcile amount of \$29,969 as stated in the financial statements. Consequently,</li> </ol>

	<p>I was unable to perform necessary audit procedures to satisfy myself on the accuracy of Trade and Other Payables recorded in the statement of financial position.</p> <p>5. Included in total revenue of the Council is general rates amounting to \$2,320,421. The Council has not maintained rates invoices for rate payers. Consequently, this has limited my scope to perform appropriate test procedures to ascertain the accuracy of the rates revenue. I was also unable to obtain appropriate audit evidence through alternative audit procedures. Therefore, I am unable to ascertain the accuracy of the rates revenue disclosed in the financial statements.</p> <p>6. Included in the Property, Plant and Equipment balance of \$2,188,598 (Note 8) is Work In Progress (WIP) of \$431,660. From my subsequent reviews I have noted that the Council has disposed off this WIP. As a result, I am not able to satisfy myself on the accuracy of the WIP included in PPE. In addition, due to passage of time it was not possible for me to verify the existence and valuation of motor vehicles amounting to \$436,611 as at 31 December 2010. Additionally, values of roads, footpaths and drains have not been fully incorporated in the Statement of Financial Position as at 31 December 2010 as required under section 57(1) of the Local Government Act 1972.</p> <p>Due to these I was not able to obtain sufficient audit evidence to ascertain if the Property, Plant and Equipment of \$2,188,598 is fairly stated in the financial statements.</p> <p>7. Payment vouchers totaling \$49,884 was not provided to me for verification. Consequently, I was unable to confirm the accuracy of these payments and its disclosure in the financial statements.</p>
<p><b>Ba</b></p>	<p><b>Modified(Disclaimer of Opinion)</b></p>
<p><b>2018</b></p> <p><b>Ba 2018 (con't)</b></p>	<p>1. The Council recorded deferred income of \$5,411,255 in Statement of Financial Position as at 31 December 2018. Paragraph 24.4 of the IFRS for SMEs states that “An entity shall recognize government grants as follows: (a) a grant that does not impose specified future performance conditions on the recipient is recognized in income when the grant proceeds are receivable; (b) a grant that imposes specified future performance conditions on the recipient is recognized in income only when the performance conditions are met; and (c) grants received before the revenue recognition criteria are satisfied are recognized as a liability. As reported in Note 10 of the financial statements, the Council had utilized \$4,728,033 out of the total grant of \$5,411,255. The Council did not recognize the benefit realized from deferred income in accordance with the requirements of paragraph 24.4 – Government Grants of the IFRS for SMEs. In addition, the accounting policy on deferred income as disclosed on Note 2(m) to the Financial Statements are not in accordance with paragraph 24 of the IFRS for SMEs. Consequently, the deferred income balance of \$5,411,255, net loss of \$105,326, and accumulated fund balance of \$5,735,432 are not fairly stated in the financial statements.</p> <p>2. The Council recorded trade and other receivables balance of \$1,109,435 in the Statement of Financial Position as at 31 December 2018. Included in the amount are rate debtors of \$896,150, advance to parking meter of \$154,626, and other sundry debtors of \$177,605. The Council was unable to provide me satisfactory explanations for details to support the advance to parking meter balance of \$154,626, the unreconciled variance of \$20,649 between the other sundry debtors listings provided by the Council and amount reflected in the financial statements, and the unreconciled variance of \$1,459 between rates debtor listing provided by the Council and the amount reflected in the financial statements. Consequently, I am unable to ascertain if the trade and other receivable balance of \$1,109,435 is accurately reflected in the financial statements.</p>

<p><b>Ba – 2018 (con't)</b></p>	<ol style="list-style-type: none"> <li>3. Unreconciled variance of \$162,814 exist between the VAT reconciliation provided by the Council and the VAT payable balance reflected in the Statement of Financial Position. In addition, an unreconciled variance of \$172,937 exists between the independent reconciliations performed during audit from the Statement of VAT Account and VAT payable balance reflected in the Statement of Financial Position. Consequently, I am unable to ascertain if the VAT payable balance of \$178,796 is accurately reflected in the financial statements.</li> <li>4. I was not provided with the reconciliations to support the advance from general fund to parking meter account of \$153,542 reported in Note 7 to the financial statements. Consequently, I was unable to obtain sufficient audit evidence to ascertain the accuracy of the advance from general fund as stated in the financial statements.</li> <li>5. The Council has not commenced a full review on impairment exercise regarding the assets with zero written down totaling \$100,385 by making a review of the depreciation rates and assessed the remaining economic useful lives of individual major classes of property, plant and equipment in a progressive and structured manner. These assets with zero written value are recorded under furniture, plant and machinery and parking meter asset classes. In addition, the Council did not depreciate a tractor and trailer since it was purchased more than 18 years ago with a cost of \$15,000. As a result I was unable verify to determine the remaining economic useful life and the correct carrying amount and whether these assets are overstated and to determine whether any adjustments might have been necessary in respect of the Property, Plant and Equipment at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position.</li> <li>6. Section 16 of the IFRS for SMEs defines Investment property as “property (land or a building, or part of a building, or both) held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both...” The Council has leased properties totaling \$1,834,100 which were not disclosed separately as investment property in accordance with IFRS for SMEs. As a result, I was unable to determine whether any adjustments might have been necessary in respect of the Council’s investment properties in the current year or comparative years, and the elements making up the Statement of Comprehensive Income and Statement of Financial Position.</li> <li>7. The Council recorded prior year adjustment balance of \$155,125 in the Statement of Changes in Accumulated Funds for the year ended 31 December 2018. This is a departure from the requirements of Paragraph 10 – Accounting Policies, Estimates and Errors, paragraph 10.21 of the IFRS for SMEs, which requires the Council to record prior year adjustment balance by restating the comparative amounts for the prior period presented in which the error occurred or restate opening balances of assets, liabilities, and equity for the earliest prior period presented.</li> </ol>
<p><b>Lautoka</b></p>	<p><b>Modified(Disclaimer of Opinion)</b></p>
<p><b>2014</b></p>	<ol style="list-style-type: none"> <li>1. The Council did not prepare and present a Statement of Changes in Equity as a component of the financial statements for the year ended 31 December 2014. This is a departure from the requirement of International Accounting Standards (IAS) 1 – Presentation of Financial Statements. As a result, the financial statements of the Council are not completely and fairly presented in accordance with all the requirements of International Financial Reporting Standards (IFRS).</li> <li>2. The Council did not prepare and present a Statement of Cash Flows as a component of the financial statements for the year ended 31 December 2014, which is a departure from the requirement of IAS 7 – Statement of Cash Flows. As</li> </ol>

<p><b>Lautoka – 2014 (con't)</b></p>	<p>a result, the financial statements of the Council are not completely and fairly presented in accordance with all the requirements of IFRS.</p> <ol style="list-style-type: none"> <li>3. I was not provided with the trust fund reconciliations to support the Parking Meter Fund of \$500,643 and Car Park Fund of \$328,031 reported in the Statement of Financial Position. As a result, I was unable to verify the completeness and accuracy of the amounts and also unable to determine whether any adjustments might have been necessary in respect of the parking meter fund and car park fund balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position.</li> <li>4. There was an unreconciled variance of \$590,416 between the Rates Receivable listings and amount reflected in Note 5 to the financial statements. In addition, there was an unreconciled variance of \$1,456,143 between the rates debtors' listings and arithmetic addition check done on the rates debtors' listings. The Council was unable to provide details of the variances and reconciliations of rates receivable to substantiate the variances. As a result, I was unable to verify the completeness and accuracy of the amounts and also unable to determine whether any adjustments might have been necessary in respect of the rates receivable balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position.</li> <li>5. I was not provided with the detail listings of debtors and the ageing of debtors that formed the basis to estimate the provision for doubtful debts of \$1,000,000 as reported in Note 5 to the financial statements. As a result, I was unable to verify the completeness and accuracy of the amounts and also unable to determine whether any adjustments might have been necessary in respect of the provision for doubtful debts balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position.</li> <li>6. I was not provided with the payment vouchers to support the acquisition details to land and building of \$19,970 and investment property of \$449,649 as disclosed in note 10 and note 11 respectively in the financial statements for the year under review. In addition, the parking meter assets with written down value of \$41,659 were not recorded in the financial statements. As a result, I was unable to verify the completeness and accuracy of the amounts and also unable to determine whether any adjustments might have been necessary in respect of the land and building and investment property balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position.</li> <li>7. The Council was unable to provide any invoices, receipts or payment voucher details to substantiate the debit and credit general journal entries recorded in the cash at bank general ledger accounts of \$7,821,990 and \$1,251,969 respectively. As a result, I was unable to verify the completeness and accuracy of the Cash at Bank and on Hand balance totaling \$5,799,801 and also unable to determine whether any adjustments might have been necessary in respect of the cash at bank and on hand balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position.</li> <li>8. The Council was unable to provide subsidiary ledgers of creditors and detail listings of creditors and refundable building deposits to substantiate Other Creditors balance of \$298,043 and Refundable Building deposits of \$62,034 reported in Note 7 to the financial statements. In addition, I was not provided with</li> </ol>
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<p><b>Lautoka – 2014 (con't)</b></p>	<p>sundry creditors' reconciliations to substantiate the variances of \$22,832 between the sundry creditors and accrual listings and amount reported in Note 7 to the financial statements. As a result, I was unable to verify the completeness and accuracy of the amounts and also unable to determine whether any adjustments might have been necessary in respect of the other creditors, refundable building deposits, and sundry creditors and accrual balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position.</p> <p>9. There was an unreconciled variance of \$452,286 between the rates income listings and amount reflected in the financial statements. The Council was unable to provide the reconciliations of the rates income to substantiate the variance. In addition, the rates income were recorded on a cash basis and contradicts Note 1.2 of the financial statements. As a result, I was unable to verify the completeness and accuracy of the amounts and also unable to determine whether any adjustments might have been necessary in respect of the rates income balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position.</p> <p>10. The Council did not record rates, taxi, and mini bus income on accrual basis of accounting in accordance with the requirements IAS 1 – Presentation of Financial Statements, paragraph 1.27 of the IFRS and Note 1.2 of the financial statements. Consequently, there was an unreconciled variance of \$286,297, \$43,580, and \$4,193 between the independent reconciliations performed by audit and amounts recorded in the general ledger of the rates, taxi, and minibus income respectively and disclosed as fees, charges and rents in the financial statements. The Council was unable to provide supporting documentations to substantiate the variances. As a result, I was unable to verify the completeness and accuracy of the amounts and also unable to determine whether any adjustments might have been necessary in respect of the rates, taxi, and mini bus income balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position.</p> <p>11. The Council was unable to provide me with the relevant audit trail to confirm that sub lease rental income of \$163,200, bus station fees income of \$14,240, and rent received in advance of \$652,800 was recorded in the general ledger and financial statements. As a result, I was unable to verify the completeness and accuracy of the amounts and also unable to determine whether any adjustments might have been necessary in respect of the sub lease rental income, bus station fees income, and rent received in advance balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position.</p> <p>12. The Council was unable to provide me with the detail listings of business license to support Business License Fees of \$448,535 reported in Statement of Comprehensive Income. In addition, I was not provided with supporting documentations to substantiate Parking Meter Fees totaling \$69,147 recorded in the Parking Meter balance of \$261,513, and fees, charges and rent totaling \$83,191 recorded in the Fees, Charges and Rent balance of \$2,790,078 in the Statement of Comprehensive Income. As a result, I was unable to verify the completeness and accuracy of the amounts and also unable to determine whether any adjustments might have been necessary in respect of the business license fees income balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position.</p>
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<b>Lautoka – 2014 (con't)</b>	<p>13. The Council was unable to provide me with the details of sundries income and any documentations to support sundries income of \$550,556 included in the total Other Income balance of \$559,346 in the Statement of Comprehensive Income for the year ended 31 December 2014. As a result, I was unable to verify the completeness and accuracy of the amounts and also unable to determine whether any adjustments might have been necessary in respect of the sundries income balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position.</p> <p>14. The Council was unable to provide me payment vouchers, invoices and or receipts to support transactions totaling \$125,370 which are for non-payroll expenditure from the total expenditure of \$6,304,300 disclosed in the Statement of Comprehensive Income for the year ended 31 December 2014. In addition, the Council was unable to provide satisfactory explanations/records to substantiate the principle loan repayment of \$438,847 recorded as an expenses in the Statement of Comprehensive Income. As a result, I was unable to verify the completeness and accuracy of the balances and also unable to determine whether any adjustments might have been necessary in respect of the various expenses account at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position.</p> <p>15. There was an unreconciled variance of \$8,135 between the annual wages and salaries report provided by the Council and the amount reflected in the financial statements. The Council was unable to provide salaries and wages reconciliations to substantiate the variance. As a result, I was unable to verify the completeness and accuracy of the amounts and also unable to determine whether any adjustments might have been necessary in respect of the salaries and wages balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position.</p> <p>16. The Council did not provide solicitors confirmation at balance date. Consequently, I was unable to determine whether any disclosures to the financial statements in respect of contingent liabilities were necessary.</p> <p>17. The Council did not disclose or provide confirmations on events subsequent to balance date. Consequently, I was unable to determine whether any disclosures to the financial statements in respect of subsequent events were necessary.</p> <p>18. The Council did not disclose or provide confirmations on capital and operating lease commitments at balance date. Consequently, I was unable to determine whether any disclosures to the financial statements in respect of commitments were necessary.</p>
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## Appendix B: Abridged Financial Statements

For each Municipal Council, abridge financial statements are presented. The abridged statement of financial performance reflects revenue, expenses and net income while the abridge statement of financial position presents the council's assets and liabilities.

### Sigatoka Town Council

#### Abridged Statement of Financial Performance

Description	2018 (\$)	Re-stated 2017 (\$)
<b>Rates</b>	360,494	356,706
<b>Bus stand charges</b>	14,884	14,937
<b>Business license</b>	126,576	124,225
<b>Market fees</b>	210,302	235,608
<b>Garbage fees</b>	93,796	106,632
<b>Taxi stand fees</b>	47,132	49,069
<b>Parking meter</b>	55,359	67,651
<b>Public convenience</b>	93,665	82,115
<b>Others</b>	420,034	354,313
Total Income	<b>1,422,242</b>	<b>1,391,256</b>
<b>Administrative and operating costs</b>	636,291	713,677
<b>Depreciation</b>	101,545	94,269
<b>Employees' salaries and wages</b>	605,746	569,419
<b>Finance Cost</b>	88,622	106,434
Total Expenditure	<b>1,432,204</b>	<b>1,483,799</b>
Operating Deficit for the Year	<b>(9,962)</b>	<b>(92,543)</b>

#### Abridged Statement of Financial Position

Description	2018 (\$)	Re-stated 2017 (\$)
<b>Cash at bank and on hand</b>	303,929	790,084
<b>Term deposits</b>	66,992	65,317
<b>Debtors</b>	141,473	137,456
<b>Advances, prepayments and deposits</b>	14,291	14,079
<b>Property, plant and equipment</b>	2,622,226	1,787,258
Total Assets	<b>3,148,911</b>	<b>2,794,194</b>
<b>Bank overdraft</b>	55,657	96,622
<b>VAT payable</b>	58,097	31,039
<b>Employee entitlement</b>	19,942	10,839
<b>Loan funds</b>	968,826	1,058,755
<b>Creditors and other accruals</b>	96,391	52,242
<b>Sundry deposits</b>	63,917	63,717
<b>Deferred income</b>	1,716,207	1,289,715
<b>Income received in advance</b>	30,379	41,808
Total Liabilities	<b>3,009,416</b>	<b>2,644,737</b>
Net Assets	<b>139,495</b>	<b>149,457</b>

**Rakiraki Town Council****Abridged Statement of Financial Performance**

Description	2018 (\$)	2017 (\$)
<b>Rates</b>	63,323	65,046
<b>Business, trading and other licenses</b>	59,997	59,598
<b>Market fees</b>	43,211	37,936
<b>Garbage collection fees</b>	18,066	16,743
<b>Bus station/commercial/taxi</b>	42,285	35,993
<b>Public convenience</b>	22,641	18,653
<b>Government grant</b>	1,343,953	1,782,844
<b>UNDP grant</b>	1,120,000	1,920,000
<b>Other revenue</b>	68,198	86,445
Total Income	<b>2,781,674</b>	<b>4,023,258</b>
<b>Administrative and operating expenses</b>	622,252	247,373
<b>Depreciation</b>	24,311	62,797
<b>Salary and wages</b>	220,182	205,821
<b>Finance Cost</b>	210	349
Total Expenditure	<b>866,955</b>	<b>516,340</b>
Net Surplus for the Year	<b>1,914,719</b>	<b>3,506,918</b>

**Abridged Statement of Financial Position**

Description	2018 (\$)	2017 (\$)
<b>Cash and cash equivalents</b>	1,197,974	1,144,859
<b>Trade and other receivables</b>	380,214	326,274
<b>Property, plant and equipment</b>	4,523,385	2,677,239
Total Assets	<b>6,101,573</b>	<b>4,148,372</b>
<b>Trade and other payables</b>	204,702	166,220
Total Liabilities	<b>204,702</b>	<b>166,220</b>
Net Assets	<b>5,896,871</b>	<b>3,982,152</b>

**Tavua Town Council****Abridged Statement of Financial Performance**

Description	2014 (\$)	2013 (\$)
<b>Rates</b>	49,278	49,344
<b>Fees, rent and charges</b>	210,081	201,559
<b>Government grant</b>	306,800	32,685
<b>Other revenue</b>	30,228	25,586
Total Income	<b>596,387</b>	<b>309,174</b>
<b>Depreciation</b>	66,442	46,232
<b>Operating expenses</b>	204,772	142,480
<b>Personnel expenses</b>	162,155	130,288
<b>Finance cost</b>	1,031	4,116
Total Expenditure	<b>434,400</b>	<b>323,116</b>
Operating Profit/(Loss) for the Year	<b>161,987</b>	<b>(13,942)</b>

**Abridged Statement of Financial Position**

Description	2014 (\$)	2013 (\$)
<b>Cash and cash equivalents</b>	105,559	95,091
<b>Trade and other receivables</b>	35,333	26,869
<b>Property, plant and equipment</b>	1,422,046	1,233,952
<b>Intangible asset</b>	10,957	---
Total Assets	<b>1,573,895</b>	<b>1,355,912</b>
<b>Interest bearing borrowings</b>	1,452	---
<b>Trade and other payables</b>	50,261	34,177
<b>Deferred income</b>	98,775	60,315
Total Liabilities	<b>150,488</b>	<b>94,492</b>
Net Assets	<b>1,423,407</b>	<b>1,261,420</b>

## Suva City Council

## Abridged Statement of Financial Performance

Description	2015 \$	2014 \$	2013 \$	2012 \$	2011 \$
Rates	17,015,026	17,219,334	14,766,722	17,756,208	15,409,809
Fees Charges	4,366,914	4,038,327	3,705,044	3,214,700	3,447,816
Business license	1,967,986	1,837,194	1,742,743	1,608,117	894,482
Hire Charges – Civic Centre & Parks	121,678	188,480	131,748	113,019	120,832
Rental Revenue	3,066,966	3,016,841	2,823,680	2,602,761	2,494,767
Amortisation of Capital Grant	38,468	46,443	35,110	19,167	48,867
Others	285,157	333,986	2,771,939	565,446	6,538,891
Finance Income	198,291	229,489	248,698	202,766	379,050
<b>Total Income</b>	<b>27,060,486</b>	<b>26,910,094</b>	<b>26,225,684</b>	<b>26,082,184</b>	<b>29,334,514</b>
Administrative and operating costs	6,299,537	4,058,808	4,650,998	3,821,101	4,178,836
Other Expenses	12,701,766	11,449,926	9,015,684	10,203,723	10,280,587
Ratepayers services	3,376,993	2,449,653	2,161,019	2,173,548	2,105,014
Streetlight operating cost	---	19,189	694,402	725,656	820,622
User Maintenance Cost	2,944,410	3,406,741	7,699,347	3,756,582	2,493,422
Finance cost	259,004	322,865	422,888	638,096	612,887
<b>Total Expenditures</b>	<b>25,581,710</b>	<b>21,707,182</b>	<b>24,644,338</b>	<b>21,318,706</b>	<b>20,491,368</b>
<b>Operating Surplus</b>	<b>1,478,776</b>	<b>5,202,912</b>	<b>1,581,346</b>	<b>4,763,478</b>	<b>8,843,146</b>

## Abridged Statement of Financial Position

	2015 \$	2014 \$	2013 \$	2012 \$	2011 \$
Cash at bank and on hand	23,349,264	15,777,674	14,860,494	11,706,942	8,244,336
Held to Maturity Investments	---	---	2,983,950	977,320	939,588
Inventory	169,695	569,867	215,349	299,205	440,644
Debtors	7,197,471	10,661,142	10,829,096	13,894,409	13,409,976
Loan Receivable	5,145,953	5,190,248	5,233,250	5,275,000	5,315,534
Investment Properties	13,613,880	12,545,749	12,777,811	13,014,982	13,255,131
Intangible Assets	35,285	44,288	20,812	26,425	33,642
Property, plant and equipment	23,629,188	16,721,332	14,586,631	11,296,556	29,604,369
<b>Total Assets</b>	<b>73,140,736</b>	<b>61,510,300</b>	<b>61,507,393</b>	<b>56,490,839</b>	<b>71,243,220</b>
Trade & Other Payables	8,938,891	6,544,640	10,644,976	5,936,941	5,779,608
Provisions	---	---	---	22,036	22,036
Employee Benefits	1,319,671	1,161,124	1,081,679	1,012,518	251,748
Interest Bearing Borrowing	4,310,561	5,456,781	6,540,555	7,537,400	8,347,775
Deferred Grant	8,695,652	---	---	---	---
Capital Grant in Aid	197,438	228,790	275,234	130,879	150,047
<b>Total Liabilities</b>	<b>23,462,213</b>	<b>13,391,335</b>	<b>18,542,444</b>	<b>14,639,774</b>	<b>14,551,214</b>
<b>Net Assets</b>	<b>49,678,523</b>	<b>48,118,965</b>	<b>42,964,949</b>	<b>41,851,065</b>	<b>56,692,006</b>

## Nadi Town Council

### Abridged Statement of Financial Performance

Description	2016 (\$)	2015 (\$)	2014 (\$)
<b>Rates</b>	1,697,936	1,682,884	1,201,488
<b>Bus stand charges</b>	---	34,091	34,795
<b>Business and trading license</b>	579,057	520,243	443,701
<b>Market fees</b>	391,755	476,162	498,337
<b>Park fees</b>	151,509	174,748	103,453
<b>Taxi and carrier stand fees</b>	56,996	91,411	25,598
<b>Rent from council properties</b>	565,979	535,261	649,991
<b>Parking meter fund</b>	155,376	173,423	281,443
<b>Others</b>	968,886	632,241	421,568
Total Income	<b>4,567,494</b>	<b>4,320,464</b>	<b>3,660,374</b>
<b>Salaries, wages and related payments</b>	1,376,321	1,523,679	1,482,854
<b>Interest and bank charges</b>	122,216	177,625	200,717
<b>Garbage services</b>	473,122	513,674	381,951
<b>Plant, machinery, motor vehicle and tools</b>	108,107	67,392	135,820
<b>Maintenance of parks and gardens</b>	---	11,510	41,379
<b>Roads, drains and footpath improvements</b>	253,414	254,413	226,845
<b>Security charges</b>	75,304	63,800	---
<b>Market expenses</b>	1,419	4,234	---
<b>Depreciation</b>	321,681	228,747	222,536
<b>Unreconciled balances written-off</b>	97,586	---	---
<b>Others</b>	910,678	834,198	715,304
Total Expenditure	<b>3,856,658</b>	<b>3,679,272</b>	<b>3,407,406</b>
Operating Profit for the Year	<b>710,836</b>	<b>641,192</b>	<b>252,968</b>

### Abridged Statement of Financial Position

Description	2016 (\$)	2015 (\$)	Re-stated 2014 (\$)
<b>Cash and cash equivalents</b>	1,923,954	1,194,289	915,852
<b>Trade and other receivables</b>	2,758,948	2,641,603	2,095,392
<b>Property, plant and equipment</b>	18,355,113	18,020,964	18,048,628
<b>Receivables</b>	26,565	26,565	---
Total Assets	<b>23,064,580</b>	<b>21,883,421</b>	<b>21,059,872</b>
<b>Creditors and other accruals</b>	229,423	273,451	196,146
<b>Sundry deposits</b>	1,085,375	974,126	936,616
<b>Employee benefits</b>	94,907	71,337	43,279
<b>Loan</b>	2,041,471	2,211,316	2,349,731
<b>Deferred income</b>	1,687,728	1,304,018	1,126,119
<b>Income received in advance</b>	17,634	---	---
Total Liabilities	<b>5,156,538</b>	<b>4,834,248</b>	<b>4,651,891</b>
Net Assets	<b>17,908,042</b>	<b>17,049,173</b>	<b>16,407,981</b>

## Nausori Town Council

### Abridged Statement of Financial Performance

Description	2014 (\$)	2013 (\$)
<b>General Rates</b>	1,015,017	456,785
<b>Garbage fees</b>	273,024	128,047
<b>Business and trading and other license</b>	167,740	212,734
<b>Fees, chargers and rent</b>	858,072	892,405
<b>Sundries – Interest on Overdue Rates</b>	229,376	82,670
<b>Return on investment</b>	6,265	8,917
<b>Amortisation of Deferred income</b>	84,582	69,284
<b>Parking meter fund</b>	23,797	41,185
Total Income	<b>2,657,873</b>	<b>1,892,027</b>
<b>Salaries, wages and related payments</b>	1,294,668	959,379
<b>Interest on loans</b>	8,941	39,595
<b>Garbage services</b>	264,280	290,690
<b>Street cleaning and street lights</b>	132,386	276,972
<b>Other Administrative and operating cost</b>	538,557	358,279
<b>Transfer of Roads to FRA</b>	---	436,109
<b>Repairs and Maintenance</b>	235,601	213,694
<b>Depreciation</b>	147,978	161,977
<b>Parking Meter</b>	29,891	33,536
Total Expenditure	<b>2,652,302</b>	<b>2,770,231</b>
Operating Profit/(Loss) for the Year	<b>5,571</b>	<b>(878,204)</b>

### Abridged Statement of Financial Position

Description	2014 (\$)	2013 (\$)
<b>Cash and cash equivalents</b>	90,324	99,437
<b>Trade and other receivables</b>	2,515,689	1,954,340
<b>Property, plant and equipment</b>	13,183,937	8,435,308
<b>Intangible Assets</b>	71,013	---
<b>Financial Assets</b>	43,023	36,758
Total Assets	<b>15,903,986</b>	<b>10,525,843</b>
<b>Creditors and other accruals</b>	560,382	437,652
<b>Employee benefits</b>	3,798	18,940
<b>Loan</b>	5,261,356	1,169,785
<b>Deferred income</b>	2,985,761	1,535,773
Total Liabilities	<b>8,811,297</b>	<b>3,162,150</b>
Net Assets	<b>7,092,689</b>	<b>7,363,693</b>

## Nasinu Town Council

### Abridged Statement of Financial Performance

Description	2010 (\$)	2009 (\$)
<b>Rates</b>	2,320,421	1,672,700
<b>Business and trading license</b>	201,283	186,365
<b>Taxi and carrier stand fees</b>	247,784	294,529
<b>Rent from council properties</b>	130,878	111,537
<b>Others</b>	204,940	118,552
<b>Interest income</b>	856,943	871,697
Total Income	<b>3,962,249</b>	<b>3,255,380</b>
<b>Salaries, wages and related payments</b>	1,430,910	849,421
<b>Interest and bank charges</b>	47,287	56,754
<b>Garbage services</b>	540,587	578,914
<b>Repairs and maintenance</b>	230,079	133,169
<b>Depreciation</b>	155,669	159,518
<b>Others</b>	289,316	258,727
<b>Transportation expense</b>	97,906	84,510
<b>Advertising and public relation expense</b>	43,405	34,318
Total Expenditure	<b>2,835,159</b>	<b>2,155,331</b>
Operating Profit for the Year	<b>1,127,090</b>	<b>1,100,049</b>

### Abridged Statement of Financial Position

Description	2010 (\$)	Re-stated 2009 (\$)
<b>Cash and cash equivalents</b>	198,595	488,752
<b>Trade and other receivables</b>	8,584,782	7,225,031
<b>Property, plant and equipment</b>	2,188,598	1,742,897
<b>Investment property</b>	47,500	48,125
<b>Intangible assets</b>	5,747	6,864
Total Assets	<b>11,025,222</b>	<b>9,511,669</b>
<b>Creditors and other accruals</b>	263,877	251,031
<b>Interest bearing borrowings</b>	418,492	293,234
<b>Employee benefits</b>	24,051	14,639
<b>Deposits</b>	397,945	382,945
<b>Deferred income</b>	473,946	250,000
Total Liabilities	<b>1,578,311</b>	<b>1,191,849</b>
Net Assets	<b>9,446,911</b>	<b>8,319,820</b>

**Lami Town Council****Abridged Statement of Financial Performance**

Description	2014 (\$)	2013 (\$)
<b>Rates</b>	537,146	644,109
<b>Garbage fees</b>	90,978	221,100
<b>License and permit fees</b>	76,456	74,239
<b>Market fees</b>	29,320	26,369
<b>Advertising</b>	13,571	18,057
<b>Stand fees</b>	23,568	39,979
<b>Hire and Rent from council properties</b>	107,474	107,675
<b>Parking meter fund</b>	6,145	9,502
<b>Loan service fund</b>	188,122	191,805
<b>Others</b>	39,200	118,706
Total Income	<b>1,111,980</b>	<b>1,451,541</b>
<b>Salaries, wages and related payments</b>	559,557	550,569
<b>Interest on long term borrowing</b>	21,621	21,667
<b>Health and Enforcement services</b>	54,002	59,008
<b>Public Works and Services</b>	69,233	373,169
<b>Parks, gardens and recreation areas</b>	10,459	8,944
<b>Administrative expenses</b>	139,438	177,027
<b>Depreciation</b>	231,227	230,738
<b>Others</b>	4,178	8,876
Total Expenditure	<b>1,089,715</b>	<b>1,429,998</b>
Operating Profit for the Year	<b>22,265</b>	<b>21,543</b>

**Abridged Statement of Financial Position**

Description	2014 (\$)	2013 (\$)
<b>Cash and cash equivalents</b>	200	200
<b>Trade and other receivables</b>	1,415,104	1,397,386
<b>Property, plant and equipment</b>	15,053,116	15,149,469
Total Assets	<b>16,468,420</b>	<b>16,547,055</b>
<b>Trade and other payables</b>	174,781	277,608
<b>Bank overdraft</b>	60,279	33,694
<b>Employee benefits</b>	6,910	21,466
<b>Loan</b>	179,633	239,431
<b>Deferred income</b>	163,919	74,223
Total Liabilities	<b>585,522</b>	<b>646,422</b>
Net Assets	<b>15,882,898</b>	<b>15,900,633</b>

## Lautoka City Council

### Abridged Statement of Financial Performance

Description	2014 (\$)	2013 (\$)
<b>Rates</b>	4,386,586	3,910,793
<b>Business license fees</b>	448,535	428,672
<b>Fees, charges and rent</b>	2,790,078	3,374,690
<b>Infringement fines, parking meter tolls and fees</b>	261,513	272,229
<b>Amortization of capital grant</b>	93,727	93,727
<b>Premium on sub-lease of land</b>	138,591	408,000
<b>Interest</b>	247,313	214,694
<b>Others</b>	559,346	1,395,597
Total Income	<b>8,925,689</b>	<b>10,098,402</b>
<b>Administrative and operating costs</b>	850,293	1,969,248
<b>Salaries and wages</b>	2,206,778	1,385,139
<b>Rate payers services</b>	1,103,404	1,317,317
<b>Parks, gardens and public amenities</b>	505,696	612,998
<b>Street light and street maintenance costs</b>	165,260	787,215
<b>Depreciation and amortization</b>	584,831	624,809
<b>Legal and professional fees</b>	86,335	38,206
<b>Auditor's remuneration</b>	8,696	8,696
<b>Interest</b>	354,160	393,525
<b>Principal repayment</b>	438,847	426,834
Total Expenditure	<b>6,304,300</b>	<b>7,563,987</b>
Net Surplus for the Year	<b>2,621,389</b>	<b>2,534,415</b>

### Abridged Statement of Financial Position

Description	2014 (\$)	2013 (\$)
<b>Cash at bank and on hand</b>	5,799,801	3,599,765
<b>Held to maturity investments</b>	1,407,245	1,481,120
<b>Inventories</b>	26,141	20,140
<b>Trade and other receivables</b>	4,718,248	6,037,212
<b>Property, plant and equipment</b>	3,432,599	3,187,697
<b>Investment properties</b>	6,480,036	6,662,157
Total Assets	<b>21,864,070</b>	<b>20,988,091</b>
<b>Creditors and accruals</b>	870,620	2,586,577
<b>Provisions</b>	252,437	250,447
<b>Interest bearing borrowings</b>	7,819,073	8,257,920
<b>Capital grant in aid</b>	809,562	403,289
Total Liabilities	<b>9,751,692</b>	<b>11,498,233</b>
Net Assets	<b>12,112,378</b>	<b>9,489,858</b>
<b>Council Municipal fund</b>	11,283,704	8,662,315
<b>Council Trust fund</b>	828,674	827,543
Total Fund	<b>12,112,378</b>	<b>9,489,858</b>

**Ba Town Council****Abridged Statement of Financial Performance**

Description	2018 (\$)	2017 (\$)
<b>Rates</b>	559,687	543,521
<b>Business, trading and other license fees</b>	158,630	154,219
<b>Rent from Council properties</b>	657,850	657,507
<b>Market fees</b>	269,858	323,046
<b>Other fees and charges</b>	249,527	274,777
<b>Government grant</b>	60,958	---
<b>UN Women grant</b>	30,679	---
<b>Parking meter income</b>	23,221	36,329
<b>Others</b>	94,110	67,486
Total Income	<b>2,104,520</b>	<b>2,056,885</b>
<b>Salaries and wages</b>	826,372	788,417
<b>Depreciation</b>	230,812	241,266
<b>Repairs, maintenance and upgrading</b>	292,949	140,191
<b>Motor vehicle related expenses</b>	127,723	96,310
<b>Garbage services</b>	54,451	43,643
<b>Electricity and water</b>	80,776	70,705
<b>Other expenses</b>	508,196	549,576
<b>Interest</b>	88,567	95,075
Total Expenditure	<b>2,209,846</b>	<b>2,025,183</b>
Net (Loss)/Surplus for the Year	<b>(105,326)</b>	<b>31,702</b>

**Abridged Statement of Financial Position**

Description	2018 (\$)	2017 (\$)
<b>Cash at bank and on hand</b>	1,152,187	2,036,331
<b>Trade and other receivables</b>	1,109,435	1,120,468
<b>Property, plant and equipment</b>	21,172,638	17,305,134
Total Assets	<b>23,434,260</b>	<b>20,461,933</b>
<b>Creditors and borrowings</b>	263,532	297,923
<b>Interest bearing borrowings</b>	2,009,224	2,155,377
<b>Provisions</b>	21,949	46,288
<b>VAT payable</b>	178,796	155,296
<b>Deferred grant</b>	5,411,255	1,997,094
Total Liabilities	<b>7,884,756</b>	<b>4,651,978</b>
Net Assets	<b>15,549,504</b>	<b>15,809,955</b>

## Appendix C: Glossary

Term	Definition
Accountability	Responsibility of public sector entities to achieve their objectives in reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws.
Audit evidence	Information used by the auditor in arriving at the conclusions on which the auditor's opinion is based. Audit evidence includes both information contained in the accounting records underlying the financial statements and other information.
Audit Memorandum	Management Letter highlighting areas where improvements can be made by an entity following an audit.
Audit Strategy	The strategy that sets the scope, timing and direction of the audit, and guides the development of the more detailed audit plan.
Business continuity risk	Business interruption can result from natural occurrences and accidental or deliberate criminal acts. Those interruptions can have significant financial and operational ramifications. Over time, an organization will experience an event that will result in the loss of information, access to properties (tangible or intangible), or the services of personnel. Exposure to those types of risks and the planning for business continuity is an integral part of an organization's risk management process.
Backlog	Accumulation of draft financial statements not submitted for audit. Draft financial statements prior to 2019 not submitted to Auditor-General for audit is taken as a backlog audit.
Capital works	Amount capitalized to the balance sheet for contributions by an entity to major assets owned by the entity, including expenditure on: <ul style="list-style-type: none"> <li>capital renewal of existing assets that returns the service potential or the life of the asset to that which it had originally</li> <li>capital expansion which extends an existing asset at the same standard to a new group of users.</li> </ul>
Deficiency	Failing, weakness or shortcoming.
Deposits from public	Deposits received from the public for specific purpose.
Depreciation	The systematic allocation of a fixed asset's capital value as an expense over its expected useful life to take account of normal usage, obsolescence, or the passage of time.
Development Assistance Scheme	Funds provided for capital assistance for the villages within the boundaries of the respective Municipal Councils.
Disclaimer of opinion	The auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion. It is therefore not possible to form an opinion on the financial statements.
Express an opinion	A written expression of the auditor's overall conclusion on the financial report based on audit evidence obtained.
Fraud	An intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.
Governance	Governance is defined as the manner in which those in vested authority uses its powers to achieve the institution's objectives, including its powers to design, implement and innovate the organization's policies, rules, systems and processes and to engage and involve its stakeholders.
Government grant for operating and capital expenses	This is financial assistance provided by the Government to the Municipal Councils for the operational and capital expenditures.
Impairment	When an asset's carrying amount exceeds the amount that can be recovered through use or sale of the asset.
Accounting Standards	Standards adopted by Fiji Institute of Accountants for financial reporting by large and medium entities in Fiji.

Management	Those with the executive responsibility for conducting the Council's operations.
Material misstatement	A significant difference between the amounts, classification, presentation, or disclosure of a reported financial statement item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework.
Materiality	The size or nature of the item or error judged in the particular circumstances of its omission or misstatement. Information is material if its omission or misstatement could influence the economic decisions of users, taken on the basis of the financial statements.
Misstatement	A difference between the amounts, classification, presentation, or disclosure of a reported financial report item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework. Misstatements can arise from error or fraud.
Significant matters	Include control weaknesses which <i>could cause</i> or <i>are causing</i> severe disruption of the process or severe adverse effects on the ability of an auditee to achieve process objectives and comply with relevant legislation. It is likely that these issues may have an impact on the operations of the entities in future, if action is not taken to address them.
Revaluation	The action of assessing the value of something again.
Risks	The probability or threat of quantifiable damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities, and that may be avoided through preemptive action.
Standards on auditing	International Standards on Auditing adopted by the Fiji Institute of Accountants and applied by the Office of the Auditor-General for audits carried out.
Valuation	The process of determining the fair value of an asset.
Value-adding	Financial or non-financial gains arising from improved compliance or mitigation of risks.





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