Nausori Town Council

Questions and Response

1. **What are some of the challenges faced by the Council in meeting its strategic objectives and how is it planning to address these challenges?**

Response

The key challenge facing the Council is the Financial. The invoiced revenue is less than Expenditure. Refer below table. The Council cannot operate without the Fijian Government operational grant. Currently the Council receives Solid Waste ($200,000) and Korovou Satellite Town ($50,000) grant.

Revenue (Invoiced for one year)	**$4,345,578**
Rates	1,339,254
Garbage Fees	321,660
Markets	1,209,653
Commercial Properties Rental Income	422,274
Base Fees & Parking Meters	217,101
Others	835,636
Expenditure (Current on accrual basis)	**$5,127,794**
Solid Waste Collection Service	771,675
Grass Cutting and Drainage Cleaning	504,185
Market Operations including Loan Repayment	1,919,134
Council Other Operational Exp	1,932,800

The plan to address this challenge is through:

- *Increase the Garbage Fees or find creative ways to reduce the cost. The current garbage fees are $85per year per bin. The way forward is Waste Management Authority for Lami to Nausori corridor, that is shared services. Through economies of scale, the Councils can create efficiency.*

- *Increase the Rate levy. The current rate levy is 0.01 x Unimproved Capital Value of the rateable property. The Council is the process of completing the sexennial valuation which will increase the rate levy.*

- *Look for new revenue streams such as parking meters, new markets, sporting facility, commercial investments. The Council is currently working to procure solar parking meters and working with the community/stakeholders to develop the facilities/commercial complex.*

- *Conscious spending and curb unnecessary cost. The Council has strengthened this area since 2019.*

- *Explore more shared services options with Suva and Nausori Town Council. This will help further reduce the cost of doing business/providing service.*

2. **Provide a breakdown of the following information for each year from 2005 to 2014:**

Number of ratepayers;

Response

Year	*Ratepayers*
2005-2013	*3974*
2014-2021	*4374*
2022	*4430*

Rates collected for each year (monetary value);

Response

Year	*Amount Collected*	*Comments*
2005	*400,245.00*	*As per the Annual Report*
2006	*275,717.00*	*As per the Annual Report*
2007	*839,722.00*	*As per the Annual Report*
2008	*820,804.00*	*As per the Annual Report*
2009	*431,070.00*	*As per the Annual Report*
2010	*776,935.00*	*As per the Annual Report*
2011	*1,114,554.00*	*As per the Annual Report*
2012	*1,016,509.54*	
2013	*962,695.41*	
2014	*1,141,660.84*	
2015	*1,121,397.40*	
2016	*1,126,815.54*	
2017	*1,374,370.90*	
2018	*1,352,254.05*	
2019	*1,286,216.64*	
2020	*1,199,197.62*	
2021	*668,327.85*	*Jan - July 2021*
2022	*883,343.82*	*Aug - Feb 2022*

Rental arrears for each year from 2005 to 2014 (provide the monetary value);and

Response

Years	*Total Arrears*	*Comment*
2005	*1,144,182.00*	*As per the Annual Report*
2006	*1,494,985.00*	*As per the Annual Report*
2007	*1,824,290.00*	*As per the Annual Report*
2008	*2,239,186.00*	*As per the Annual Report*
2009	*2,132,528.00*	*As per the Annual Report*
2010	*2,080,517.00*	*As per the Annual Report*
2011	*2,261,131.00*	*As per the Annual Report*
2012	*2,024,211.26*	
2013	*2,828,390.14*	
2014	*2,314,262.00*	
2015	*2,385,187.00*	
2016	*2,749,275.65*	
2017	*2,803,239.23*	

2018	*2,985,382.80*	
2019	*3,073,755.31*	
2020	*3,204,671.32*	
2021	*3,826,630.22*	*Jan - July 2021*
2022	*4,214,794.35*	*Aug - Feb 2022*

Total arrears up until the present time:

Response

- *$ 4,214,794.35*

a. What are the causes of the accumulation of rental arrears?

Response

The causes of the accumulation of arrears:

- *Lack of action taken by the Council to recover these arrears*
- *Rate payers reluctant to pay because of deteriorating service over years.*
- *Genuine hardship cases. The Council is conducting means test to validate for waiver approval purpose.*
- *Deceased rate payers, vacant lots, properties under disputes, unemployment, destitute case.*

b. What are the challenges faced in the collection of rate arrears and their method(s)of collection?

Response

The key challenge is the record keeping and absence of debt recovery policy in Council. Since 2019, the Council has analysed the data by threshold for legal action purpose. Those below $5,000, council is taking rate payers to Small Claims. Above $5,000, the Council is taking rate payers to Magistrate Court. Those above $10,000, the Council is placing charges. We have seen effectiveness of these process.

However, the Council needs to invest in good accounting system to improve the record keeping and also establish a debt recovery policy.

c. Has the Council conducted a survey or research on the reasons for non-payment or delayed payment of town rates?

Response

The Council have not invested in formal survey or research due to lack of expertise and resources. The Rate Collection Officers have been asking questions during their interactions with rate payers and investigation and found out the above reasons for non-payment as highlighted in b above.

d. What is the Council's plan to address this issue and what punitive and non-punitivemeasures are taken against non-compliant rate payers?

Response

Non-punitive measures taken are:

- *Issue rate assessment notice/invoice in the first month of new financial year.*
- *Send text messages, billboards, TV, radio and newspaper advertisement reminding rate payers to pay their rate levy.*
- *The Council Board also approved discount on current and arrears rate that is up-to 7% in first two months and 5% is next three months.*
- *2-year payment plan*

Punitive measures taken are:

- *The council has been sending demand notices, bankruptcy, SCT (Less than $5,000) & magistrate court cases (more than $5,000) placing of charge against the properties.*

e. How is the non-collection of full town rates impacting the service delivery of theCouncil?

Response

The non-payment by rate payers leads to a decline in the Town Council available funds which results in the council not being able to improve the service delivery in terms of garbage collection, drain cleaning, grass cutting.

f. Provide details of vacant lots in the municipality.

Response

There are 80 vacant lots within Nausori Town boundary.

3. Since the appointment of the Nausori Special Administrator in 2019:

a. What improvements have been brought about in the collection of arrears by theNausori Town Council? Provide relevant statistics.

Response

*Most of the punitive and non-punitive measures discussed in **d** above was implemented during the term 2019 Special Administrators. They pushed and motivated the team to perform. They introduced demand notice process to all default rate payers. They also implemented of regular tracking, monitoring and reporting mechanism. The result was visible through improved collection rate despite the COVID-19 impacts.*

Furthermore, below are key financial achievement since the appointment of SA's in 2019:

- *Strengthen the Council cashflow and moved from the practice of operating in overdraft to a positive cashflows.*

	Nov 2019	Oct 2020	June 2021
Nausori	*$446,306 OD*	*$225,294 Positive*	*$348,187 Positive*

- *Reduced the Council Outstanding Creditors*

	Nov 2019	Oct 2020	June 2021
Nausori	*$383,508*	*$180,055*	*$250,180*

- *Improve Collections, despite the adverse economic situation.*

		Aug 2020 to June 2021	FY 2021 and FY 2022
Nausori	*Current Rate*	*68%*	*80%*
	Current Garbage	*64%*	*80%*

b. **What measures have been put in place to promptly address the grievances of ratepayers? How many grievances were recorded from 2005 to date and what were tenature of these complaints?**

Response
The Council does not have complaints data for 2019. The complaints were logged by respective officers earlier, hence no central database. Since late last year, the Council has invested in Complaints Resolution Officer and all complaints are now logged centrally. The Council has also developed a customer care policy and standard operating procedure for complaints resolution. The major complaints are related to poor roads and drainage, health or sanitary issues, waste water discharge, encroachment, illegal development, solid waste collection, drain cleaning, CBD cleanliness, overgrown grass, irresponsible dumping, litter, illegal roadside selling, noise nuisance, poultry, open fire, food safety and stray dogs.

c. **How have the following services and facilities provided to ratepayers in the Nausorimunicipality been enhanced:**

- **Maintenance of public amenities;**

Response
The public amenities such as public convenience, playgrounds require massive maintenance. These facilities have not been maintained well since it was constructed. We have been carrying maintenance to rectify OHS issues.

We have new facility constructed such as Korovou Restroom. Women accommodation and RCP maintenance is underway.

- **Rubbish collection and grass cutting; and**

Response
The Rubbish collection has been improving. The kitchen waste is being collected 2 times per week and has been as per schedule. The green and white solid waste is done three times in a year. We are working to find way to reduce the waste through 7R. The cost of waste disposal has been increasing and it is costing $500 per truck. The garbage fees collected in not sufficient to run solid waste collection services.

The grass cutting is currently done by inhouse team (6 staff) and partly outsourced. To further improve the Council is working to outsource 3 Wards/Zones out of 4. Together, the council have changed the service standard for grass cutting. Before the standard was two rounds of grass cutting per month and now the standard is to maintain below 10mm height. With new contractors, new service level standards, we are anticipating massive improvement in grass cutting, drain and road verge cleaning by June/July 2022.

Furthermore, there are quite a number of substandard drain and Council is working closely with FRA and Waterways to improve this. The challenge is the drainage grant has been deactivated since 2019.

- **Road maintenance and drainage – seeing as certain roads are not maintained on time as evidenced by several potholes forming on roads within the municipality;**

Response

The road maintenance and drainage are still major issue. The responsibility is with Fiji Roads Authority (FRA) and Ministry of Waterways. The Council is working closely with FRA and Waterways to see that the hot spot areas are attended with priority. FRA and Ministry of Waterways is in better position to answer this question.

d. **How has service delivery in the following areas been enhanced?**
   - **Health and Hygiene;**
   - **Security and Safety;**
   - **Impacts of Climate Change/Environment;**
   - **Poverty;**
   - **Squatter Settlements within town boundaries;**
   - **Disaster Risk Analysis; and**
   - **Gender Mainstreaming.**

Response

The service delivery in the above areas requires improvement. Council alone cannot resolve these issues. We have to work closely with Inter-Agencies/Ministries, non-profit organisations, UN offices, other key stakeholder and Community members to address these issues.

We are currently working with respective agencies to strengthen relationship and formalise the MOU. Some of these agencies are Police, Ministry of Health, Ministry of Agriculture, Ministry of Waterways, Ministry of Housing, Commissioners Office, LTA, iTLTB, Lands, Trustees Office, Chamber of Commerce, Ministry for Youth and Sports and others.

e. **How has accountability, transparency and good governance at the Council been strengthened seeing as the Committee is yet to receive outstanding Annual Reports of the Council from 2015 to 2020 with the annual audited financial statements?**

Response

We have seen massive improvement in accountability, transparency and good governance practices at the Council since 2019. There are legacy issues and backlog which we are working to address. The Council have outsourced the Accounts Preparation to HLB Team. We are aiming to complete 2015 -2021 by December 2022.

4. **Inform us of the requirements for fish market vendors to store seafood and the assistance provided by the Council in the provision of ice plant or chest freezer?**

Response

The vendors are given place to sell fish. The Council did provide electricity access ($15 per month) for their freezers but then saw abuse of electricity. Vendors were using the freeze to make ice not for storing fish. We are enforcing the health standards which has been communicated to fish vendors.

5. **Can the Council provide more information on the funds given to Fiji Roads Authority on traffic lights on its 2014 Annual Report?**

Response

In year 2013, Fiji Roads Authority took over the Council properties in relation to Roads within the Council Boundary, Bus Stops and Street lights. The value of $433,211 were the total worth of fixed assets for the above which were expensed off from our accounts and fixed assets register.

6. **Page 7 of the 2009 Annual Report – Elaborate on the research paper that was formulated on recycling/reusing used oil.**

Response

The team who was working on this are no longer with the Council and there is no record of the research paper. The Council managed to secure funding for Local Economic Development and will be working on the recycling and composting initiative soon.

Financial Statements for the Year Ended 31 December 2014

7. **We note that the auditor issued a disclaimer of opinion on the 2014 accounts of the Council on the ten grounds provided on pages 5 and 6 of the audited financial statements. Confirm whether these issues have been resolved and the measures put in place by the Council to prevent their recurrence.**

Response

Refer to attached Nausori Qualification Progress 2005 to 2014.

8. **How have internal controls in the area of cash at bank, revenue, payroll, property, plant and equipment and receivables and procurement been strengthened to prevent leakagesof Council funds through fraud and misappropriation?**

Response

Internal controls in arears of cash / revenue areas have been strengthened in terms of separation of duties, rotation of duties and daily balancing. Each department has to provide their revenue reconciliation to Manager Finance on a timely manner for consolidation of reports in an accurate manner. Cash book and bank reconciliation are to be done on a timely manner.

The following Internal Controls have been implemented to capture accurate payroll processing at Nausori Town Council

Controls Implemented

- *The Council introduced Biometric Punch System to monitor and process accurate hours when conducting Pay Runs.*
- *The Biometric report is printed out before hours are punched in for pay runs.*
- *Verification of the Punch Records are done during the Pay Process.*
- *Senior Human Resource Officer (SHRO) also prepares and submits to Finance Section NTC Absent Reports capturing Staff Leave Entitlements.*
- *Weekly Staff Personnel Files are updated to reflect correct leave balances*
- *Staff Leave Forms are filled in by staff members followed by verification of Leave Balances from the files before the SHRO Endorses and Submits for Pay Processing.*
- *A Staff Movement Book is also introduced as a control measure to monitor staff movements for official purposes on daily basis.*
- *Leave balances for payroll and staffs JD's and roles are being audited to ensure it is aligned as per the structures.*
- *Board of Survey has been done and FAR finalized and audited for inhouse purpose.*
- *Enforce procurement policy and ensure all documentation are in order before it is sent for approval. The first check is done by Finance Team.*
- *Adopted new HR and Finance Policy.*

9. Confirm whether the Council has in place a risk management policy, assets capitalization policy, and disaster recovery plan/business continuity plan to govern aspects of its operations and activities.

Response
Risk Management policy and Disaster Recovery Management policy are on the verge of finalization along with anti-fraud policies. Capitalization policy has been implemented.

10. Provide the current staff structure of the Accounts Section. Indicate the positions, whether they have been substantively filled and the qualification of these Officers.

Response

No.	Role	Vacant/Filled	Name of Staff	Qualification
1	*Manager Finance*[a]	*Filled*	*Swastika Swaran Deo*	*Bachelor of Arts in Accounting and Information System*
2	*Senior Accountant*	*Vacant*		
3	*Senior Accounts Officer*	*Filled*	*Natasha Wahid*	*MBA*
4	*Cashier*	*Filled*	*Sera*	*Bachler of Science in Bio Chemistry -in*

				progress
5			*Vinay*	*Fiji School Leaving Certificate*
5	*3 x Revenue Collection Officers*	*Filled*	*Adi Tupou*	*Diploma in Business Management – in progress*
6			*Mohammed Kalim Ibrahim*	*Diploma in Business Accounting*
7			*Suliana Rokodau*	*Certificate in Computer*
8	*Legal Officer*[b]	*Vacant*		
9	*Legal Clerk*	*Filled*	*Mashleen Dayal*	*Advance Diploma in Business Accounting*

[a]*Role is made redundant and will be replaced by* ***Manager Corporate Services****.*

[b]*Nasinu Legal Officer is currently overseeing the legal operations. We have lawyer currently working as an attachee.*

Nausori Town Council 2014 Qualifications

Qualification Summary	Council's Comment
1. Unreconciled variance between general ledger and bank reconciliation.	This has been resolved in the current financial year. Council has implemented the following controls: •Monthly Bank reconciliations are now carried out on all bank accounts. •Cash book and bank statement balances are endorsed in the Finance Committee. •Proper internal control is being maintained on cash handling. Daily takings are receipted which is verified and filed for future reference. •Daily bank reconciliation / cash flow is being prepared by Senior Accounts Officer/Manager Finance on all operating accounts to help the management for cash flow. • Monthly direct deposit listing is being prepared and forwarded to respective section heads for receipting and [illegible]
2. Council recorded bank overdraft which resulted in understatement of cash at bank.	This is still un-resolved. Council is seeking bank confirmation in regards to bank overdraft and loan facility from 2005 to 2014 with Bank of Baroda in order to process the correct the treatment of cash and cash equivalents in the current financial year. Confirmation to be obtained before 31.12.21
3. Unreconciled variance existed between general ledger and the rate debtors reconciliation. Council did not provide evidence of any assessment.	This has been resolved in the current financial year. Rates reconciliation is being performed by the rates officer. Invoicing is performed based on the UCV per valuation book and calculated on rates struck determined by Council. Individual rate payers UCV is same as per the Rates Valuation book, please note changes are through re-valuation report. Excel subsidiary accounts and separate file for rates debtors are being maintained and managed by Rates section. The following has been implemented by rates officer: •Individual rates file is maintained whereby invoices, notices and receipts are filed. •Excel sheets are maintained in two sets, one as master file and the other as daily rates payment record outlining, payments per ward wise, current, arrears and zoning. •Backups are taken on weekly basis, in house and out -source by the rates officer. •Frequent updating of rate payers information as need arises. •Two copies of files created for litigation where the originals are kept by Council and copied files forwarded to Legal or small tribunals. •All correspondence in relation to rates are filed.
4. Council could not provide and appropriate documents to the support the expenditure of $124,302. 2013 expenses recorded In 2014	This has been resolved in the current financial year. Currently all expenses are recorded on accrual basis. Proper records on creditors and accrual (LPO) for the month are maintained and endorsed in the finance meeting. The Purchase orders are prepared by a designated officer under the head of the Finance and necessary approvals taken as per Council financial guideline. Vouchers for payments are prepared by accounts clerk and checked by Senior Accounts Officer before release to signing to Manager Finance and CEO. Payments to suppliers are made upon receipt of invoices after endorsement by respective section HOD's or section heads. Creditors subsidiary balances and listing are monthly formally endorsed in the Finance sub-committee meetings.
5. Council recorded certain revenue account on cash basis which resulted in understatement of certain revenues. Adjustments made to garbage income was not supported. Reconciliation was not performed for rates and revenue	This has been resolved in the current financial year. The following has been implemented by Council to record Accrual basis Income: •Income & Statement for the purpose of Budgeting records accrual basis income for Rates Income, Rental income and Market kiosk. •Income statements also records accrual basis of expenses and revenue streams which are cash basis. •Cashflow statement records income on cash collected and expenses on accrual basis
6. Council did not disclosed leased properties as investment properties according IAS 40.	This has been resolved in the current financial year. A detailed FAR from year 2012 has been prepared and maintained by the Council management which is reviewed annually upon verification. Revaluation of PPE will be reflected in current FY
7. Documentaion was not provided to support the balance in trade and other payabable accounts .	This has been resolved in the current financial year. Proper records on creditors (subsidiary ledgers and GL) and accrual (LPO) for the month are maintained and endorsed in the finance meeting. The Purchase orders are prepared by a designated officer under the head of the Finance and necessary approvals taken as per Council financial guideline. Vouchers for payments are prepared by accounts clerk and checked by management accountant before release to signing to Manager Finance and CEO. Payments to suppliers are made upon receipt of invoices after endorsement by respective section HOD's or section heads.
8. VAT reconciliation was not provided	This has been resolved in year 2019. In year 2016, an audit was performed by FRCS whereby all VAT discrepancies were rectified by the Council and in year 2019, Council successfully paid off all dues to FRCA and received a **TAX COMPLIANCE CERTIFICATE** dated 15th February 2019 - **Refer Annexure 4.** Council has successfully implemented the following: ** Monthly VAT Returns are lodged - Annexure 4A ** Timely monthly payment of VAT Currently, Council is up to date with all its FRCS obligations.
9. Council did not make any adjustments to the government grant of $208,150 which was provided for roads since roads, street lights and footpaths were transferred to Fiji Roads Authority as per Fiji Roads Decree 2012.	This is resolved through a correction entry in 2016 Financial Statement. The Statement has been prepared and sent to OAG Office for audit purpose.
10. The opening balance of the councils municipal funds has a variance of $276,576.	This is still un-resolved. Council is seeking bank confirmation in regards to bank overdraft and loan facility from 2005 to 2014 with BOB in order to map the correct process in identifying cash and cash equivalents. Confirmation to be obtained before 31.12.21