



APPENDICES – REVIEW OF THE 2018 – 2019 AND 2019 - 2020 AUDIT REPORTS ON MUNICIPAL COUNCILS

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File Ref: 1.2 | 7.4

25th January, 2022

Hon. Alvick Maharaj
Chairperson - Public Accounts Committee
Parliament of Fiji.
SUVA.

Dear Sir

RE: Clarification of Issues – Office of the Auditor General 2019 – 2020 Audit Report on Municipal Councils.

Reference is made to your letter dated 21st January, 2022 in regards to the above subject.

The responses for the query are as follows:

- Q1. That the Sigatoka Town Council has now hired an external auditor to audit the Council accounts and further recommendations were made to improve on anomalies highlighted before the accounts is given to Auditor General's Office for final audits. Council is rectifying the highlighted issues case by case to ensure that same is not repeated, Further Council is now working closely with Ministry of Local Government and Ministry of Economy to be part of the grant project implementation till the completion of the project to ensure that the project is completed without anomalies as previously highlighted by OAG.
- Q2. That the payment was made by the Council on the basis of the recommendation from the engineer through the progress report & invoice of payment to the Council. In addition Council has filed the case in the High Court in Lautoka requesting the court to reimburse all total sums which is paid to the contractor and engineer to the Council due to the failure of the project.
- Total Contract Amount - \$ 729,802.00
 - Paid Consultant/Engineer - \$ 54,000
 - Paid Contractor - \$ 487,790.82
 - Paid Geo Tec Testing - \$ 763.00
 - Land Mark Survey - \$ 5,500.00
 - Ada Ram – Excavation - \$ 725.00

Sigatoka was proclaimed a town on the 1st of June, 1936.

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- Q3. When the Council noticed that the project has failed and same cannot be further executed, then Council institute legal proceeding by hiring a legal practitioner by paying Council solicitor of **\$1242.39** to refer the case to high court Lautoka.
- That the next call date is on 14th February, 2022.
 - Further, all the payments to the Engineer and Contractor has stopped.
- Q4. That the staff concerned on this project has resigned from the Council in the year 2019 and the Council is taking the Contractor to the court to recover or refund of the total cost incurred at the riverbank project.
- Q5. That the Council has not paid \$500,000 as approved, however same will be discussed when new Special Administrators Board is appointed.
- Q6. In the year 2019, Council has collected rates **\$298,975.32 – 86%** and Arrears **\$23,634.90 – 29%** and 2020 Council has collected current rates **\$287,160 - 87%** and Arrears **\$45,985 – 41%**.
- Currently the riverbank project is on hold.

Council had set up Strategies for Rates and other Debtors Collection below:

- Bring about digital transformation and digitalization.
- Website re-design & upgraded with more user friendly features & Information)
- On-line payments Service (customer friendly and able to capture data correctly)
- Door to Door personal approach to collect dues.
- Arrangement provided for flexible part payment mode for genuine clients.
- Interest charges on monthly basis for late payment.
- Filing cases below \$5000 with small claims tribunal.
- Any property settlements will need to clear rates first.
- Developing a database that has information such as prevailing rate status, combined household earnings, rate payment history.

(The above will support our strategies to get them to pay and if they have rates in arrears or are overdue in current rates, we will not entertain their complaints or concerns until they have cleared their outstanding rates).

- Q7. Council has actioned the recommendations for improvement made by the OAG.
- Q8. That all the roads in the Sigatoka Town are now being looked after by Fiji Roads Authority (FRA) and up keeping of drains, footpaths and streets is being looked after by Council, However the footpath maintenance is done by FRA when needed.
- The Total estimated cost for the up keeping and maintenance of drainage and footpath are as follows:
- | | |
|--|---------------------|
| 1. Footpath cleaning & small maintenance | - \$ 10,000 |
| 2. Drainage cleaning | - \$ 10,000 |
| 3. Total per month | - <u>\$ 1666.67</u> |

Q9. That the Council has an in-house Disaster Management Plan to mitigate the flooding issues in Sigatoka Town by working together and very closely with FRA for:

1. Drainage upgrade
2. Removing debris from old Sigatoka Bridge.
3. Clearing of all chambers in Town area.

For your information please.

Yours faithfully



Mr. Anand Sami Pillay
Acting Chief Executive Officer

Copy: 1 File Copy

LH #: 022/22

PAC QUESTIONS 2019-2020 Audit Report on Municipal Councils (PP No. 105 of 2021)

RAKIRAKI TOWN COUNCIL: 2019 PAC Response to 2019 Audit Report

1. Can the Council update the Committee on the current status of the missing records?

The missing documents referred to are the records for Carnival Accounts. We agree with the recommendation that all proceeds from future Carnival should be banked on a daily basis and proper records are maintained. The Rakiraki Town Council [RTC] is now improving on record keeping and the safe storage of accounting records.

2. What's the update on the cases referred to FICAC on the missing accounts for Carnival Account and Anomalies in Cash and Cash Equivalents?

We followed up with FICAC on 23/12/2021 on the referred case but have not received any feedback.

3. Why the Council did requested \$40,000 for CEO Salary and only paid \$26,503.56? Why was there a difference? Has the Council taken any stringent disciplinary measures for the non-payment of the full grant? Has the CEO produced the desired results of the Council as per the grant allocated? Who was the CEO who was paid \$26,503.56?

Rakiraki Town Council was funded with \$40k for CEO's Salary in April 2019 whereby \$26,503.56 was reimbursed to Sigatoka Town Council as Mr. Tulsi Ram was the CEO for both RTC & STC. The approval to utilize the CEO's Salary as an operating expense was also directed by him due to unhealthy cash flow in our general account.

Further, it was verified and endorsed by the former Special Administrator (Mr. Mark Hirst)

The management of the Council agreed with the audit recommendation to ensure compliance with the Grant Agreement and obtained Minister's approval for utilization of government grant other than the purpose stipulated in the Grant Agreement.

4. Can the Council update the Committee on the strategy of collecting revenue, for adequate cash flows?

Forms of Revenue Collection with RTC are:

- i. Market Fees
- ii. Toilet Fees
- iii. Car Park Fees
- iv. Town Rates
- v. Garbage Fees
- vi. Business License Fees
- vii. Rental Charges
- viii. Hire of tent
- ix. Hire of conference room
- x. Permit Fees (Outdoor sale, Roadshows, Open Air, Indoor Broadcasting & pasting of posters)
- xi. Market Referral's

- xii. Commercial Vehicle Base Fees (Taxi, Carrier, Bus & Mini Bus Fees)
- xiii. Illegal Parking
- xiv. Litter fines
- xv. Building Fees

Main Strategy for Collection,

1. Issuing invoice to clients
2. Follow-up on payments.
3. Reminders on overdue accounts.
4. Encourage arrange payment system to those finding difficulty in meeting payments.
5. Ensure that undertaking from clients are honored.
6. If continue to default submit claim to Small Claim Tribunal.
7. Failure with SCT order, proceed with Judgment Debtors Summon.

Find below the Procedures of Collecting Revenue:

A council employee responsible for revenue collection ensures that all revenue receipted is properly recorded in their respective accounts classification.

- A council employee responsible for revenue collection ensures that all receipted revenue is deposited in official bank accounts.
- Council employees responsible for revenue collection ensures that only authorized persons are collecting the revenue against issue of proper receipts.
- All Council employees responsible for revenue collection ensure the proper custody and security of all receipt books and other accounting forms.

Authority to Collect Revenue

Where officers are authorized to collect revenue, the CEO must ensure that they are provided with a letter of appointment as evidence of authority assigning them to this task. The letter of appointment shall include a copy of the procedures in this manual that are applicable to them.

One copy of the signed letter should be retained by the cashier and the other copy filed away for audit and other purposes.

Revenue Received over the Counter

- Receipts issued for any cash received as revenue must be issued in sequential order.
- When cash or bank cheques are received, the cashier shall immediately issue an official receipt.
- No postdated cheques are allowed to be receipted as revenue.

- The cashier must enter relevant details specified on the receipt before signing it. Carbon copies on the receipt should be checked to ensure that details on the original receipts are also legible on these copies.
- No amendment shall be made on the carbon copies.
- The original receipt should be detached from the receipt book and issued to the payer.
- The cashier shall retain the book copy of the receipt for audit and verification purposes.
- If a receipt is spoilt it shall be marked “cancelled” and retained in the receipt book.
- Receipts issued must be dated on the same day revenue is received and not postdated.

Daily Banking

- The cashier shall bank money received on a daily basis. The lodgment form shall be prepared in duplicate detailing the deposits to be made.
- The lodgment form shall be checked and signed by the officer in charge of collecting revenue after cash to be deposited has been counted.
- When the cashier lodges the deposit with the bank, the bank will acknowledge receipt of monies by stamping and signing all lodgment forms. It will retain one copy and return the other copies to the cashier.
- The copy of the lodgment form retained with the cashier should be securely maintained for audit and other verification purposes.
- If it is not practical to bank money daily, if banking facilities are not accessible or, if money received is less than \$50 money may be kept under lock and key in a safe or strong box.
- The officer in charge of accounts, in the presence of the cashier, should count the money on hand before entering the amount into the safe register. Money shall only be removed from the safe when banking will be done. The officer in charge of accounts and the cashier must sign the safe register when cash is removed from the safe.
- Revenue cash collections must not be mixed with petty cash.

Accounting for Revenue

- The cashier shall maintain a cashbook in which the following details shall be entered on a daily basis:
 - i) Date of receiving cash or cheques and name of payer;
 - ii) Receipt number and amount received; and iii) Revenue account classification.
- The cashier must total the cashbook at the end of the day and give it to the officer in charge for checking. The officer in charge must sign the cashbook after checking the details in the cash book against issued receipts, money on hand and bank lodgment forms.
- After reconciling details in the cashbook, the officer in charge of accounts shall submit the cashbook, duplicate receipts and lodgment forms to the ledger clerk for posting into the General Ledger.

5. How does the Council plan to mitigate on the continuous flooding of Rakiraki Town, Nadovi Road and surrounding areas?

Flooding occurs when there is continuous heavy rain in the Nakauvadra Range and its valley. The Disaster Management Plan is always activated in November and deactivate in April after the Cyclone Season. During this period, the Council always ensure that the Town drains and chambers are clear before the cyclone season. Ratepayers House2House awareness and Business Houses were advised of the cyclone season. We also requested Fiji Roads Authority to de-silt road drains especially for Qalau Rd and Nadovi Flat and the Ministry of Waterways desilted drains in the cane farm areas.

6. Can the Council provide the Committee an update on the provision of doubtful debts not provided and the sexennial valuation not carried out?

- Under Section 75 of the Local Government Act, rates assessed and recorded in a rate book together with the costs of proceedings, if any, for the recovery of such rates shall be a first charge on the land rated and shall be recovered by the Council.

Limitation Act clearly states that no action shall be brought to recover any principal sum of money secured by a mortgage or other charge on property or to recover proceeds of the sale of land after the expiration of 20 years from the date when the right to receive money accrued.

Since rates are a charge on a property, section 8 of the Limitation Act, applies where rates can be recovered by way of court action.

Therefore, there is no provision for doubtful debt for rates arrears. However, the management of the Council agreed with audit recommendation to take prudent approach and make adequate provision for and other receivables balance.

- The last sexennial valuation was carried out in 2012 and ratepayers properties valuation is due after every 6 years. RTC is liaising with Ministry of Lands and Ministry of Local Government on the sexennial valuation.

7. Can the Council provide an update on the actions taken on the anomalies listed in the audit report and the Office of the Auditor General recommendations?

Maintaining of the vital accounting records are important to the Council and are being stored properly to ensure that information is readily available when demanded for audit.

The accounting system such as cash receipts and cash payments journals are being followed accurately and timely basis as detailed General Ledger, General Journal and Trial Balance are being prepared. The Chief Executive Officer checks and verifies the monthly report and reconciliations which are performed by the Council.

8. Can the Council advise who is now responsible for roads and drains, footpaths and how much does it cost the Council to maintain these on a monthly and annual basis.

Roads and road drains are the responsibilities of Fiji Roads Authority (FRA). However, Council usually takes the initiative to clean road drains and chambers to ensure that occurrence of flash floods are reduced during any heavy downpour. There are Council drains and footpaths which are the responsibility of the Council and is part of operational expenses. It cost the Council \$4746.60 for the cleaning of drains and chambers by 3 workers in a financial year.

TAVUA TOWN COUNCIL: 2015

- 1. Before responding to each audit query, based on the audit anomalies highlighted below by the Auditor General listed, please advise whether there was any disciplinary action taken against responsible staff/officer, if not, why not?**

There was an investigation conducted by the Ministry of Local Government and the former CEO's appointment was terminated.

- 2. Anomalies in the Construction of the Multipurpose Hall?**

There was a bit of delay caused in the works due to weather conditions and the contractor was also facing difficulties in purchasing of materials for the project. During the construction, the Council does not have a Building Surveyor and relied to the Building Surveyor for Rakiraki Town Council. The Council has appointed a qualified Building Surveyor who assisted with the drafting of the Council's Project Review and Monitoring process.

The management of the Council agreed with the audit recommendation to be more vigilant in reviewing / monitoring the progress, and completion of the project on a regular basis. In addition, the Council will be more aware of the requirements of the contract in such instances to take appropriate action against parties in breach of the agreement.

- 3. Business Licenses – No Proper Records?**

The management of the Council agreed with the audit recommendation to ensure that trading and license fees listings for the businesses that were operating within the municipality are prepared. The Council has created an electronic register [Excel] for all business operators in Tavua Town.

- 4. Anomalies in Property, Plant and Equipment?**

The management of the Council agreed with the audit recommendation to correctly record all assets in the fixed assets schedule, and to disclose policy on amortisation rate or the useful life of the intangible asset in the financial statements. The Property, Plant and Equipment are correctly recorded now in the Financial Statement as per the requirement of IFRAS SMEs.

- 5. Building Fees Register Not Updated – Has the Council updated the Building Fees Register?**

The management of the Council agreed with the audit findings and has engaged the services of a Building Inspector who updates the building register and processes the applications accordingly. The Building Inspector is now updating Building Register when an application has been received.

- 6. Anomalies in Cash and Cash Equivalent?**

The Council has improved on its financial oversight. We have closed an unused bank account and ensure that the Council operates within the approved budget. The Council has engaged a qualified assistant to assist in the updating of reconciliation, revenue, expenditure and the usage of MYOB accounting software to assist in its accounting transactions.

The Council agreed with the following audit recommendations:

- All cheques that remain unpresented for more than 6 months will be written back to the cash ledger and respective expenses or liability account.
- Unused bank accounts are closed.
- Reimbursement of petty cash with more than the approved amount are appropriately supported.
- Cash balances that are not available for use except for certain purpose are appropriately disclosed in the Notes to the financial statements

7. *Approved Budget not Maintained*

The management of the Council agreed with the audit recommendation to ensure annual budgets are reviewed and approved by the Council, with approval supported by documentary evidence and are properly maintained. Budget was compiled by the Finance team with the assistance of Heads of Department and approved by the CEO. There was no minute available to confirm that it was approved, however the budget was sent to the Ministry for Local Govt as was the requirement. We have included a new process whereby the Special Administrators were required to pass the budget before implemented by the Council.

8. *Can the Council advise who is now responsible for roads and drains, footpaths and how much does it cost the Council to maintain these on a monthly and annual basis?*

The roads, road side drain and footpaths are the responsibility of Fiji Roads Authority. However, the Council is assisting FRA by ensuring that road side drains in towns are clear from mud and silts. The Council budgets \$5,000.00 to maintain the drains on need basis. The Council has also upgrade some of the existing stormwater drains.

9. *Can the Council update the Committee on the plans in place to mitigate flooding in your municipality?*

Flooding occurs when there is continues heavy rain in Nadarivatu and the surrounding valleys in Yaladro, Nabuna and Korovou. This resulted in the Nasivi River bursting it banks and flood the Rakiraki end of Tavua Town beside Shop and Save Supermarket.

The Disaster Management Plan is always activated in November and deactivate in April. The Council always ensure that the Town drains and chambers are clear before the cyclone season. The Council also appreciates the annual desilting of road drains by FRA. In addition, we have been advised that Nasivi River mouth will be included in the dredging plan to mitigate the flooding of Tavua Town and the surrounding areas.

10. *Can the Council provide its revenue collection strategy?*

Forms of Revenue Collection with TTC are:

- i. Market Fees
- ii. Car Park Fees
- iii. Town Rates
- iv. Garbage Fees
- v. Business License Fees
- vi. Rental Charges
- vii. Permit Fees (Outdoor sale, Roadshows, Open Air, Indoor Broadcasting & pasting of posters)
- viii. Referral letter ix. Public Service Vehicles Fees (Taxi, Carrier, Bus & Mini Bus Fees)
- x. Illegal Parking
- xi. Litter fines
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- The copy of the lodgement form retained with the cashier should be securely maintained for audit and other verification purposes.
- Revenue cash collections must not be mixed with petty cash.

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- ❖ The cashier shall maintain a cashbook in which the following details shall be entered on a daily basis:
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- ❖ The cashier must total the cashbook at the end of the day and give it to the officer in charge for checking. The officer in charge must sign the cashbook after checking the details in the cash book against issued receipts, money on hand and bank lodgement forms.
- ❖ After reconciling details in the cashbook, the officer in charge of accounts shall submit the cashbook, duplicate receipts and lodgement forms to the ledger clerk for posting into the General Ledger.

11. Please provide in details the actions taken by the Council on the anomalies that were highlighted by the Office of the Auditor General and the audit recommendations.

Outlined below are the major issues addressed by the Council:

- a. There is a tenancy agreement in place for its lockup shop. We have conducted interviews on new tenancy and contracts signed by the tenants.

- b. The Council has prepared a Risk Management Plan, Disaster Management Plan, OHS Policy, Asset Management Policy, The new Finance Manual and the HR Manual has been endorsed and now used by the Council.
- c. AR Narration 2019 completed. FS Audit Completed 2017.
FS in progress Jan-July 2020.
- d. Council now complies with IFRS SME's Disclosure requirements.
- e. Council has installed MYOB accounting software which will eliminate Trade and other receivables balance. It will also address Tax compliance by the Council,
- f. Council has also engaged a qualified individual to assist the Council in updating all reconciliations.
- g. The Council conducted Ratepayers profiling from 2020. Rates invoice are issued at the beginning of every financial year and a 7% discount is given as an initiative to fully paid the current rates.
- h. Council has the Rates Arrears Aging of Debtors listing. It assists in the categorizing of rates arrears according to its age. The total rates arrears for Tavua Town Council are \$29,437.00.

PAC QUESTIONS

BA TOWN COUNCIL 2019

1. What action has been taken by the Council for those responsible for the anomalies?

A number of anomalies in the financial statements have been carried forward from prior years. Council had found out that the finance officer who was given the role of Acting Accountant did not have full knowledge of the preparation of the Accounts to the IFRS standard. There had been no handover done by the previous Accountant and no training was provided to the finance officer who took up the role of the Acting Accountant.

Council has advertised for the Head of Finance & Administration in 2021 and is in the process of the recruitment.

Meanwhile, CEO has worked with the existing finance team to reconcile and work on the variances which are being carried forward from prior years.

Council is aiming to clear off most of the variances in the 2020 accounts.

2. Can the Council explain why the Govind Park Project was not completed on time despite being allocated a total amount of \$4,468,928.00 as at 31/12/2019?

Govind Park project first phase was only for design and built. The design & build contract was awarded to Four R Electrical & General Contractors for \$4.175m. The balance was paid to the Project Manager, Quatity Surveyor, and used in demolition for the old structure. The delay in construction of the pavilion was due to the bad weather, delay in arrival of steel structures and due to change in scope by the Contractor.

To date there are defects in the stadium which has not been fixed by the contractor and Council has submitted the proposal to Ministry of Local Government to get approval from CIU to terminate the contractor and use the retention held back from the contractor's payment to get the works finished by another source.

Council has also submitted proposal for 2nd phase to the Ministry of Local Government on the funds needed and the recruitment of lead consultant via tender to get the remaining works finished; which includes:

- Building Services Contract
- FEA Transformer
- Perimeter Fencing
- Govind Park Boundary Wall
- Ticket Gates
- Flood Lights
- Ground Works
- Ground Embankment Works

- Embankment Toilet Facilities
- Scoreboard

3. Can the Council advice on the status on the audit recommendation on the anomalies in Property, Plant and Equipment.

Property, Plant and Equipment variances have been identified and had been adjusted in the 2020 accounts.

4. What is the update on bookings of Accrual and Creditors?

The revenue and expenses are recorded on a monthly basis, i.e. as and when the transactions occur.

5. Can the Council update on the Committee on the strategy of collecting revenue?

Rates Collection Strategies

- Ba Town Council has offered 7% discount on current rates cleared in the months of August & September 2021;
- Ratepayers have been given options to make arrangement to pay their rates in installments on a weekly, fortnightly and monthly basis;
- We have liaised with ratepayers and their employers to have direct deduction at source with Employers and with employee permission;
- Online banking platform made available for the ratepayers and the bank details are included in the invoices; □ M-Paisa account with Vodafone for Ba Town Council has been made available for ease of payment.
- Matters are being referred to small claims tribunal for those who have not paid their arrears and are not coming forth to make arrangements despite numerous calls.
- Eight cases have been filed in the court for recovery of rates.

Other Revenue Collection

- The tenants who have been facing difficulty due to COVID-19 have made arrangements with Council to clear off their dues.

Those debtors who do default their arrangement process, Council serves them demand notice to recover the debts.

For amounts owing less than \$5k, debtors are referred to the small claims tribunal.

6. Can the Council advice who is responsible for roads, drains, footpaths and how much does it cost the council to maintain these on the monthly and annual basis?

The roads, footpath, drains and road reserve are the property of the Fiji Roads Authority.

The cleaning of the footpath, drains and road reserve is done by the Council. The monthly cost to clean and maintain the drain is around \$5,291.36 which is \$63,496.32 on an annual basis. However, if there are major repairs to any drains then the cost will be determined by the scope of works done for the job.

7. How does the Council plan to mitigate flooding in your own Municipality?

The main cause of flooding is the Ba River and the Elevuka Creek that runs through the town.

Council has called for a meeting with Minister of Local Government, Minister of Waterways and Ba Chamber of Commerce on 6th March 2021 to discuss the issues faced by Ba Town after the two major flooding in the first three months of the year 2021.

Hon. Minister for Local Government and Hon. Minister for Waterways were present in this meeting whereby the discussions were held to put up alleviation plans for Ba Town.

Ministry of waterways had announced for dredging of the Ba River and the process of tender started after the meeting. The dredging of Ba River started in January 2022.

Also the Hon. AG had announced in January 2022 that the Government has planned to divert the Elevuka Creek.

Council has been clearing the drains in towns prior and after the flooding to ensure there is no blockage. Council has also carried out the assessment of the drains and the culverts used in order to improve drainage in the towns and wards. The reports will be submitted to Ministry of Local Government and Ministry of Waterways.

Levuka Town Council

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Our Ref: LTC/nl (55/22)

Date: 8th March, 2022

The Honorable Alvick Maharaj
Chairperson
Public Accounts Committee
Parliament of the Republic of Fiji
Standing Committee on Public Accounts
Suva.

Dear Sir

**RE: CLARIFICATIONS OF ISSUES- OFFICE OF THE AUDITOR GENERAL
2019 - 2020 AUDIT REPORT ON MUNICIPAL COUNCILS (PP. NO. 105
OF 2021)**

RESPONSES TO PAC QUESTIONS- LEVUKA TOWN COUNCIL 2012-2013.

Sir, Council refers to your letter of 21st January 2022 regarding the above and provides responses to issues enumerated therein as follows:

1. Council confirms that there was no disciplinary action taken against responsible staff/officer for the anomalies highlighted by the Auditor General for the following reasons:
 - Council's deliberations on the anomalies highlighted and assessments made on staff performances found these anomalies occurred due to the lack of expertise in these arrears by staff responsible as well as staff turnover during the period.
 - Council, in its efforts to regularize these anomalies identified that immediate improvements should be made to its current cash accounting system before conversion to accrual basis of accounting.
 - This was decided at the time following the transition in the administration of Council from Mayor ship and Town Clerk to

Special Administrator and Chief Executive Officer. The incoming administration noted with great concern the unsatisfactory manner in which accounting records and books were maintained and the deviation from the Manual of Accounts for Municipalities including standard operational procedures and processes.

- In view of the above findings, Council concurred with at the time that it would be unfair to discipline the staff with those constraints without the opportunity of proper training.
2. The maintenance of the heritage buildings are the responsibility of the owners. In terms of the residential properties, the owners are responsible however the Council is required to be informed in order to align any maintenance work in accordance with the building codes of the heritage guidelines, this is also applicable to other commercial property owners.
 3. The Council's role in terms of the dilapidated heritage buildings is to advise and encourage building owners to maintain their buildings. For these reasons we are recommending the Government contributes a (1/3) one third of cost to assist home owners.
 4. (1) **Anomalies in Grant**
Council confirms that the following measures have been taken from 2014:
 - Individual Grant files have been maintained to file agreements, contracts and administrative matters.
 - Expenditure and Commitment ledgers are now being maintained for grant received with supporting schedules
 - Monthly reconciliations and acquittals together with Bank reconciliations are prepared and forwarded to our line Ministry for all grants received.
 - The above records are now properly maintained and secured at all times.
 - The Council however regrets to advise that it is unable to regularize nor provide explanations to the irregularities in the Financial Statements for 2012 – 2013 due to the lack of source documents which were either misplaced or missing during the formal years of transition of Administration of Council.

4 (2) Anomalies in Revenue

The following strategy and processes for the collection of Revenue have been put in place by Council to ensure that all revenues are promptly paid, fully accounted for and securely maintained.

- (a) Rates

Since town rates are calculated based on the unimproved capital value (UCV) of ratepayers properties in accordance with the Valuation Roll report for the town, compiled by the Ministry of Lands, the following records are maintained for individual ratepayers to ensure rates are properly accounted for:

Rate Cards: Individual rate cards which record all relevant details of Ratepayer such as

- i) Name of Owner
- ii) Name of Occupier/Lessee
- iii) Type of rates and rates charged
- iv) Total rates for the year
- v) UCV
- vi) Arrears and interest on overdue rates
- vii) Vat
- viii) Balance
- ix) Date and revenue receipt number

- Invoices

Invoices are issued to individual ratepayers at the beginning of Council's financial year with the following details:

- i) Rates charged for the year
- ii) Garbage fees
- iii) Outstanding fees, if any

- Follow up and internal control:

To ensure payments are paid promptly, Council has put in place the following processes:

- i) Quarterly follow up through written reminders, phone calls, emails and home visitations, demand notices and legal action being the last resort.
- ii) Other strategies used are to ensure ratepayers pay current rates in full whilst arrangements made to clear arrears in installments as well.

- iii) As a form of internal control, the Accountant carries out monthly reconciliations of rates, investigate and take appropriate action on irregularities accordingly.
- (b) Garbage Fees:
Garbage collection fees register for ratepayers and non-ratepayers is maintained by the revenue clerk and monthly reconciliation is carried out by the Accountant to ensure fees are promptly paid and properly accounted for.
- (c) Business License and stand fees
Council confirms that individual cards and registers are maintained for business license and these are paid in full in the starting of the financial year.
- (d) Accounting of Revenue
All revenue received by Council are issued with Council's official receipt in sequential order and date by authorized revenue collector of Council.

Internal Control:

- i) All bank lodgments are checked by authorized officers other than the Revenue Clerk before and after lodgments daily.
- ii) All revenue received after lodgments in a day are checked and handed over to Accountant for safe keeping in Council's safe and handed over to Revenue Collector at the beginning of business the next day.
- iii) Unbanked revenue collected during the day before lodgments are kept in the Council safe.
- e) Bank reconciliations
To ensure that all revenue received whether those received and lodged by Council or through direct deposits to the bank are fully accounted for, monthly Bank Reconciliations are carried out by the Council Accountant. Any errors or irregularities found are adjusted or investigated further whichever is applicable.
- f) Aging of Debts:
With the recent appointment of a qualified Accountant by Council in January 2021, she has implemented an aging of debtors listing to ensure the prompt payment of revenue when due, follow up recovery action on overdue accounts. Council has aged its revenue collection process for monitoring purposes as well as facilitate timely appropriate action and maintain cashflows.
- g) Revenue Reconciliations/Debtors Listing

Monthly reconciliations of revenue are now being carried out by Council and debtors listing prepared. Council again regrets to advise that it is unable to regularize nor provided explanations to irregularities raised in the Financial Statements for 2012 – 2013 due to the reasons provided in our response to Question 4 (1) above.

4(3) Anomalies in VAT Account

Council fully concurs with the Auditor General's findings on the above anomalies. The following corrective measures have been taken by Council:

- i) Maintenance of an output and Input vat register to record all VAT on income & purchases
- ii) With the maintenance of the above registers, VAT due together with lodgment and payment penalties were able to be determined.
- iii) Council negotiated with the FRCA then, to waive penalties and pay outstanding Vat for the years in installments.
- iv) FRCA agreed on the following conditions:
 - Council to pay FRCA the outstanding VAT in installments of \$3,000.00 per month together with the current monthly VAT payments until the outstanding VAT is fully repaid.
 - FRCA to waive the late lodgment and payment penalties on the condition that Council adhere to the above condition.
 - Council has fully repaid the VAT outstanding in 2016.
 - VAT reconciliations is now being carries out monthly to ensure that VAT is paid correctly and timely.
 - Due to the above reasons, VAT receivable/payable were not accounted for in the 2013 Financial Statements.

4 (4) Anomalies in Receivables:

Corrective measures taken by Council on these anomalies have been provided fully in our response to Question 4 (2) above. Since proper records were not maintained at the time, Council regrets to advise that it is unable to provide explanations to irregularities raised in the 2013 Financial Statements.

4 (5) Anomalies in Liabilities

Council agrees to the findings of the Auditor General on the above anomalies and wishes to advise that reasons have been explained in our preceeding responses above. The Council confirms that the following corrective measured have been taken to ensure such anomalies do not occur in the future.

- Since Council still operates in the Cash basis of accounting, Commitment and Expenditure ledgers are maintained to record and reconcile liabilities at month end
- A creditors listing is prepared at the end of the month after reconciliations and appropriate action taken accordingly.

4(6) Non Performance by Accounting Advisor- On what basis was the Accounting Advisor appointed?

- In the formal years of administrative transition of Council from Mayorship and Town Clerk to Special Administrator and Chief Executive Officer, the incoming Administration then, noted with great concern the unsatisfactory manner that the accounting books and records were maintained and a deviation from the standard requirements of the Manual of accounts for Municipalities. Council, therefore, deliberated on the urgency to rectify and improve the accounting processes in line with the Manual of Accounts. Council agreed in its deliberations to seek advise and approval from its line Ministries then, the Ministry of Local Government, Urban Development, Housing and Environment to assist in the identification and appointment of an Accountant or Accounting Advisor to make improvements and to rectify the accounting situation they are faced with.

The Ministry agreed, and on the 14th March 2012, a former Principal Auditor of the Auditor General's Office and Ministry of Finance Internal Audit Division, Mr Ralulu Cirikiyasawa was appointed as Accountant of Levuka Town Council for an initial three months and to be reviewed on three (3) monthly basis. No specific terms of reference for duties to be performed were provided in his appointment letter as this was left for the Council to allocate when he assumes duties. His work was to be paid for by Council.

On the 23rd of March, 2012, an Employment Contract for the Post of Accounting Advisor between the Levuka Town Council and Mr. Cirikiyasawa was drawn up and signed on the 12th April 2012 with the following responsibilities and tasks:

- Perform all the duties of the Treasurer as laid down in the relevant duty statement
- Keeping and updating books of accounts including bank reconciliation

- Preparing of salary & wages
- Preparing of monthly Financial Statements
- Preparing of Annual Budgets
- Preparing of Annual Accounts
- Certifying payments before cheques are made
- Assisting the Council in the improvement of the Accounting System
- Facilitate the conversion of the Councils' Accounting System to Accrual Accounting
- Train the Treasurer designated in all aspects of Government accounting and assists him in his/her adjustment to the accrual accounting system.
- Manage and control department expenditure
- Supervise all the work of the Accounting Section
- Assist the CEO in the preparation of the Annual Corporate Plan and the Budget
- Any other duties that maybe assigned by the CEO

The appointment was for an initial period of one year which will be reviewed on one yearly basis at a base salary of \$32,000.00 per annum.

Mr. Ralulu Cirikiyasawa's contract with the Council expired on 23rd March, 2013 and on the 12th of March 2013, the CEO then in consultation with the Special Administrator Nausori/ Levuka requested the Acting Permanent Secretary for the Ministry of Local Government for a further extension of two months to his contract to 23rd May 2013 so that he can complete the work he was doing before handing over to the Trainee Treasurer.

On the 1st of May, 2013 the Acting Permanent Secretary for Local Government approved the two months extension of Mr. Cirikiyasawa's contract to 23rd May, 2013. The Special Administrator, Levuka Town Council was requested to provide an update on the Financial Systems and the Standard Operating Procedures of Council and the work that Mr. Cirikiyasawa had completed.

In Councils deliberations on the above matter, it regrets to advise the following irregularities that occurred on the appointment:

- The appointee, although carried out his duties, failed to provide progress reports to management. No report of his work was submitted at the completion of his contract
- Council and the Ministry of Local Government also badly failed in monitoring and supervision of his work in

accordance with the terms of reference in his contract. The oversight could have occurred in the lack of expertise in the accounting knowledge and process which affected their supervisory and monitoring roles.

4 (7) No supporting documents - Conservation loan

Council wishes to advise that it is unable to provide explanations, nor the documents required on the query since the Conservation Loan is managed and operated independently by the Levuka Heritage Conservation Committee. Efforts by Council to acquire these documents have been in vain due to the changes in Committee officials over the years.

4 (8) Unidentified Adjustments

As mentioned in our responses above, major challenges faced by new administration during the transition were:

- The unsatisfactory manner accounting books and records were maintained and non-adherence of the Manual of Accounts for Municipalities.
- The lack of expertise of staff in these areas worsened the situation. As a result, accounting books and records were not properly reconciled to ensure correctness, balanced and compliance to standing accounting and standard procedures.
- The Accounting books and records for the period under review were submitted to the Accounting Firm of PWC for the preparation of the Financial Statements before submission to Auditor General Office. PWC, therefore prepared the Council Financial Statements in accordance with the records submitted to them by Council, hence the various adjustments made to produce the Statements.
- Council, under the circumstances, therefore, regrets to advise that it is unable to provide explanations on these adjustments for the above reasons.

4 (9) Approved Budget not maintained

Council agrees with the Audit findings and confirm that from 2014, proper annual budgets are prepared on the specified time, deliberated on, and approved by Council with a copy forwarded to the Ministry of Local Government.

5. Actions taken by Council:

Apart from the corrective measures and improvements carried out by Council, which are mentioned in the above preceeding responses, it has recently appointed a qualified Accountant in January, 2021.

So far, she has made the following further improvements and reviews:

- Aging of Debts
- Review and updating of Council Fixed Assets register
- Preparation of Council Financial Statements in the International Financial Reporting Standards (IFRS) to Council donors when required
- Preparation and compilation of Financial Statements for Council for the years 2018 - 2020 (IFRS) Standard before submission to the Auditor General Office. This, therefore, has saved Council the cost of hiring an accounting firm to prepare its Annual Financial Statements as the practice was over the years.
- In an effort by Council to convert the current cash basis of accounting to the Accrual basis of accounting it has sought quotations from various reputable accounting firms on the software packages available including installation, training and maintenance that suit Councils need and in accordance with Government and Fiji Institute of Accounts Standards.
- Availability of funds to implement these changes is a great challenge faced by Council and has anticipated seeking Government assistance for the project.

6. Strategy for collecting Revenue:

Council's strategy of collecting Revenue is fully explained in our response to Question 4 (2) above. Furthermore, the following strategies are being followed:

- Consistent reminders and follow ups on arrears through mails, telephone, emails.
- House visitations
- Arrangement for part payments
- Small Claim Tribunals
- Last resort is to place caveats on properties

7. Responsible for Roads, Drains and footpaths:

The Fiji Roads Authority is responsible for all roads in Fiji however the Council is responsible for drains and footpaths within the town boundary. It is noted that 57% of the Council's total operating budget covers the drains, footpaths and roadside grass cutting.

Cost for maintaining drains on a monthly basis and annual basis:

- Monthly Basis : \$7,731.25
- Annual Basis: \$92,775.00

Yours sincerely



.....
Josese Rakuita
Chief Executive Officer
LEVUKA TOWN COUNCIL

ALL COMMUNICATIONS TO BE ADDRESSED TO THE CHIEF EXECUTIVE OFFICER

Re: Reschedule of PAC Public Hearing Time to 9:00 a.m. Friday 22 April 2022

Josese Rakuita <jrakuita@gmail.com>

Wed 5/4/2022 4:29 PM

To: Mateo W. Lagimiri <mateo.lagimiri@govnet.gov.fj>

Cc: savenaca.koro@yahoo.com <savenaca.koro@yahoo.com>; Josese Rakuita <ltc@connect.com.fj>; Ben G Naidu <bennaidu.levuka@gmail.com>; Joanne Rymell <joanne.rymell14@gmail.com>; nia vugakoto <vugakoto7@gmail.com>; Mateo Lagimiri <mateo.lagimiri@legislature.gov.fj>

2 attachments (841 KB)

LCC Acct.PDF; Heritage housing proposal.PDF;

Thank you Mr Mateo for the questions raised as a follow up to our responses following the committee's supplementary questions as follows:

(a) the number of Residential and Commercial ratepayers that are under Heritage Status within the Levuka Town Boundary;

Ans: The number of residents is 167 and commercials is 86, so currently we have a total of 253 rateable properties in Levuka Town.

(b) the detailed requirements of the 1/3 government assistance for the refurbishment of the dilapidated heritage buildings; and

Ans: The response to this question is attached, however we want to emphasize the need to have a policy paper on the 1/3 and 2/3 funding contribution as part of the government's initiative and contribution toward the conservation and preservation of the heritage status of Levuka Town.

(c) in consultation with the Ministry of Local Government, please provide a brief on the Heritage Committee, the public funds approved since its inception, the closing balance as at 31 December 2021 that are under the Conservation Loan, the \$50,000 approved budget and its financial accountability and transparency process between the Committee, the Levuka Town Council and the Ministry of Local Government.

Ans: Attached is the statement for the end of year 31 December 2021. Please note that the account at Westpac goes back to 2014, however it is noted that prior to this the BSP Bank was maintaining this account and was transferred to Westpac in 2014 during the closure of BSP in Levuka. For this reason we have to check further records with BSP in Suva to ascertain the source of funding for this fund. Please allow us some time to come to Suva for this verification and report back to your high office for information purposes.

We thank you Mr Mateo for the opportunity to make a response to the issues raised by the Parliamentary Select Committee.

JR

CEO LTC

On Tue, Apr 26, 2022 at 4:53 PM Mateo W. Lagimiri <mateo.lagimiri@govnet.gov.fj> wrote:

Bula Vinaka Mr Rakuita,

Thank you for availing yourself and Ms Vugakoto to appear before the Public Accounts Committee last week Friday.

As discussed during the public hearing, the Committee has requested for the following supplementary responses in relation to some of the issues raised in the 2019-2020 Audit Report on Municipal Councils (PP No. 105 of 2020).

These are, for Levuka Town Council to provide –

- (a) the number of Residential and Commercial ratepayers that are under Heritage Status within the Levuka Town Boundary;
- (b) the detailed requirements of the 1/3 government assistance for the refurbishment of the dilapidated heritage buildings; and
- (c) in consultation with the Ministry of Local Government, please provide a brief on the Heritage Committee, the public funds approved since its inception, the closing balance as at 31 December 2021 that are under the Conservation Loan, the \$50,000 approved budget and its financial accountability and transparency process between the Committee, the Levuka Town Council and the Ministry of Local Government.

Thank you and we look forward to hearing from you soon.

Regards

JR

Deputy Commi ee Clerk
Standing Commi ee on Public Accounts

From: Josese Rakuita [mailto:jrakuita@gmail.com]

Sent: Wednesday, April 20, 2022 11:19 AM

To: Mateo Lagimiri <mateo.lagimiri@legislature.gov.fj>

Cc: Savenaca Koro <savenaca.koro@yahoo.com>; Josese Rakuita <lrc@connect.com.fj>; Mateo W. Lagimiri <mateo.lagimiri@govnet.gov.fj>; Ben G Naidu <bennaidu.levuka@gmail.com>; Joanne Rymell <joanne.rymell14@gmail.com>

Subject: Re: Reschedule of PAC Public Hearing Time to 9:00 a.m. Friday 22 April 2022

Vinaka Mateo this is noted and confirmed. We request confirmation of the venue please.

Vinaka

CEO LTC

On Wed, 20 Apr 2022, 09:57 Mateo Lagimiri, <mateo.lagimiri@legislature.gov.fj> wrote:

Good Morning Mr Rakuita

The Public Accounts Commi ee is kindly reques ng to reschedule the hearing me to 9:00 a.m. instead of 10:00 a.m. on Friday, 22 April 2022.

Grateful for your confirma on in that regard and apologies for the inconvenience caused.

Thank you.

Deputy Commiee Clerk

Standing Commiee on Public Accounts

From: Josese Rakuita <jrakuita@gmail.com>

Sent: Tuesday, April 19, 2022 9:36 AM

To: Mateo Lagimiri <mateo.lagimiri@legislature.gov. >; Mateo W. Lagimiri <mateo.lagimiri@govnet.gov. >

Cc: savenaca.koro@yahoo.com <savenaca.koro@yahoo.com>; Levuka Town Council <ltc@connect.com. >

Subject: Fwd:

Please note the attached information sheet on our attendance.

Vinaka

JR

CEO LTC

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LEVUKA SERVICE CENTRE
 BEACH STREET
 LEVUKA

THE CHAIRMAN
 LEVUKA CONSERVATION COMMITTEE
 C/- LEVUKA TOWN COUNCIL
 P O BOX 70
 LEVUKA

Statement	86 (Page 1 of 2)	
Account	9805289411	
Customer (CIF)	547238	_____
Statement Begins	01 Dec 2021	_____
Statement Ends	31 Dec 2021	_____
Ending Balance	\$54,467.47	_____
Currency	FJD	

Statement of Account

Account Name LEVUKA CONSERVATION COMMITTEE

Account Type CHEQUE ACCOUNT - OTHER

Transaction Details

Date	Description	Debit	Credit	Balance
01 Dec	BEGINNING BALANCE			54,472.47
31 Dec	MAINTENANCE FEE	5.00		54,467.47
31 Dec	ENDING BALANCE			54,467.47

Account Summary

TOD : Current Rate is 17.50% p.a.

Rate Last Change is 1/05/07

Beginning Balance	-	Total Debits	+	Total Credits	=	Ending Balance
\$54,472.47		\$5.00		\$0.00		\$54,467.47

Number of Debit Transactions 1

Number of Credit Transactions 0

"Please note that if we suspect fraudulent activity on your card, we may decide to stop access to your card to protect your account until we can speak with you. For further information, call on (679)132032"

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* Advantage Accounts	* Visa Card/Amex Card	* Personal Loan
* Youth Account	* Handy Card/Visa Debit Card	* Commercial Lending
* Seniors Account	* Trade Finance	* Investment
* Cheque Accounts	* Foreign Currency Accounts	* Telephone Banking/Bill Pay
* Time Account	* Drafts/Bank Cheques	* Internet Banking/Bill Pay
* Maxi -Direct	* Money Gram	* eSaver
* Choice Basic Account	* Corporate Online	* Cash Management Account

Standard Abbreviations

A/C	Account	PIN	Personal Identification Number
ACA	Agreed Credit Arrangement (Limit fee)	PMT	Payment
ADJ	Adjustment	R/E	Reversal Entry
ATM	Automatic Teller Machine	SAL	Salary
AUTH	Authority	S/D	Stamp Duty
CHQ	Cheque	T/C	Travellers Cheques
CHQ RET	Cheque Returned	TELE BANK	Telephone Banking
EFTPOS	Electronic Fund Transfer at Point of Sale	T/D	Term Deposit
ENQ	Enquiry	TLB B Pay	Telephone Banking Bill Pay
F/O	In Favour Of	TO	Transfer Order
GOVT	Government	TRANS	Transactions
GX	Guarantee	TRF	Transfer
IB	Internet Banking	TT	Telegraphic Transfer
IBK	Instore Bank	WBC	Westpac Banking Corporation
LC	Letter of Credit	W/D	Withdrawal
MB	Mobile Banking		

Further Information

Please check all entries on this statement and promptly inform the Bank of any possible errors or unauthorized transactions.

Fees

Bank fees consist of all or a combination of the following:

Transaction fee - Electronic and Paper
Collection fee
Maintenance fee

Change of Address

If you change your address please advise your branch immediately.

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Proceeds of cheques will not be available until cleared.

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Levuka Town Council

P.O. Box 70
Levuka Fiji

Phone: 3440014
Fax: 3440288
E-mail: lrc@connect.com.fj



Our Ref: LTC/la(90/22)

Date: 4th May, 2022

The Hon. Chairman
Public Accounts Standing Committee
Parliament House
SUVA

Dear Sir

re: Heritage Management Policy

The Fiji World Heritage Decree 2012 provides the legal umbrella for the Management Plan. The decree is specifically designed for the protection and management of heritage places of potential World Heritage significance and encourages local government and others to protect and manage these places. The Levuka Heritage Management Plan focus on the town of Levuka in the island of Ovalau to meet both Fiji's and the UNESCO World Heritage Committees requirements for the management of heritage places of outstanding universal value. The Management Plan reflects the Fiji Governments commitment to cultural heritage management given the sustainable social and economic benefits it would achieve and has been prepared in consultation with community, industry, government agencies and other stakeholders.

Levuka's most recognizable expression of cultural heritage are the European buildings of the colonial port era but Levuka Town as Fiji's first capital, Fiji's first major trading port, site of cession to Great Britain and the site of many national and Pacific island firsts is still a living historic town with most of its heritage places still actively used.

There are many stakeholders organisations and individuals who have the responsibility for aspects of heritage in and Levuka. Whilst they may have an interest in ownership, these stakeholder groups are conduits of change and can also be affected by change in

heritage places. Owners of heritage places carry the crucial responsibility to be the initiator of sustainable change and management of the site. The thrust of the Management Plan is to provide guidance for owners so they can protect and conserve the tangible and intangible heritage values of their places. Good maintenance is identified as the highest priority work for most owners in looking after heritage places.

The Plan:

- provides general maintenance guidelines suitable for the various types of heritage places of Levuka, together with guidelines for developing maintenance plans and conservation plans for the most important buildings and more complex projects.
- identifies some major threats to heritage in Levuka in particular fire, and processes to address these threats.
- sets out how responsibilities (including benefits) of conservation of heritage of Levuka and Ovalau will be presented and promoted to the communities on the island and to visitors at the national, regional and international level.
- emphasizes efficient and economical information management, presentation, promotion and marketing, alongside building capacity for the people of Ovalau to manage heritage places.
- tries to minimize misunderstanding of cultural protocols, and promote authentic visitor experience through the Ovalau Cultural Care Code.
- addresses the urgent need to build capacity within Fiji and on Ovalau across the wide range of skills required for sound heritage management. A variety of techniques is proposed, but of these the most effective will be mentoring with work on real life projects. This will be facilitated by the Heritage Advisor.
- encourages continuous monitoring, reviewing and reporting of activities (projects) set in the plan so that cultural heritage places of Levuka and Ovalau is efficiently and effectively managed.
- sets out how funding and other resources will be obtained for heritage management projects either through self-funding, donor funding and funds leveraged by government. It is anticipated that the management of the Levuka Historical Port Tow will be self-sustainable in as far as financial assistance towards its maintenance and development is concerned.

Whilst it was not considered a serious issue for observance, maintaining heritage values of Levuka structures (monuments, buildings and streetscape) was undertaken by residents oblivious to its importance. Previous attempts have been made to make provision for appropriate funding to sustain the maintenance of heritage structures but did not materialize.

The maintenance of the heritage buildings are currently the responsibility of the homeowners, these covers both residential and commercial properties. However, the Levuka Town Council needs to be informed in order to give advice and directives in order to align any maintenance work in accordance with the building codes of the heritage guidelines. For this and various other reasons the Council is proposing a 1/3 and 2/3 policy to assist homeowners in the conservation and preservation of properties within the Levuka Town boundary. This will assist the Council in performing its role in ensuring the balancing of conservation and development and most importantly the retention of Levuka Town's heritage status amongst the Organization of World Heritage Cities (OWHC) and meeting UNESCO guidelines.

Vinaka.

Yours sincerely


Josege Rakuita
Chief Executive Officer
LEVUKA TOWN COUNCIL

ALL COMMUNICATIONS TO BE ADDRESSED TO THE CHIEF EXECUTIVE OFFICER



LIST OF WITNESSES WRITTEN EVIDENCE

Consolidated Substantive & Supplementary Responses
– 2018-2019 Audit Report on Municipal Councils (PP
No. 161 of 2020)

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1.	Sigatoka Town Council	2
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11.	Ministry of Local Government	86



File Ref. 7.4[2]

19th April, 2021

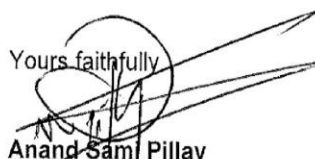
Hon. Alvick Maharaj – Chairperson
Standing Committee on Public Accounts
Parliament of Fiji
S U V A

Dear Sir

RE: Clarification of Issues – 2018 – 2019 Audit Report on Municipal Councils
(PP No. 161 of 2020)

Enclosed, please find a copy of written response from Sigatoka Town Council to the questions from the above mentioned audit report tabled in Parliament on Friday 4 September, 2020.

Yours faithfully


Anand Sam Pillay
CHIEF EXECUTIVE OFFICER [Acting]

COPY: File copy

L# 151/21

Sigatoka was proclaimed a town on the 1st of June, 1936.

Toll Free: 0800 6501 202 PH: (679) 6500 018 / (679) 6520 766 F: (679) 6520 231
W: www.sigatokatown.com.fj A: PO Box 118, Sigatoka, Fiji Islands



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PARLIAMENT

REPUBLIC OF FIJI

STANDING COMMITTEE ON PUBLIC ACCOUNTS



Tel: 679 3305 811
Fax: 679 3305 325
www.parliament.gov.fj

File Ref No: Parl 6/15

8 April, 2021

The Acting Chief Executive Officer
Sigatoka Town Council
Civic Building, Queens Road
SIGATOKA.

Dear Mr Anand Pilay

RE: Clarification of Issues – 2018-2019 Audit Report on Municipal Councils (PP No. 161 of 2020)

The Public Accounts Committee ('PAC') of the Parliament of the Republic of Fiji is currently scrutinizing the above mentioned audit report that was tabled in Parliament on Friday 4 September, 2020.

In accordance with Standing Orders 112 (1) (b) of the Parliament of Fiji, the Committee has the powers to "compel the production of documents or other materials or information as required for its proceedings and deliberations."

The Committee has noted that there were anomalies that the Members needed further clarification from Sigatoka Town Council ('Council').

In light of the COVID-19 precautionary measures imposed by the Fijian Government, the Committee requests for the written response to the attached questions and submitted to our Committee Secretariat by **Friday 23 April, 2021**.

A copy of the Auditor General's Report can be retrieved from the Fiji Parliament website using the following link: <http://www.parliament.gov.fj/auditor-generals-report/>

If you require any further information, please contact the Senior Committee Clerk, Savenaca Koro, on Tel: 9907356 (m) or email – savenaca.koro@govnet.gov.fj or the Deputy Committee Clerk, Mateo Lagimiri on Tel: 8925218 (m) or email – mateo.lagimiri@parliament.gov.fj.

Hon. Alvick Maharaj
Chairperson
Standing Committee on Public Accounts

PUBLIC ACCOUNTS COMMITTEE

QUESTIONS
Sigatoka Town Council
2018
<p>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. The Council did not tender works carried out for Landfill upgrade, which cost the Council over \$10,000.</p> <ol style="list-style-type: none"> 1. What were the reasons for not calling the tenders for capital works carried out? 2. What has Council done to improve the process of procurements of goods and services? 3. What is the status of the two qualification issues raised by the Auditor-General? Has those issues been resolved? 4. Has the Council developed an asset capitalization policy? If no, why is the asset capitalization still not being developed? What is the target date of having the policy developed and implemented? 5. What has the Council done to improve, timeliness and quality of the financial statements produced for audit? 6. What has the Council done to improve the internal control functions? 7. Has the Sigatoka Town Council reviewed its town boundaries? Where does it begin and where does it end? 8. Provide the explanation of the \$88,000, the reduction in Administrative and Operating Costs and the increased in Salary and Wages? <p>Abridged Statement of Financial Position</p> <ol style="list-style-type: none"> 9. What is this loan fund referring to and what advise what are these deferred income referring to? 10. Has the Council paid all its accruals and creditors? 11. Explain what this employment entitlement and what is it for? 12. Does Sigatoka Town Council have a valid drainage plan?

PUBLIC ACCOUNTS COMMITTEE

SIGATOKA TOWN COUNCIL 2018

1. 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. What were the reasons for not calling the tenders for capital works carried out?

This is to respond to the audit findings on the Cuvu market civil works project. Overall, the total cost for the Cuvu market project was \$119,944.00. The project construction work was carried out by Sigatoka Town Council, while the civil works was carried out by Quick Earth. The table below displays the project total costing. Quick Earth was engaged for;

- i. Supply of soil and
- ii. machines on separate occasions.

The engagement of Quick Earth Company was done progressively and on the need basis, (separately). The job required supply of soft stones to be dumped at the basin area, as the site was boggy and swampy with bush and tall trees. Four separate invoices were issued and separate payments were made adding the total sum paid to supplier to \$15,050.00. As mention from above, the engagement was done based on the assessment of the solid of the ground surface. Council dump soft stone in -order to make the surface area hard and to enable construction works to commence.

SUPPLIER/CONTRACTOR	TOTAL AMOUNT PAID	ENGAGED THROUGH; I] QUOTATION II] TENDER
QUICK EARTH	\$15,050	Kindly note that for this job only one quote was received as per Payment Voucher no. 88 where all the details for Quick Earth is attached (refer page 3 where the Health Inspector/ Building surveyor is informing the CEO that only one quote was received. This company was hired as and when needed.
Other Jobs done in house	\$104,894	All the jobs were done in house for other works.
Total	\$119,944	

Council Officer had informed the Chief Executive Officer of Sigatoka Town Council at that time, that there was only one company, who had provided quotation within the given time. The other companies approached by the Officer did not provide the quotation.

In conclusion, the Council had work within the manual of accounts, noting the needs to deliver the much needed facility to the road side vendors and the general public.

The actual cost amounted to \$15,050.00 which was procured separately, not with the intention to avoid calling for tender, but due to the need to create an enabling surface that Council can construct building on.

1. The Council did not tender works carried out for Landfill upgrade, which cost the Council over \$10,000. What were the reasons for not calling the tenders for capital works carried out?

For Landfill, this project was done in year 2016 by the Council and was funded by the Ministry. Other jobs such as hire of bulldozer from Khans Bros were done due to emergency when there was fire in Landfill and also due to when the Council digger was under repair by Carptrac.

Note: Council couldn't take quotes since they were the only company with Bulldozer close by to prevent fire and it was an emergency as the fire was spreading very quickly and the excessive smoke affecting the vehicles passing by in the main road.

2. What has Council done to improve the process of procurements of goods and services

From year 2016 till date STC has outlined the procedures for all procurements for STC

1. Scope for Procurement/Services – to be clearly outlined in the tender documents.
2. All tenderers to receive the same documents
3. The tenders must be placed in a locked box with key with the designated officer/CEO
4. At the time of closing the locked Tender Box is to be removed and placed in the CEO's office
5. Strictly No tender submission will be allowed after the closing date and time.
6. During opening one of the five SA's has to be present to view the process of opening and documenting
7. Each tender is to be sighted and initialed by CEO and also the SA present and on each page of every tender
8. A list of tenderers is to be prepared with the tender prices and signed again by CEO and the SA present
9. The tender is to be analyzed and evaluated by STC tender committee
A complying tender is one that fulfills all requirements of the tender and its conditions
A noncomplying tender does not necessarily mean a rejection but may have alternatives suggestions and prices. These are to be identified and noted in the report.
No correspondences or contact is to be made with any tenderers after date of closing.
However, clarification of information may be required at times and this is to be in writing only
10. A full report with copies of all tender documents is to be tabled to the Full SA Board for consideration.

The above applies to all procurement what is prescribed as the upper limit for each CEO which is \$10,000.

3. What is the status of the two qualification issues raised by the Auditor-General? Has those issues been resolved?

- (i) The Council recorded sundry deposit of \$63917 and sundry advances of \$4879 in the statement of financial position. The Council was unable to provide any documentation to support the deposit and advance. Please note that these balances are carried in STC's financial

statements from prior year 1998. These records are more than 20 years old therefore STC is unable to provide any documentation for this records.

Council had discussions with rate payers who operated the business then in early 1990's for the record for this deposit. Unfortunately none of them could provide any supporting documents therefore this Management will after consultation with the Ministry of Local Government request for a write off.

(ii) There was a reconciled variance of \$65,806 between VAT payable amount reflected in the Financial Statements and the Statement of Vat from Fiji Revenue Customs Services. The Council was unable to provide documentary evidence to substantiate the variance.

Please note that this issue was already discussed on 5th November 2020 with the Office of the Auditor General for 2019 Audit of Accounts. This was a book error from STC's Finance department therefore STC has informed the Auditors that for year 2020 Accounts, the Accounts will be prepared in house and the Vat amount will be confirmed by FRCS then the same will be sent to a qualified Accountant for checking and adjusting of any errors. Once this is checked by the qualified accountant, standards will be set and this qualification with the approval from the SA Board will be eliminated.

4. Has the Council developed an asset capitalization policy? If no, why is the asset capitalization still not being developed? What is the target date of having the policy developed and implemented.

Yes (attached).

5. What has the Council done to improve, timeliness and quality of the financial statements produced for audit?

Sigatoka Town Council is up to date in preparation of all the financial statements. In addition, for 2020 all the accounts will be prepared in house and sent to an independent auditor for checking and verification before submitting to Office of the Auditor General.

6. What has the Council done to improve the internal control functions.

Sigatoka Town Council has set Standard Operating Procedures to improve the internal control functions of the Council.

7. Has the Sigatoka Town Council reviewed its town boundaries? Where does it begin and where does it end?

The current Sigatoka Town Boundary commence from Sigatoka District Hospital ,Nadi End and Covers with 127 hectares and End at Olo- Olo Junction , Queens Road, Suva End.

Discussion already started with the Local Government Review Committee to Review the Town Boundary Extension , however, Council is still discussing with Council consultant t/a Nadhkam Consultant to review the charges due to the impact of the COVID 19 before initial work is commence. Where the consultant is hired to assist the council for review of the extensionTown Boundary. Few meetings were convened between the consultant, council and Local Government Review Committee.

8. Provide the explanation of the \$88,000, the reduction in Administrative and Operating Costs and the increased in Salary and Wages?

Reduction in Administrative and Operating Cost

The reason the Administrative and Operating cost reduced in 2018 was due to:

Breakdown

Particulars	2018	2017	Reasons
General maintenance	11098	24682	General decrease in maintenance in 2018
Maintenance of mini bus stand	0	4179	There was no maintenance work at mini bus stand in 2018
Riverbank upgrade	0	537	
Maintenance of Office furniture	1204	4135	There was less maint. For office furniture in 2018
Children's park	0	2065	There was no upgrade of children's park in 2018
Rubbish Dump/Digger	35728	70242	There was less maintenance work for the digger and less fire at dump
Streetlights	0	3068	Due to a lot of complains STC hired contractor to repair streetlights in 2017
Upgrade admin building	6763	21512	There was a change of roof of the Administration building in 2017.
Upkeep of road, paths	202992	202278	No change
Beautification of town	18862	14753	
Capital Projects	0	21793	There was no capital projects in 2018
Ladies accommodation	2613	4725	There was less maintenance at ladies accommodation
TOTAL	279260	373969	

Increased in Salaries & Wages

There was increase in Salaries & wages due to recruitment of two workers at Public Convenience and a few workers doing overtime for market and landfill works.

Abridged Statement of Financial Position

9. What is this loan fund referring to:

Sigatoka Town Council uplifted the loan with Colonial Fiji Life Ltd in year 2004 with the aim to

- | | | |
|----|--|-----------|
| 1. | Clear Off existing Loan with Westpac Pacific Banking | \$550,000 |
| 2. | Complete Subdivision Works at MH and Duabale Road | \$350,000 |
| 3. | Market Extension | \$200,000 |
| 4. | Nayawa Roads | \$115,000 |

The uplifted loan with Colonial Fiji Life Ltd amounting \$1,250,213 had followed all the due procedures and process. The existing loan will clear at the end of year 2024.

What are these deferred income referring to?

Deferred income for STC was the **advance payment** of Government grants received from for services that have not yet been delivered. Under the accrual basis of accounting, STC had recorded this payment as a liability

Details - DEFERRED INCOME - 2018

Digger – Grant received from Japanese Embassy	40413
Market Accommodation – Grant received from MLG	347849
Tip Truck - Grant received from MLG	40435
Nayawa Park –Grant received from MLG	71569
Riverbank (on going) - Grant received from MLG	789449
Solevu Drains - Grant received from Ministry Waterways	18349
New Bus Stand/Market Land - Grant received from MLG	256881
Lawaqa Drains - Ministry Waterways	96789
Cuvu market - Grant received from Ministry Waterways	110092

10. Has the Council paid all its accruals and creditors?

Sigatoka Town Council is confirming that all creditors for 2018 were paid in 2019.

11. Explain what this employment entitlement and what is it for?

Employee entitlement is the provision made for benefit accruing to employees in respect of salaries/wages and annual leave when it is probable that settlement will be required and they are capable of being measured reliability. Provisions made in respect of employees benefits expected to be settled within 12 months, are measured at their nominal values using remuneration rate expected to apply at the time of settlement.

12. Does Sigatoka Town Council have a valid drainage plan?

There is no valid drainage plan with the council. The only plan we have is the one with GIS. The Council is currently working with FRA for the drainage upgrade and then will later work on the drainage mapping.

SIGATOKA TOWN COUNCIL
Response to the Public Accounts Committee (PP No. 161 of 2020)

AUDIT RESPOND – CUVU MARKET TENDER.

This is to respond to the audit findings on the Cuvu market civil works project.

Overall, the total cost for the Cuvu market project was \$119,944.00. The project construction work was carried out by Sigatoka Town Council, while the civil works was carried out by Quick Earth. The table below displays the project total costing. Quick Earth was engaged for;

- i. Supply of soil and
- ii. machines on separate occasions.

The engagement of Quick Earth Company was done progressively and on the need basis, (separately). The job required supply of soft stones to be dumped at the basin area, as the site was boggy and swampy with bush and tall trees.

Four separate invoices were issued and separate payments were made adding the total sum paid to supplier to \$15,050.00.

As mention from above, the engagement was done based on the assessment of the solid of the ground surface. Council dump soft stone in -order to make the surface area hard and to enable construction works to commence.

SUPPLIER/CONTRACTOR	TOTAL AMOUNT PAID	ENGAGED THROUGH; I] QUOTATION II] TENDER
QUICK EARTH	\$15,050	Kindly note that for this job only one quote was received as per Payment Voucher no. 88 where all the details for Quick Earth is attached (refer page 3 where the Health Inspector/ Building surveyor is informing the CEO that only one quote was received. This company was hired as and when needed.
Other Jobs done in house	\$104,894	All the jobs were done in house for other works.
Total	\$119,944	

Council Officer had informed the Chief Executive Officer of Sigatoka Town Council at that time, that there was only one company, who had provided quotation within the given time. The other companies approached by the Officer did not provide the quotation – please refer to attached ***appendix i.***

In conclusion, the Council had work within the manual of accounts, noting the needs to deliver the much needed facility to the road side vendors and the general public.

The actual cost amounted to \$15,050.00 which was procured separately, not with the intention to avoid calling for tender, but due to the need to create and enabling surface that Council can construct building on.

APPENDIX i

Purchase Requisition

CHECKLIST

Date: 15-08-2018
 Requested By: P. N. N. P. R. M. A. T.
 Designation: H/O
 Department: N. D. R. C.
 Purpose of request: Cuvu Market Project
 Budget Allocation:

3 Quotations Attached

1. Name of Company: Quide Earth Company Ltd. Amount: attached find the Quotation.
 2. Name of Company: Sudesh Transport. Amount: N/A
 3. Name of Company: National Building. Amount: N/A.

Details Attached

(This includes any correspondence, letters, request, emails, meeting approval photos, etc to support the request).

Comments

Please take note that followed up with Sudesh Transport and National Building but they unable to provide the quote. Quide Earth Company is also working at ulivisila and they have provided the quote for the dumping 7 60t at the swampy and boggy area.

To: Usaia K

Date: 8th September, 2020

From: Sigatoka Town Council

Subject: Tenders not called for Capital Works

Kindly be informed that the reason for Sigatoka Town Council did not tender capital works carried for Cuvu Market construction project even though payments made to certain suppliers were more than \$10,000

The reasons are:

1. Firstly, the job was carried in house for which the Ministry of Local Government was being advised. There are various works involved.

Supplier/contractor	Total Amount Paid	Engaged through; i) Quotation ii) Tender
---------------------	-------------------	--

QUICK EARTH	15050	Kindly note that for this job only one quote was received as per Payment Voucher no. 88 where all the details for Quick Earth is attached (refer page 3 where the Health Inspector/ Building surveyor is informing the CEO that only one quote was received. This company was hired as and when needed.
Other Jobs done in house	104894	All the jobs were done in house for other works.

2. Secondly, no job for Quick Earth Company Limited was above \$10,000 to the supplier but instead the jobs were done separately and separate invoices were raised and separate payments were made adding the total sum paid to supplier above \$10,000.00. **Sigatoka Town Council is kindly confirming that this job is done progressively and on separate occasions. The separate work was less than \$10,000.**
4. Thirdly, only one quote was been received and despite personally calling and visiting no other companies provided any other quotes and if the companies had soil they didn't have equipment's to complete the job – **Please refer the first job for amount \$6375.00, payment voucher no. 88 where the building inspector – Mr. Pillay is advising the CEO that only one quote was received due the reasons stipulated above.**
5. STC's Chief Executive Officer (Mr. Tulsi Ram) approved this only quote for Quick Earth Company Limited to provide loads of soil with leveling and bulldozing and instructed the Council officials to move to complete the job. Furthermore, Quick Earth was executing the civil works at the Ulusila area which is close to the Cuvu Market and it was an advantage to engage him because Quick Earth Company had the soil, Excavator, Bulldozer and Truck to carry out the works. **Any written advice by the Requesting Officer to the CEO and specifically stating the reasons stated - Attached**
6. In addition, Progress reports were send on a weekly basis to Ministry of Local Government for their information and the former CEO- Mr. Ram had been advising the Ministry on updates. **Acquittal was not received on weekly basis, however, progress reports were submitted – Kindly confirming that the progress report was sent by STC.**
7. Lastly, the scope of the work was also changed as the initial plan was to build the Market for 25 vendors but it ended up building for 74 vendors and STC CEO had been receiving instruction from the Ministry Local Government to make additions thus this lead to increase civic works. – **Kindly confirming the reason for increase in the scope as per explanation given above**

8. Ministry Local Government was also doing its regular field visits.

Purchase Requisition

CHECKLIST

Date: 13-03-2018
Requested By: ANAND RANG
Designation: H/O
Department: N/A
Purpose of request: Curn Market Project
Budget Allocation:

3 Quotations Attached

- | | | | |
|---------------------|--------------------------|---------|------------------------------|
| 1. Name of Company: | Omide Earth Company Ltd. | Amount: | attached find the Quotation. |
| 2. Name of Company: | Sudesh Transport | Amount: | N/A |
| 3. Name of Company: | National Building | Amount: | N/A |

Details Attached

(This includes any correspondence, letters, request, emails, meeting approval photos, etc to support the request).

Comments: Please take note that followed up with Sudesh Transport and National Building and they unable to provide the quote. Omide Earth Company is also working at ulhisla and they have provided the quote for the dumping of soil at the swampy and boggy area.

Approved By: 
Manager Finance

FINANCE DEPARTMENT ONLY

LPO Number:

Issued By:

Date Issued:

GRANTS + DONATION - CUM MARKET

SIGATOKA TOWN COUNCIL

GENERAL FUND

DATE: 02/08/18

PAYMENT VOUCHER - 2018

VOUCHER: 81

1 Name of Claimant: Quick Earthwork Company Limited
2 Address of Complaint: Stike
3 Particulars of Claim: - being payment for delivery of soft stores

4 Accounts to Debit: Cum Market

5 Type of Payment: ☐ Recurrent ☐ Contractu ☐ Non Recurrent

6 Budget Allocation for the Year: _____

7 Payment Comments By Relevant Department (See Appendix Attached)

8 Manager Finance Comments: Approved by Council

9 Order Number and Quotation Details in Brief: _____

10 Category of Payment: ☐ \$2000 ☐ \$5000 ☐ \$10000 ☐ \$10000 plus

11 Exact Amount in Words: Six thousand one hundred seventy five dollars only.

12 Exact Amount in Figures: \$ 6175.00

13 Cheque No: 000090

14 Any Contracts Signed: _____

Payments Clerk/ Assist MF

Approved By:

Manager Finance

Chief Executive Officer

RECEIVED BY: _____

DATE: 2/8/2018

P.O. Box 1022
Nadi, Fiji.

INVOICE
TIN: 50-25665-0-5

Mobile : 992 9445
A/H : 670 6001



QUICK EARTHWORK COMPANY LIMITED

General Earthmoving & Logging Contractors



M SIGINTOKA TOWN
Carroll
Curu.

DATE: 0207/2018

Order No.

2771

TERMS: MONTHLY

TOTAL HRS	RATE	AMOUNT
DELIVER OF SOFT STONE		
FROM 30th JULY - \$8.50 -	PER CUBIC	
METER		
	PLEASE MAKE	
TOTAL LOTS - 50	PAYMENT OF	
	\$6175.00	
CUBIC \$8.50 -	(\$200 already paid)	
X 15 METER (check volume)		
\$ 127.5 -		
X 50 LOTS		
TOTAL => \$ 6,375		
		\$ 6,375.00

Less Advanced

Customer's Sign:..... Payant

Truck No:.....

\$ 200.00

Purchase Requisition

CHECKLIST

Date: 2/8/18
Requested By: Peter
Designation: Foreman
Department: Works
Purpose of request: Ann Market Works (hiring of Digger / truck / Bulldozer)
Budget Allocation: FTL

3 Quotations Attached

- | | | | |
|---------------------|--------------|---------|--|
| 1. Name of Company: | as attached. | Amount: | |
| 2. Name of Company: | | Amount: | |
| 3. Name of Company: | | Amount: | |

Details Attached

(This includes any correspondence, letters, request, emails, meeting approval photos, etc to support the request).

Comments

approved by CEO for the
work to be carried out by. Guide
Earthwork

Approved By: _____
Manager Finance

FINANCE DEPARTMENT ONLY

LPO Number:

Issued By:

Date Issued:

Cum Market
SIGATOKA TOWN COUNCIL

GENERAL FUND

DATE: 13/8/18

PAYMENT VOUCHER - 2018

VOUCHER: 88

1 Name of Claimant: Quick Earthwork Company Limited
2 Address of Complaint: Nadi
3 Particulars of Claim: - being payment for delivery of soft stores

4 Accounts to Debit: Cum Market

5 Type of Payment: () Recurrent () Contractu () Non Recurrent

6 Budget Allocation for the Year: _____

7 Payment Comments By Relevant Department (See Appendix Attached)

8 Manager Finance Comments: Approved by Council

9 Order Number and Quotation Details in Brief: _____

10 Category of Payment: () \$2000 () \$5000 () \$10000 () \$10000 plus

11 Exact Amount in Words: Six thousand three hundred seventy
the dollars only

12 Exact Amount in Figures: \$ 6375.00

13 Cheque No: 0000097

14 Any Contracts Signed: [Signature]

Payments Clerk/ Assist MF

Approved By:

[Signature]
Manager Finance

[Signature]
Chief Executive Officer

RECEIVED BY:

FARIS KETAN

DATE:

13/8/2018

P.O. Box 1022
Nadi, Fiji.

INVOICE
TIN: 50-25665-0-5

Mobile :
A/H :



QUICK EARTHWORK COMPANY LIMITED

General Earthmoving & Logging Contractors




M SIGATOKA TOWN COUNCIL
BESIDE POLICE POST.
CIVIL.

DATE: 13 10 2013

Order No.

2775

TERMS: MONTHLY

TOTAL HRS	RATE	AMOUNT
DELIVERY OF	SOFT STONE	
FROM 10 TH TO	12 TH OF AUGUST	
50 LOADS	750 m ³ @ \$8.50	
	\$6,375.00	
MF- Please	make payment	
	13/10/2013	

\$ 6,375.00

Customer's Sign:..... Truck No:.....

PURCHASE REQUEST

CHECKLIST

TRAUNI HEVA, TALO VINA
CHOTA SHAHAR, EADA DIL

Date: 13-08-2018
Requested By: ANAND RUMY
Designation: H/O
Department: WORKS
Purpose of request: CUM MARKET PROJECT
Budget Allocation:

3 Quotations Attached

1. Name of Company: Quide Earth Company Ltd. Amount: attached find the Quotation.
2. Name of Company: Sudesh Transport. Amount: N/A
3. Name of Company: National Bulldozing. Amount: N/A

Details Attached

(This includes any correspondence, letters, request, emails, meeting approval photos, etc to support the request).

Comments

Please take note that followed up with Sudesh Transport and National Bulldozing and they unable to provide the quote. Quide Earth Company is also working at ulhisila and they have provided the quote for the dumping 7 cart at the swampy and boggy area.

Approved By: 
Manager Finance

FINANCE DEPARTMENT ONLY
LPO Number:
Issued By:
Date Issued:

QUICK EARTHWORK COMPANY LIMITED

P.O.BOX 1022, NADI, FIJI

FAX: 6208221 PH: 9929445

GENERAL EARTHWORKING & LOGGING

CONTRACTING, HIRE OF BULDOZERS, EXCAVATORS & TRUCKS

EMAIL: quickearthwork@gmail.com

QUOTATION

To whom it may concern

Tulsi Ram

Sigatoka Town Council

Sigatoka

25th July 2018

I'm writing to you in regards to the designated work that needs to be done at Cuvu, Sigatoka.

Scope of work

The work that we are interested in doing are as follows:

1. Leveling
2. Bulldozing

Payment and deposit

A total of \$500fj is required as down payment for the designated work. Inclusive of \$8.50 per cubic meter of soft stone.

For any clarification, please do not hesitate to contact the under signed. We hope to provide the best for you.

Yours faithfully,

Samir Allam Khan

Samir Allam Khan
(Managing Director)

Mohini Nair

From: Craig Powell <ceo@sigatokatown.com.fj>
Sent: Tuesday, September 08, 2020 1:04 PM
To: finance1@sigatokatown.com.fj
Subject: FW: quotation
Attachments: image001.jpg

From: Faris Khan [mailto:faris.khan58@yahoo.com.au]
Sent: Thursday, 26 July 2018 3:04 PM
To: ceo@sigatokatown.com.fj
Subject: Re: quotation

are glad with the breakdown provided to us for the designated site.

Sent from Yahoo Mail for iPhone

On Thursday, July 26, 2018, 2:59 PM, Mr. Tulsi Ram <ceo@sigatokatown.com.fj> wrote:

This is to acknowledge receipt of your quote.

Your are also advised to provide 50 loads of soil as discussed to the Cuvu Police Post site as per your quote i.e. \$8.50x15x50=\$6375

Payments will be made as follows: upfront deposit : \$500.00

loads : 50% of balance to be paid after 25

loads. 50% of balance to be paid after 50

I hope this is ok.

Thanks.

Mr. Tulsi Ram

Chief Executive Officer

Sigatoka Town Council

M: (679) 9042493

W: (679) 6500018



From: Faris Khan [mailto:faris.khan58@yahoo.com.au]
Sent: Thursday, 26 July 2018 9:34 AM
To: ceo@sigatokatown.com.fj
Subject: quotation

please find the attached document and confirm me ones you get this email.

Regards

Samir allam khan

PROJECT PROGRESS REPORT

PROJECT SUMMARY

Project Name	Proposed Cuvu Mini Market, Cuvu Sigatoka																
Council	Sigatoka Town Council																
Project Consultant	Sigatoka Town Council																
Project Contractor	Sigatoka Town Council																
Budget	\$120,000-00																
Budget Received	As above																
Budget Utilised to date	<table> <tr> <td>26/7/18</td><td>QUICK EARTHWORK</td><td>\$500</td></tr> <tr> <td>2/8/18</td><td>QUICK EARTHWORK</td><td>\$2000</td></tr> <tr> <td>2/8/18</td><td>QUICK EARTHWORK</td><td>\$6175</td></tr> <tr> <td>8/8/18</td><td>G R N SHARMA</td><td>\$298</td></tr> <tr> <td>TOTAL</td><td></td><td><u>\$8973</u></td></tr> </table>		26/7/18	QUICK EARTHWORK	\$500	2/8/18	QUICK EARTHWORK	\$2000	2/8/18	QUICK EARTHWORK	\$6175	8/8/18	G R N SHARMA	\$298	TOTAL		<u>\$8973</u>
26/7/18	QUICK EARTHWORK	\$500															
2/8/18	QUICK EARTHWORK	\$2000															
2/8/18	QUICK EARTHWORK	\$6175															
8/8/18	G R N SHARMA	\$298															
TOTAL		<u>\$8973</u>															
Overall Physical Status of Project in %	15%																

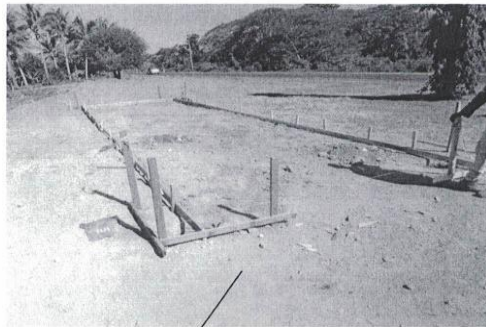
PROJECT

Update on Project Progress – 08-08-2018
That the Profiling and footing works are underway of the Proposed Market. [Attached find the Photos]

Actual Vs Estimated

Is the above progress within the estimated project timeline and budget? If not please provide explanation for variance and recommended way forward.

Yes



The work is under progress smoothly

9929445

RECEIPT

No 18661

Date: 13 / 08 / 2018

Received from M SIGATOKA TOWN COUNCIL by Cash/Cheque

sum of SIX THOUSAND THREE HUNDRED dollars

SEVENTY FIVE DOLLARS ONLY cents

ing payment for SOFT STONE

With Thanks

que No. —

Per 

8.0375 : 00

GRANTS + DONATIONS - CUMU MARKET

SIGATOKA TOWN COUNCIL

GENERAL FUND

DATE: 2/8/18

PAYMENT VOUCHER - 2018

VOUCHER: 82

- 1 Name of Claimant: Quick Earthwork Company Ltd
- 2 Address of Complaint: STRA
- 3 Particulars of Claim: -being payment for purchase of soil for Cumu market
- 4 Accounts to Debit: Cumu Market
- 5 Type of Payment: () Recurrent () Contractu () Non Recurrent
- 6 Budget Allocation for the Year: _____
- 7 Payment Comments By Relevant Department (See Appendix Attached)
- 8 Manager Finance Comments: Approved by Council
- 9 Order Number and Quotation Details in Brief: _____
- 10 Category of Payment: () \$2000 () \$5000 () \$10000 () \$10000 plus
- 11 Exact Amount in Words: Two thousand dollars only
- 12 Exact Amount in Figures: \$ 2000.00
- 13 Cheque No: 000089.
- 14 Any Contracts Signed: _____

Payments Clerk/ Assist MF

Approved By:

Manager Finance

Chief Executive Officer

RECEIVED BY: [Signature]

DATE: 2/8/2018



Purchase Requisition

CHECKLIST

Date: 21/8/18
Requested By: Pekar
Designation: Foreman
Department: Works
Purpose of request: cum market works
Budget Allocation:

3 Quotations Attached

1. Name of Company: as attached Amount: TV
2. Name of Company: herath Amount:
3. Name of Company: Amount:

Details Attached

(This includes any correspondence, letters, request, emails, meeting approval photos, etc to support the request).

Comments

Instructed + approved
by CEO

Approved By: 
Manager Finance

FINANCE DEPARTMENT ONLY

LPO Number:

Issued By:

Date Issued:

Cum MARKET

SIGATOKA TOWN COUNCIL

GENERAL FUND

PAYMENT VOUCHER - 2018

DATE: 26/07/18

VOUCHER: 80

1 Name of Claimant: Samir Allam Khan (Quick Earthwork)

2 Address of Complaint: Sigatoka

3 Particulars of Claim: - being payment for pondy 50 loads
of soil for Cum Police Post.
(upfront deposit)

4 Accounts to Debit: _____

5 Type of Payment: _____
() Recurrent () Contractu () Non Recurrent

6 Budget Allocation for the Year: _____

7 Payment Comments By Relevant Department (See Appendix Attached)

8 Manager Finance Comments: Approved by Council

9 Order Number and Quotation Details in Brief: _____

10 Category of Payment: () \$2000 () \$5000 () \$10000 () \$10000 plus

11 Exact Amount in Words: Five Hundred dollars only.

12 Exact Amount in Figures: \$500.00

13 Cheque No: 000088

14 Any Contracts Signed: _____

Ent
Payments Clerk/ Assist MF

Approved By:

NK
Manager Finance

[Signature]
Chief Executive Officer

RECEIVED BY: [Signature]

DATE: 27/07/2018

Mohini Nair

From: Mr. Tulsi Ram <ceo@sigatokatown.com.fj>
Sent: Thursday, July 26, 2018 2:59 PM
To: 'Faris Khan'
Cc: finance1@sigatokatown.com.fj
Subject: RE: quotation
Attachments: image001.jpg

This is to acknowledge receipt of your quote.

You are also advised to provide 50 loads of soil as discussed to the Cuvu Police Post site as per your quote i.e. \$8.50x15x50=\$6375

Payments will be made as follows: upfront deposit : \$500.00

50% of balance to be paid after 25 loads :

50% of balance to be paid after 50 loads.

I hope this is ok.

Thanks.

Mr. Tulsi Ram
Chief Executive Officer

Sigatoka Town Council
M: (679) 9042493
W: (679) 6500018



From: Faris Khan [mailto:faris.khan58@yahoo.com.au]
Sent: Thursday, 26 July 2018 9:34 AM
To: ceo@sigatokatown.com.fj
Subject: quotation

please find the attached document and confirm me ones you get this email.

Regards
Samir allam khan

SIGATOKA TOWN COUNCIL
ASSET CAPITALIZATION POLICY

1. Purpose

This accounting policy establishes the minimum cost (capitalization amount) that shall be used to determine the capital assets to be recorded in the accounting records (books) and financial statements of the business.

2. Capital Asset Definition and Thresholds

A "Capital Asset" is a unit of property with a useful life exceeding one year and a per unit acquisition cost **exceeding \$500**. Capital assets will be capitalized and depreciated over their useful lives. The full acquisition cost of tangible personal property below these thresholds will be expensed in the year purchased.

3. Capitalization Method and Procedure

All Capital Assets are recorded at historical cost as of the date acquired.

Tangible assets costing below the aforementioned threshold amount are recorded as an expense in the accounting records and financial statements of the business. In addition, assets with an economic useful life of 12 months or less must be expensed for both book and financial reporting purposes.

4. Documentation

Invoices substantiating the acquisition cost of each unit of property are to be retained for a minimum of 6 (six) years.

Tax Capitalization Threshold: The permissible ceiling for deducting otherwise capitalizable expenditures is \$5,000 when our business has applicable financial statements. The threshold is limited to \$500 in the absence of applicable financial statements.



Mr. Tulsī Ram
CHIEF EXECUTIVE OFFICER

PUBLIC ACCOUNTS COMMITTEE QUESTIONS

2018-2019 Audit Report on Municipal Councils (PP No. 161 of 2020)

1. What is the status of the 7 issues noted as qualification? Has those issues been resolved?

Issues	Actions
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.	All Payment Vouchers were provided to the Auditors for verification purposes however, some of the supporting documents such as Minutes and Agreements were not available. Hence, the Rakiraki Town Council [RTC] is now improving on record keeping and the safe storage of accounting records.
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.	VAT Return is carried out on Quarterly basis and the Council is preparing VAT reconciliation on Annual basis.

<p>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 adjustments to the elements making up the statement of comprehensive income and statement of financial position.</p>	<p>Under Section 75 of the Local Government Act, rates assessed and recorded in a rate book together with the costs of proceedings, if any, for the recovery of such rates shall be a first charge on the land rated and shall be recovered by the Council. Limitation Act clearly states that no action shall be brought to recover any principal sum of money secured by a mortgage or other charge on property or to recover proceeds of the sale of land after the expiration of 20 years from the date when the right to receive money accrued. Since rates are a charge on a property, section 8 of the Limitation Act, applies where rates can be recovered by way of court action.</p> <p>Therefore, there is no provision for doubtful debt for rates arrears. However,</p>
	<p>the management of the Council agreed with audit recommendation to take prudent approach and make adequate provision for and other receivables balance.</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>List of annual leave balances was provided to Auditor General but provision for annual leave was not passed because council approves annual leave for staff upon application by the staff and once approved the leave was granted</p> <p>Council maintains a proper annual leave file for each staff and the provision of employee benefits are now disclosed in the FS.</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>We already provided the agreement to the auditor general but were unsure to how to pass the adjustment entry to the grant receivable for the Govt and UNDP. Grant income was only realized when it was received in to the main account.</p> <p>The Market Project grant was received in May 2017 and it was first time a grant was received that will rollover to the next financial year. The Council has no experience in handling such accounting requirement. It is a learning lesson to the Council.</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>There were no contingent liabilities, The Council is now ensuring that a disclosure is provided in the FS.</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>	<p>The Opening balance of 2018 Financial Statement was brought forward from the 2017 Closing balance which was not audited by the Office of the Auditor General.</p> <p>Further to this, improvements have been made whereby the Closing balance of the previous audited Financial Statement is carried forward to the current Financial Statement as an Opening balance.</p>

2. What has the Council done to ensure that issues noted as basis of disclaimer of opinion does not reoccur?

One of the most important processes of audit is the verification of accounts. The process requires the availability of supporting documents. The Council is now ensuring that all documents are available and all the reconciliation of accounts are carried as required.

3. What was the Council done to improve the timeliness and quality of the financial statements submitted for audit?

The Rakiraki Town Council is up to-date with the Financial Statement. The current FS prepared is for the 2020/2021 Financial Year.

4. What is the status of the investigation carried out to determine 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?

There was an investigation ordered by the Ministry of Local Government. However, the Council is not privy to the report.

5. What has the Council done to improve, timeliness and quality of the financial statements produced for audit?

There are 3 phases in the update of outstanding Financial Statement.

1st Phase is the submitting of all Financial Statements. 2nd

Phase resolving qualification issues

3rd Phase addressing audit recommendations.

Phase 1 is nearly completed and commencing with Phase 2.

6. What has the Council done to improve the internal control functions?
- a. The Council has received the new Finance Manual.*
 - b. Ensure segregation of duties.*
 - c. Working on Risk Management Policy*
 - d. Perform reconciliations*
 - e. Provide training to staff*
 - f. Proper documentation of transactions.*

Public Accounts Committee

Questions

Nadi Town Council 2015 - 2016

A Modified (Disclaimer of Opinion) was issued on the 2015 and 2016 financial statements respectively. There were a total of 13 basis on which disclaimer of opinion was issued for 2015 and 10 basis for 2016.

1. What is the status of the issues noted as qualification? Has those issues been resolved? If not, why not?

Council has rectified the following qualifications:

- Updated the employees personal files
- Renewed all the expired agreements
- Maintaining of Council Fixed Assets register
- Created the Assets disposal policy
- Drafted bad debts policy
- Ensuring that the financial statement is in compliance with IFRS for SMEs.

Also sought clarification with the Accounting Firm who prepared the Financial Statements and carried out a thorough reconciliation on Vat and Debtors.

2. What has the Council done to ensure that issues noted as basis of disclaimer of opinion does not reoccur?
Council has implemented the Xero Accounting Software to control the unreconciled Variances presented in the Financial Statements. Also we have recruited the Reconciliation Officer to carry a thorough reconciliation on the Debtors, Vat, trade and other payables, sundry deposits.
3. What is the status of the audit for rest of the financial years (2017-2019)
2017 – Audit is in Progress and the Audited Financial Statements are expected to be released on the 10th of May, 2021.
2018 – The compilation and preparation of the 2018 Draft Financial Statements has been done and is with the Management for review. This will be submitted to the Office of Auditor General on 19th of May, 2021. 2019 – The draft 2019 Financial Statements will be submitted on 30th September, 2021.
4. What were the reasons the Council was unable to produce financial statements for audit in a timely manner?
The main reason was the Management Staff turnover and usage of Manual system.

Common findings of the report noted weaknesses relating to records management, limitation of scope, asset management, absence of clear policies and procedures, corporate governance, financial reporting, revenue management, payroll and Human Resource management, cash management and procurement and payment process.

5. What changes/processes and procedures improvement have the Council put in place to correct failures and weaknesses, and prevent any recurrences? How will the Council ensure that this changes, processes and procedures are strictly followed?

Council has recently recruited the Manager Finance with an extensive background in Auditing and also conducted an internal Audit. Our internal Audit team has submitted their summary of findings and our Management has now addressed the issues in their departments. The Management will ensure that the issues identified in prior audits are attended to and sufficient controls are implemented.

6. Has the Council maintained sufficient funds to refund deposits should the deposits should be depositors require refund? No. The Council is now working on reconciling the sundry deposit listing and some listing have been carried forward from 2008 .Council does not have the supporting documents for this. The amount has been refunded but the documents are not in place to support the claim.
7. What was the reason the Special Loan Rates were not used for its intended purposes?
The Special Rate was used for its intended purposes, however, Council has collected more than the yearly repayment amount. The excess amount that the Council has collected is due to ratepayers who have fully paid their rate in arrears.
8. Has the Council 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? The review was carried out by the Accounting Firm who prepared the Financial Statements and the Manager Finance has been tasked to establish policies and undertake the full reviews of the depreciation rate and the economic useful lives of its property. Also making sure that the Fixed Assets are reconciled with the general ledger .Financial statements should be prepared on a timely basis and full review to be undertaken.
9. What has the Council done to improve, timeliness and quality of the financial statements produced for audit?
The tender for the preparation of Annual Accounts has been called for the period of 2019 to 2021. As per the scope of work, the timeframe for the preparation should be a period of two months only. Also the selected Accounting Firm will conduct training to the Council Finance Staff to upgrade their knowledge and skill to transfer the data entry in Xero Accounting Software.
10. What has the Council done to improve the internal control functions?
The Council has contracted an Internal Auditor to assess the Council internal control system .The summary of findings has been submitted to the management .The Manager Finance is now focusing in designing the policies and procedure that are suitably designed to prevent, detect and correct the material misstatements.

Abridged Statement of Financial Performance and Financial Position

11. Explain the increase in rate revenue?

The increase in rate revenue is due to the approval that was granted from Ministry of Local Government on the 100% waiver of interest on rate arrears over an amnesty period of 3 months .Also offering a discount 10% in January and 7% in February. Previously Council was offered 7% in January and 5% in February. Most of our ratepayers had taken advantages for this amnesty period.

Public Accounts Committee

12. Explain why the bus stand charges no longer there?

The Bus stand charges is included in the Financial Statements under Taxi, bus stand and carrier stand charges

13. Explain what is this other income of \$968,886 relating to?

Below is the breakdown

Public Accounts Committee

No	Income	Amount
1	Advertising	90,757.00
2	Building Fees	162,940.00
3	Fee for services	31,582.00
4	Fee for minibus	42,550.00
5	Handcraft stall	19,751.00
6	Library subscription	898.00
7	Legal Fee recoveries	11,284.00
8	Miscellaneous	39,030.00
9	Public Carpark	88,270.00
10	Public Convenience	67,375.00
11	Amortisation of deffered income	361,161.00
12	interest received	19,115.00
13	sundry income	34,173.00
	Total	968,886.00

14. Explain in details the fluctuation in salaries and wages? Council has engaged some contractual employees for the period of 3 months only to help the Council in providing services to its ratepayers and the community of Nadi.

15. What sort of arrangements does Nadi Town Council have with Lautoka City Council on the disposal of garbage? What are Nadi Town Council future plans on garbage disposal?

This arrangement has been there for over 30 years and Nadi has been paying the dump fee to LCC .We have been working with Sigatoka Town Council in identifying a proposed site at Navutu but yet to receive response from the Ministry of Local Government on our requests

16. What sort of investment properties does Nadi Town Council have?

- Council has a Commercial rental property which has been leased to tenants and part of the same building is being utilized for Council

offices as well. The total approximate income per year is approximately \$570,000.00. Council also has plans to develop the existing car park at the back of this complex into multi storey car parking and commercial development. Expression of interest from architects has already been called.

- Council has another car park near the market which has been rezoned to Commercial B. This will also be developed into multi storey car park and commercial complex.
- Council has a lot at Namaka Industrial and the spaces have been leased to tenants.
- Council has also applied for the vacant space near the Court house to shift all its offices under one roof and lease out the current offices for commercial offices.

Public Accounts Committee

2014 TAVUA TOWN COUNCIL

1.What is the status of the issues noted as qualification? Has those issues been resolved?

ISSUES	ACTION
<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>The reconciliation of accounts was delayed by the Council due to the limited number of staff in the Council Office. However, the council did perform the checks and balances with the bank statement and council records on a monthly basis. The monthly reports are presented to the board for their analysis. The Council has now ensured that all accounts reconciliation is updated.</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>	<p>This Parking Meter Account includes revenue from parking meters and also from business houses who have paid for parking reserves. The Council has ensured that supporting documents are properly kept as it is very important for verification and confirmation by auditors. The traffic infringement notices are now transferred to LTA after 30 days of issuance.</p>

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.	VAT Return is carried out on Quarterly basis and the Council is preparing VAT reconciliation on Annual basis. The Council has updated VAT reconciliation on annual basis to substantiate outstanding tax refund or payable.
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	Deferred income is the balance from the govt grant for capital projects. These funds are deposited in the Challenge fund account which is a separate account. The total \$98,775.00 includes: \$60,315.00 – Garvey Park Rehabilitation Fund \$24,266.16 - City wide Project \$14,193.82 – Footpath/drains
any corresponding adjustments to the elements making up the statement of comprehensive income and statement of financial position.	These funds all are kept in separate project accounts i.e Challenge Fund Account and City Wide Project Account. The balance of these bank accounts are treated as deferred income as the funds are for special projects.
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.	The Council is now ensuring the reconciliation of Rates on a monthly basis so that it will reflect the true record of rates received.
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.	Noted. The IFRS transition was done in 2014. The IFRS transition report provided later by the accountants and was forwarded to the OAG.

2. What has the Council done to ensure that issues noted as basis of qualified opinion does not reoccur?

The Council is now working on reducing issues which resulted in qualified opinion. Most of issues raised were due to delay of accounts reconciliation. Accounts are ensuring that reconciliation are carried out in regular basis.

3. What is the status of the audit for rest of the financial years (2014- 2019)?

The FS for 2016-2019 are submitted to the Auditor General,

There are 3 phases in the update of outstanding Financial Statement.

1st Phase is the submitting of all Financial Statements.

2nd Phase resolving qualification issues

3rd Phase addressing audit recommendations.

4. What were the reasons the Council was unable to produce financial statements for audit in a timely manner?

The preparation of Financial Statements were delayed due to limited number of staff. It is now part of the KPI of the Board including the CEO.

5. Advise the Committee when will Tavua Town Council update its audited accounts?

The Council has submitted FS 2019 to OAG. The audit of 2017 Financial Statement is in progress.

6. What changes/processes and procedures improvement have the Council put in place to correct failures and weaknesses, and prevent any recurrences? How will the Council ensure that this changes, processes and procedures are strictly followed?

The Council has received the new Financial Manual that will improve the accounting processes of the Council.

7. What has the Council done to improve, timeliness and quality of the financial statements produced for audit?

The Council has introduced MYOB accounting software to assist in the recording of revenue, expenditures and printing of monthly and annual reports.

8. What has the Council done to improve the internal control functions?

a. The Council is using the newly formulated Finance Manual.

b. Ensure segregation of duties.

c. Working on Risk Management Policy

d. Perform reconciliations

e. Provide training to staff

f. Proper documentation of transactions.

9. Does Tavua Town Council have a valid road and drainage infrastructure plan? If not, why not?

Yes, the Council has an approved Town Planning scheme which shows roads and drainage.

10. What arrangements or measures have been put in place to collect the rate arrears and whether this is working?

i. Continuous follow-up with Ratepayers who have

arrears. ii. Ratepayers making payment

arrangement with the Council. iii. Ratepayers

should honor the agreed payment arrangement. iii.

Submitting claims to Small Claim Tribunal.

SUVA CITY COUNCIL
Civic Centre, Suva Fiji
CHIEF EXECUTIVE OFFICER

P.O.BOX 176, SUVA.
Customer Service Free Hotline Numbers:- Dial 722 from
Vodafone/Digicel/Inkk Mobiles or Dial 0800 3301722 from
TFL Landlines. Email customerservices@scc.org.fj
FAX NO: 3302158 Website: www.suvacity.org

IN REPLY PLEASE QUOTE:
Telephone enquiries to 3313433 Ext. 100



1st February, 2022.

Mr. Mateo Lagimiri
Deputy Committee Clerk
Standing Committee on Public Accounts
Parliament Building
Suva.

By: Electronic Mail

Dear Sir,

Re: PUBLIC ACCOUNTS COMMITTEE QUESTIONS
2018-2019 Audit Report on Municipal Councils (PP No. 161 of 2020)

Reference is made to your electronic mail.

Please find attached Suva City and Lami Town Council response in the table below.

Suva City Council 2012-2015	<p>A Modified (Qualified Opinion) was issued on the 2012 – 2015 financial statements respectively.</p> <p>1. What is the status of the issues noted as qualification? Has those issues been resolved? The Council has improved its audit opinion from Disclaimer of Opinion in 2010 to Qualified opinion for the years 2012 to 2015. There were only three qualifications (compared to six in 2011) for the year 2012 – 2015 which includes the following:</p> <p>Market Fee and Parking Meter Revenue: For the Municipal Market. the city council has divided the collection of stall fees into two streams as follows:</p> <p>Permanent Stalls in within the Municipal market – The permanent stalls have been properly registered and the Council expects 100% collection.</p> <p>Outside Casual Stalls – The outside casual stalls have been properly marked and stall allocation and collection is supervised by the Market Manager, The Council has an Internal Auditor who is responsible for carrying out spot checks and submitting reports to the Council. The finance team also frequently visits the Municipal Market to reconcile casual stall occupancy with receipts issued. The Suva City Council has further entered into an agreement with Vodafone to introduce the M-Paisa methodology of collection.</p> <p>To improve the collection of cash from parking meters, the City Council has separated parking meter collection duties from the actual counting of cash. The City Council has invested in a coin sorting and counting machine to accurately record the parking meter revenue. Furthermore there had been tender done for parking bay management software system which will manage and administer all the street parking bays in the city.</p>
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ALL LETTERS TO BE ADDRESSED TO THE CHIEF EXECUTIVE OFFICER

Vat Reconciliation – The vat reconciliation procedure was been upgraded on 31 December 2020. The City Council Finance team has established and implemented a policy of meeting FRCS staff on a quarterly basis to discuss movement and reconciliations. Ernst & Young is currently carrying out detailed reconciliations for years 2017 – 2019 for audit purposes.

Inventory Reconciliation – The inventory reconciliation was improved as at 31st December 2019. Furthermore, the Internal Auditor is currently auditing the Inventory management system and will submit a report, including recommendations for improvement, by this quarter. The annual stocktake is now a programmed end of financial year, balanced day activity, and it includes a staff from the Office of the Auditor General.

What has the Council done to ensure that issues noted as basis of qualified opinion does not reoccur?

The Council has put utmost priority to resolve all the issues for the qualification as highlighted above. Council has delegated respective personnel to ensure that the issues highlighted in the Audit report are addressed and attended too and a monthly update report be circulated to the management.

2. What is the status of the audit for rest of the financial years (2016-2019)?

2016 – 2018 financials have been forwarded to the Office of the Auditor General. 2019 would be finalized and sent by end of January 2022. Follow up has been done with OAG on the commencement of external audit. They were supposed to conduct the audit mid of last year but was delayed to their commitment to clear audit for other government entities. Follow up was done again during the last quarter last year whereby they stated that they would commence their audit in the month of December 21.

3. What were the reason the Council was unable to produce financial statements for audit in a timely manner.

The Council has been behind in its compilation of financial statements for some years. The reason has been the requirements to upgrade the financial reporting to International Financial Reporting Standards. This had seen a major shift required in recording and reporting to which the City Council has adjusted.

Common findings of the report noted weaknesses relating to records management, limitation of scope, asset management, absence of clear policies and procedures, corporate governance, financial reporting, revenue management, payroll and Human Resource management, cash management and procurement and payment process.

4. What changes or processes and procedures improvement have the Council put in place to correct failures and weaknesses, and prevent any recurrences? How will the Council ensure that this changes, processes and procedures are strictly followed?

The Suva City Council has invested in an Internal Audit Team. A senior auditor has commenced work and there would be further recruitment of two additional staff members for this team. The Council will soon conclude the recruitment of the Risk and Compliance officer. This recruitment will strengthen the Council's monitoring processes.

5. What is the status of maintaining 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 –

- 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 Suva City Council is only maintaining its general fund account for City Council activities within the city boundaries, Special accounts are maintained for external services including the extended solid waste management areas, Kadavu operations and Nasinu Town Council solid waste management services. The fund accounts will be discussed with the Office of the Auditor General during the 2016 audit. The Loan Rate

	<p>and Street Light Fund have been closed given that the Council has no loan and street light fund obligation. The City Council is only charging a single rate to ratepayers which is General Rates.</p> <p>6. Has the variance of \$342,287 between the sales declared in the VAT form and the sales recorded in the general ledger been resolved? The variance in sales declared in the VAT form was a result of not taking into account general journal entries posted in the general ledger which was not showing in the Vat returns. This variance has been identified.</p> <p>It was further noted that there was an unreconciled variance of \$870,786 in the VAT reconciliation prepared by the Council. What is the status of the unreconciled variance noted? The 800K entry is a carried forward balance from prior years which was sitting in the general ledger. Suva City Council had recommended to the external auditors that this entry be reversed as there is no details or supporting source document to justify that transaction. However the auditors have not agreed to this. The other major variance in the VAT returns was due to transactions posted in the general ledger and not submitted in the VAT returns. Note the Ernst & Young are compiling a full reconciliation of this account and will be submitting a detailed report of Vat reconciliation to Suva City Council.</p> <p>7. What corrective action has the Council taken so that such variances does not reoccur? Vat account is reconciled on monthly basis to ensure all respective transactions are recorded and reported in the Vat returns.</p> <p>8. What has the Council done to improve, timeliness and quality of the financial statements produced for audit? Council is reconciling accounts on a monthly basis to ensure that any discrepancies identified are sorted out. All reconciliation are prepared electronically with supporting documents and stored in a shared drive.</p> <p>9. What has the Council done to improve the internal control functions? The Council has recruited an Internal Audit to strengthen the internal control functions. The Internal Auditor has mapped out an extensive audit plan for all areas to improve the internal control functions of the Council. Furthermore recruitment of Risk and compliance officer would strengthen the Council's monitoring process reduce risk and improve compliance.</p>
<p>Lami Town Council</p> <p>2014</p>	<p>A Modified (Disclaimer of Opinion) was issued on the 2014 financial statements. There were a total of 10 basis on which disclaimer of opinion was issued.</p> <p>1. What is the status of the 10 issues noted as qualification? Has those issues been resolved?</p> <p>Debtors Report – The Council has recently decided to strengthen rates collection and ensure that all rates are collected on time. The Council has noted that rates is a charge on land, therefore, is collectible from the owner or occupier.</p> <p>Fixed Asset - Council has established a fixed asset register where all assets have been recorded. The Council is currently in the process of carrying out a revaluation of all its properties.</p> <p>Audit Opinion - The issue raised has been rectified in the 2015 financial statements where by the transfer of Roads, drain and verges has been transferred as per the FRA act</p> <p>Bank Reconciliations - The monthly bank reconciliations are being performed and the amount deposited are correctly receipted. This has been corrected in the 2015 financial statements.</p>

Impairment Testing - The Council ensures that impairment testing are carried out and the state of asset conditions report prepared to work out way forward. The management has adopted to monthly review of debtors and ensures that such cases are reviewed. The monthly debtor's reconciliations are now carried out and reviewed.

Sundry Debtors - Our record show that a total amount of \$51,589 details backdate to prior 2013. The Council is of the opinion that under the limitations act this amount owed by the Council for Sundry deposits is non claimable since it has passed 6 years. The Management has decided to place this as part of the draft annual accounts and discuss with the office of the Auditor General to pass it as a prior year adjustment. The accrual listing are maintained and have been corrected in 2015 financial statements.

This was due to the correct balances recorded in 2013 accounts. Council is now preparing the monthly reconciliations of its debtors and ensures reconciled balances reflected in the financial statements

This has arisen from the prior period adjustments carried out in 2014 financials. Council has noted that this comparative balances are correctly recorded while preparation of financial. This errors has been corrected in 2015 financials.

The Council has noted the issue raised and all journals raised are signed and approved before entry. Journal files are being maintained for record keeping.

Capital Expenditure Commitments

The Capital expenditure commitments are extracted from the Councils annual budget and the listing is maintained for Audit purposes.

2. What has the Council done to ensure that issues noted as basis of disclaimer of opinion does not reoccur?

The Council has put utmost priority to resolve all the issues for the qualification as highlighted above. Council has delegated respective personnel to ensure that the issues highlighted in the Audit report are addressed and attended too and a monthly update report be circulated to the management.

3. What is the status of the audit for rest of the financial years (2015-2019)?

2016 – 2017 financials have been forwarded to the Office of the Auditor General. 2018 and 2019 would be finalized and sent by end of January 2022. Council has received draft Management Letter from office of the Auditor General and have replied. Follow up has been done with OAG on exit meeting and awaiting response from OAG.. They were supposed to conduct the meeting in November of last year but was delayed to their commitment to clear audit for other government entities. .

4. What were the reason the Council was unable to produce financial statements for audit in a timely manner?

The Council has been behind in its compilation of financial statements for some years. The Council has recently programmed this as a priority and submitted annual accounts as at year 2018.

Negative Operating Cash Flow

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.

5. What is the current status of the cash flow position of the Council?

	<p>Council has improved on its year end balances compared to past years and has the capacity to ensure continuity. The Council has no financial obligations as per records 2021 onwards on a long term basis. The Council further has no short term financial obligations apart from trade payables.</p> <p>6. What has the Council done to improve its financial position?</p> <p>The Council has strengthen its rates collection strategies and is targeting to collect all outstanding rates. Council has also strengthen its revenue collection for other revenue streams and weekly/monthly follow ups are made to collect outstanding revenues. The Council is also monitoring its expenses and ensure that it's within the Council budget.</p> <p>Common findings of the report noted weaknesses relating to records management, limitation of scope, asset management, absence of clear policies and procedures, corporate governance, financial reporting, revenue management, payroll and Human Resource management, cash management and procurement and payment process</p> <p>7. What changes or processes and procedures improvement have the Council put in place to correct failures and weaknesses, and prevent any recurrences? How will the Council ensure that this changes, processes and procedures are strictly followed?</p> <p>The Lami Town Council has been supported by the Internal Auditor from SCC which has strengthen the Internal Control Procedures. The Council has employed a Senior Accountant who has been assigned to look after the financial and Audit for the Council and ensure that the internal control procedures are strictly followed.</p> <p>8. What has the Council done to improve, timeliness and quality of the financial statements produced for audit?</p> <p>Council is reconciling accounts on a monthly basis to ensure that any discrepancies identified are sorted out. Council has invested in the accounting software for the Council which electronically records data and monthly reconciliations are carried out to maintain proper records.</p> <p>9. What has the Council done to improve the internal control functions?</p> <p>Council has implemented the SOP's for each department and ensure that it's followed and monthly reports are prepared for management meetings. The Lami Town Council is also been supported by the Internal Auditor from SCC which has strengthen the Internal Control Procedures</p>
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Please feel free to contact the undersigned for any further information or clarification.

Thank you.

Yours faithfully,



Azam Khan

Chief Executive Officer (acting)

Copy:

1. Director Finance – Suva City Council.
2. Senior Accounts Officer – Lami Town Council
3. File Copy



NAUSORI TOWN COUNCIL

P O Box 72, Nausori Fiji

Phone: (679) 3477133, Fax 3400048

Email: nausoritown@ntc.com.fj

Address all Correspondence to the Chief Executive Officer

26th November, 2021

The Chairperson,
Standing Committee on Public Accounts
Parliament of the Republic of Fiji PO
Box 2352, Government Building
Suva, Fiji.

ATT: Deputy Committee Clerk, Mr. Mateo Lagimiri

RE: Request to Re-Submit Nausori Town Council's Written Response - PP No. 161 of 2020

We refer to the request to re-submit Nausori Town Council's written response on PP No.162 of 2020 received from your good office.

Attached herewith Council response in regards to Nausori Town Council.

For further information or clarification, please feel free to contact Manager Finance Ms. Swastika Rattan or undersigned on 999 1898

Thank you,

Anurashika Bari **Chief
Executive Officer**

1. Acting PS, Ministry of Local Government
2. Director, Ministry of Local Government
3. Council Registry for Filing.



1. What is the status of the issues noted as qualification? Have those issues been resolved?

Refer to the attached PDF annexure for detail explanation and action taken on the issues highlighted in the 2014 qualification.

2. What has the Council done to ensure that issues noted as basis of disclaimer of opinion does not reoccur?

Council has recruited an Internal Auditor under Nasinu and Nausori Shared Services, from March 2021. This role will be responsible for internal audit and helping the Council to strengthen finance processes and controls.

Works with Senior Human Resource to enforce the disciplinary process.

3. What is the status of the audit for rest of the financial years (2015-2019)?

Council has formally engaged HLB **MANN JUDD Advisory & Accounting firm** through tender process to assist Council in the preparation of financials from 2016 to 2020

- 2015 Financials – Finalization process by Office of the Auditor General for signing.
- 2016 Financials – Council has submitted the financials to Office of the Auditor General.
- 2017 Financials – Financials are ready for endorsement in the Finance Sub – Committee. Financials will be submitted to Office of the Auditor General by 30th November 21.
- 2018 Financials - Will be submitted to Office of the Auditor General by 30th November 21.
- 2019 – 2020 Financials - Will be submitted to Office of the Auditor General by 31st January 2022.

4. What were the reason the Council was unable to produce financial statements for audit in a timely manner?

Council was unable to produce financial statements for audit in a timely manner due to back log of financial account preparation and audit, for example in year 2014, preparation for year 2011 Financial and audit was completed. As a result of backlog and staff turnover, it is challenging to locate the documents.

To bring this back on track, the Council has hired HLB **MANN JUDD Advisory & Accounting firm** to prepare accounts and also invested in a Registry Officer role.



5. What changes or processes and procedures improvement have the Council put in place to correct failures and weaknesses, and prevent any recurrences? How will the Council ensure that these changes, processes and procedures are strictly followed?

Refer to the attached PDF annexure for detail explanation and action taken by Council to rectify qualification issues, and prevent any recurrences.

Internal auditor has also endorsed internal audit plans in Audit & Risk Committee whereby internal audits are conducted on procurements, payments, receivables and creditors in order to ensure Council is following proper procedures and are aligned with governance policy.

6. What has the Council done to improve, timeliness and quality of the financial statements produced for audit?

Council is currently executing restructure process whereby the Finance team has been aligned according to the Council's main objectives which are:

- Timely submission of monthly financials to Chief Executive Officer and the Board.
- Timely preparation of year end financials.
- Maximum revenue collection

Adequate human resources have been allocated whereby staffs will be multi-skilled rather than one centric job allocation.

The Council will aim to conduct the below training for Finance Team by January 2022 to help uplift the capability of Finance Team.

- Accounts Preparation (Commenced from March 2021)
- IFRS for SMEs
- Manuals of Accounts/Policy
- Recording Keeping
- Statutory Requirements – FRCS, FNPF, FNU

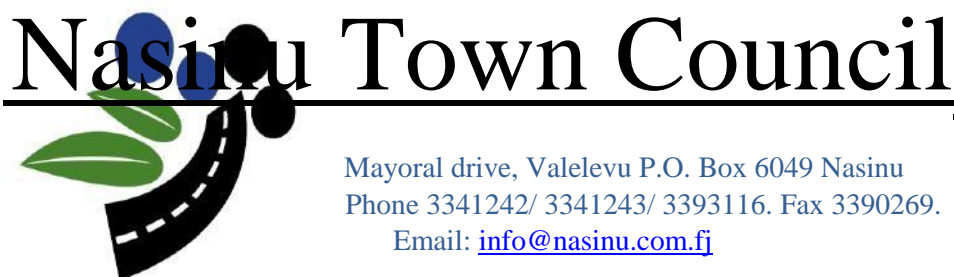
7. What has the Council done to improve the internal control functions?

For different functions and revenue streams, internal control functions have been improved. Refer to the attached PDF annexure for detail explanation and action taken by Council.

Nausori Town Council 2014 Qualifications

Qualification Summary	Council's Comment
1. Unreconciled variance between general ledger and bank reconciliation.	<p>This has been resolved in the current financial year.</p> <p>Council has implemented the following controls:</p> <ul style="list-style-type: none"> •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
2. Council recorded bank overdraft which resulted in understatement of cash at bank.	<p>subsidary updates. This is still un-resolved.</p> <p>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 treatment of cash and cash equivalents in the current financial year.</p> <p>Confirmation to be obtained before 31.12.21</p>
3. Unreconciled variance existed between general ledger and the rate debtors reconciliation. Council did not provide evidence of any assessment.	<p>This has been resolved in the current financial year.</p> <p>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.</p> <p>Individual rate payers UCV is same as per the Rates Valuation book, please note changes are through revaluation 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:</p> <ul style="list-style-type: none"> •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	<p>This has been resolved in the current financial year.</p> <p>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.</p> <p>Vouchers for payments are prepared by accounts clerk and checked by Senior Accounts Officer before release to signing to Manager Finance and CEO.</p> <p>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 subcommittee meetings.</p>
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	<p>This has been resolved in the current financial year.</p> <p>The following has been implemented by Council to record Accrual basis Income:</p> <ul style="list-style-type: none"> •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.
6. Council did not disclosed leased properties as investment properties according IAS 40.	<p>Cashflow statement records income on cash collected and expenses on accrual basis. This has been resolved in the current financial year.</p> <p>A detailed FAR from year 2012 has been prepared and maintained by the Council management which is reviewed annually upon verification.</p> <p>Revaluation of PPE will be reflected in current FY.</p>
7. Documentaion was not provided to support the balance in trade and other payable accounts .	<p>This has been resolved in the current financial year.</p> <p>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.</p> <p>Vouchers for payments are prepared by accounts clerk and checked by management accountant before release to signing to Manager Finance and CEO.</p> <p>Payments to suppliers are made upon receipt of invoices after endorsement by respective section HOD's or section heads</p>
8. VAT reconciliation was not provided	<p>This has been resolved in year 2019.</p> <p>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:</p> <ul style="list-style-type: none"> ** Monthly VAT Returns are lodged - Annexure 4A ** Timely monthly payment of VAT <p>Currently, Council is up to date with all its FRCS obligations.</p>
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.	<p>This is resolved through a correction entry in 2016 Financial Statement. The Statement has been prepared and sent to OAG Office for audit purpose.</p>

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
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Address all Correspondence to the Chief Executive Officer

30th November, 2021

The Chairperson,
Standing Committee on Public Accounts
Parliament of the Republic
of Fiji PO Box 2352,
Government Building
SUVA.

ATT: Deputy Committee Clerk, Mr. Mateo Lagimiri

Dear Sir,

RE: Nasinu Town Council's Written Response - PP No. 161 of 2020

We refer to the request to re-submit Nasinu Town Council's written response on PP No.161 of 2020 that was received from your good office.

Attached herewith is the response in regards to Nasinu Town Council.

For further information or clarification, please feel free to contact Manager Finance Ms. Eleni Qaqa or the undersigned on 999 1898.

Thank you,

Anurashika Bari
Chief Executive Officer

1. Acting PS, Ministry of Local Government
2. Director, Ministry of Local Government
3. Council Registry for Filing.

Response to Nasinu Town Council 2010 Audited Accounts

1. What is the status of the 7 issues noted as qualification? Have those issues been resolved?

The status of the 7 issues noted as qualification are as follows:

Issuer 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. Therefore, I was unable to satisfy myself whether all cash receipts have been completely and accurately accounted for in the financial statements.*

Status: Resolved

Issue 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.*

Status: In Progress

Issue 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 managements estimate of 5%. Consequently, I was not able to satisfy myself if the managements 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.*

Status: Resolution to be Passed once Board Convenes

Issue 4: *Included in Trade and others 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. Consequently, I was unable to perform necessary audit procedure to satisfy myself on the accuracy of Trade and other Payables in the statement of financial position.*

Status: Resolved

Issue 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.

Status: Resolved

Issue 6: *Included in the property, Plant and Equipment balance of \$2,188,598(Note 8) is work in progress (WIP) of \$461,660. 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 31/12/10. Due to these i was not able to obtain sufficient audit evidences to ascertain if the property, Plant and Equipment of \$2,188,598 is fairly stated in the financial statements

Status: In Progress, to be completed by January 2022.

Issues 7: *Payment vouchers which totalled \$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.*

Status: Resolved

2. What has the Council done to ensure that issues noted as basis of disclaimer of opinion does not reoccur?

Please note below:

Issuer 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. Therefore, I was unable to satisfy myself whether all cash receipts have been completely and accurately accounted for in the financial statements.*

Response: *The council currently when receiving cash, receipt into Winbiz and any direct deposits, source deductions, mpaisa payments are verified by the Rates team for accuracy then provided to the Cashier for receipting in the system.*

Bank reconciliation is done through the cash verification form done by the Cashier and verified by the accounts officer and accountant for accuracy and transparency.

This for is used to update the cash book and reconciled to the bank statement.

Issue 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.*

Response: *The council will ensure that all balances is supported moving forward. Currently the council records its cash receipts on Winbiz with corresponding entry in the Debtors accounts, apart from this every other financial transaction is manually maintained.*

The council is planning to start the process of getting a new financial system as well as HR and Payroll to support the council in its record keeping as well as minimization of manual work.

Issue 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 managements estimate of 5%. Consequently, I was not able to satisfy myself if the managements 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.

Response: The council will ensure to have all accounting policies regarding doubtful debts approved by the board,

We will also ensure to have this aligned to the local govt act as well as the Financial Management Act 2004 and IFRS for SMEs.

Issue 4: Included in Trade and others 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. Consequently, I was unable to perform necessary audit procedure to satisfy myself on the accuracy of Trade and other Payables in the statement of financial position.

Response: Currently the council carries out monthly Creditor's reconciliations.

We also request for vendor statements so we can validate the figures we have in the reconciliation.

Issue 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.

Response: The council has invoices for individual rate payers. This should not have been an audit issue as Winbiz provides the invoices currently. Winbiz has been used by the council since 2005.

Issue 6: Included in the property, Plant and Equipment balance of \$2,188,598 (Note 8) is work in progress (WIP) of \$461,660. 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 31/12/10. Due to these I was not able to obtain sufficient audit evidences to ascertain if the property, Plant and Equipment of \$2,188,598 is fairly stated in the financial statements

Response: The council is currently working on updating its FAR and ensuring that items are categorised as per their intended use that is furniture & fittings, Motor vehicles etc. as well as having a capitalisation policy done.

Once the FAR is updated we will be tagging these items.

Issues 7: Payment vouchers which totalled \$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.

Response: *The council currently ensures that all supporting documents such as quotes, tender documents etc is attached when making any payments.*

We also ensure that it is stamped Paid once cheque is prepared.

The council also has a very stringent process whereby all requisitions is approved by the CEO and the Chair of Special Administrator (or his delegated Special Administrator).

3. What is the status of the audit for rest of the financial years (2011- 2019)

The council has submitted its comments to the draft management letter received from the Office of the Auditor General for the financial years 2011 and 2012. We are currently just awaiting any further queries from the audit office as well as the exit meeting.

The 2013 and 2014 accounts have been prepared and are currently with the Office of the Auditor General. We are just awaiting their timeline for the audit to begin.

The financial statements preparation for the years 2015 – 2019 was awarded to HLB through tender process. 2015 is near finalization/Dec 2021 and the preparation for 2016 – 2019 is underway. We anticipate to receive 2015 to 2019 final accounts before end of 2021.

We are currently confirming the 2020 and 2021 Annual Accounts Preparation through request for quotes process and aiming to complete this by February 2022.

4. What were the reason the Council was unable to produce financial statements for audit in a timely manner?

The council was unable to provide the financial statements to audit in a timely manner as the council did not have the resources, staff were not well versed with the accounting software nor were they trained to be able to prepare financial statements. We have resolved this through outsourcing the accounts preparation. Currently, we are facing challenges in locating the source documents. We have re-engaged retired Accountant who is familiar with filing and she is currently locating/sorting all the source documents required for Accounts Preparation.

5. What changes or processes and procedures improvement have the Council put in place to correct failures and weaknesses, and prevent any recurrences? How will the Council ensure that these changes, processes and procedures are strictly followed?

For the issues highlighted by audit, point 2 above details the changes, processes and procedures currently being implemented.

Continuous business improvement in regards to the control and operational environment of the council is an ongoing process. The council has a new management team inclusive of an internal auditor and are currently in the process of correcting backlog issues.

The council uses its HOD meetings, subcommittee meetings to discuss issues and resolve if within the ambit of the law.

6. What is the current status of the cash flow position of the Council?

The councils operating accounts has not gone into an overdraft position since July 2019. This has continued to the current year. The council is managing its cash flow more stringently but monitoring its cash inflows and planning for all outflows. Below is the current balance for the operating accounts as at 31st October 2021:

Account Name	Account Number	31st October 2021
Westpac (Operating Account)	9800843204	65,872.04
ANZ (Operating Account)	11276397	128,256.56
BSP Banking Chq Account	81984158	873.52
BSP Commercial Account (Project Account)	9972716	36,301.77
BSP Commercial Acc - Nasinu on Sale Account	10173095	25,953.34
BSP Customer Chq Account (Operating)	1031415	113,400.14
HFC - Special Rates Account	100099462	63,716.21
HFC - Markets Account (Operating)	100099464	114,590.08
HFC - Operating Account (Operating)	100099465	237,220.19
HFC- Garbage Fees Account	10010365	145,971.83
Total Cash At Bank Balance		932,155.68

7. What has the Council done to improve its financial position?

The council has put in place financial strategies such as monitoring expenses and ensuring that overspending does not happen, giving ratepayers multiple payment options, spending within budget, payment plans with creditors that the council has outstanding dues too, ensuring that overtime work is approved, collecting arrears not only from rate payers but from all revenue sources such as market fees, PSV and business license. Simply, the Council has a good understanding of the cashflows now and is strictly monitoring the cash movement.

Additionally, the council constantly monitors its financial environment, ensuring that the council is able to be financial independent in regards to settling all its financial obligations as the council does not want to be in a position whereby it needs to use its overdraft facilities.

8. What is the status of the deposits amounting to \$361,775 held for development of commercial lots? Have the deposits been refunded to depositors?

There is no update on the \$361,775 held for commercial development, the deposits have yet to be refunded to the depositors. The council has engaged external lawyer for legal opinion on this matter. However, it is challenging to furnish all the requested information since some records are not with the Council. It was with GP Lala (lawyer whom Council engaged earlier for this transaction) and has not been handed back to Council. We are currently working with our external lawyer to see what can be done.

9. What were the reasons, the lots were not developed?

The MOA between Nasinu Town Council and Rajendra Prasad Brothers signed February 2006 had a lot of issues that were not limited to the below.

- 1. The MOA was for the sale of Lot 4 on DP 6380 but RPB does not hold the title for this lot. In effect, RPB is selling a piece of land that it does not own.*
- 2. Lot 4 on DP 6380, with an area of 2.8435 hectares, is an old deposited plan that has since been sub-divided further into seven (7) different lots, including Lot 2 on DP 7928 which RPB had subleased from the Housing Authority.*

For the committee's perusal, attached is a detailed explanation on all the issues regarding the non-development of this lots.

10. What has the Council done to improve, timeliness and quality of the financial statements produced for audit?

The council has outsourced the preparation of financial statement to HLB, an accounting firm early this year through a tender process. The council anticipates that once the backlog of financial statements is prepared (2015 – 2020), the council should be able to provide timely and quality information to audit.

11. What has the Council done to improve the internal control functions?

The council is currently carrying out below to improve internal control functions:

- Develop Written Policies and Procedures – this is to guide the council in its governance process ensuring that all operational and financial matter of the council is documented.*
- Perform Reconciliations Regularly – the council is beginning reconciling balance sheets accounts so to ensure that any errors etc. is identified and resolved.*
- Review and Approve Processes/Transactions – the council ensures to follow all procurement process prior to obtaining any goods or services. This is ideally through 3 quotes or a tender process if above \$10,000.*
- Maintain Adequate Supporting Documentation – the council ensures that all relevant and or confidential information is properly and safely kept. This is to also support the council in internal and external audit as well as account preparation.*
- Provide Adequate Training to Staff – to enable the staff of Nasinu to be carry out their duties and responsibilities more efficiently.*
- Perform a Self-Evaluation of Internal Control – this is done to ascertain if the control is functioning as it should by the respective teams.*
- Internal Audit Review – Recruited an Internal Auditor reporting directly to CEO and provides an oversight on the governance process.*
- Process and Digital Transformation is in-progress*

- *Re-alignment and Restructure for better internal controls. Now, we have maker and checker for high-risk processes.*



Nasinu Town Council

Mayoral drive, Valelevu P.O. Box 6049 Nasinu
Phone 3341242/ 3341243/ 3393116. Fax 3390269. Mobile: 7082361
Email: registry@nasinu.com.fj website www.nasinu.com.fj
All correspondence to be addressed to the special administrator

20th January 2011

Minister for Local Government, Urban Development
Housing & Environment
Fiji Football Association Building
4 Gladstone Road
SUVA

Dear Sir

Re: Status Report On Valelevu Commercial Subdivision

This serves as a follow up to our meeting with your goodself in your office on Wednesday afternoon 29.12.10. The meeting, which was also attended by Ms. Talei Rokotuibau, Director Town and Council Planning, was to brief you, Sir, on the current status of the Council's future Central Business District (CBD), also known as the Valelevu Commercial Subdivision.

The present administration of the Council has been able to establish that the original Memorandum of Agreement (MOA), also known as the Sale and Purchase Agreement, that was signed in February 2006 between Nasinu Town Council and Rajendra Prasad Brothers (RPB) is flawed in numerous areas - refer Appendix 1. These include, and are not limited to, the following issues:

1. The MOA was for the sale of Lot 4 on DP 6380 but RPB does not hold the title for this lot. In effect, RPB is selling a piece of land that it does not own.
2. Lot 4 on DP 6380, with an area of 2.8435 hectares, is an old deposited plan that has since been sub-divided further into seven (7) different lots, including Lot 2 on DP 7928 which RPB had sub-leased from the Housing Authority.
3. Six (6) other lots, which are separately owned, and most of which have improvements thereon, are also included in the former Lot 4 DP 6380. These are:

Lot No.

Owner

Lot 1 on DP 6853
Lot 1 on DP 7241
Lot 2 on DP 7241
Lot 3 on DP 7241

Unknown
Australasian Conference Association Limited
Unknown
Assemblies of God of Fiji

Service is our priority

Lot 4 on DP 7241
Lot 1 on DP 7928

Autocare (Fiji) Limited
Methodist Church in Fiji

4. Lot 2 DP 7928 is the portion of land that the Council is interested in and should be acquiring, and on which sub-division works had been undertaken and are nearing completion now but which unfortunately is not the subject of the MOA.
5. The area for Lot 2 DP 7928, which has the sub-division, is 1.4783 hectares whereas the area for Lot 4 DP 6380, that is the subject of the MOA, is 2.8435 hectares - *refer Appendix 2*.
6. The mix-up is a gross misrepresentation of facts and is a clear indication that the previous Council administration did not carry out a "due diligence exercise" prior to signing the MOA.
7. The present Council administration is gravely concerned that, under the MOA, in addition to the Council paying \$1million as consideration for the land, it will also hand over to RPB a fully developed lot measuring 2,700 sq meters valued at \$1.215million as at September 2007.
8. In effect, therefore, RPB will be getting at least \$2.215million in cash and real estate for a property it paid Housing Authority \$325,000 for as premium in addition to the \$10,000 annual rental. Whether the previous Council administration took into account all these issues before signing the MOA is also a matter of grave concern.
9. There is, however, a possibility that the 'total purchase price package' agreed to in the MOA could be due to the bigger (but incorrect) area stated in the MOA - 2.8435 hectares compared to 1.4783 hectares that the Council was (and still is) interested in acquiring.

Apart from the above, there are other serious concerns relating to the MOA and how the sub-division had been undertaken from the start. These include –

- i) RPB had not sought nor obtained the Housing Authority's consent, as required under RPB's sub-lease from Housing Authority, prior to signing the MOA and definitely prior to commencement of development works on site.
- ii) the first scheme/sub-division plan on the project prepared in 2007 was not approved by DTCP.
- iii) the civil/engineering works agreement between the Council and the contractor (Core Technologies) engaged for the development works has been breached several times.
- iv) it is also unclear whether the then Council had an independent valuation carried out of the land prior to agreeing to the price of \$1million and prior to signing the MOA.

- v) there are no records available to confirm the total number of tenders received for the sale of developed lots as advertised in September 2007; how tender offers were selected; the number of tender offers received for each lot; whether evaluations and selection were done on a lot by lot basis; whether the tender accepted for each lot was the best/highest received.
- vi) whether the entire tender process for the sale of lots, including assessment and acceptance of tenders, was done in a fair and transparent manner.
- vii) whether the previous Council administration sought independent legal advice on the MOA prior to signing it given that the agreement was prepared by RPB's lawyers, G. P. Lala & Associates. That the MOA favours RPB more than it does the Council is an indication that no such advice was obtained.
- viii) whether an independent valuation was carried out by the previous Council administration to determine whether the purchase price of \$1million plus an additional lot of 2,700 sq meters were reasonable consideration for the land prior to committing to the deal.
- ix) whether the previous Council administration sought the Minister's approval prior to selling the lots.
- x) why the previous Council administration saw it fit for the Council to keep the proceeds from the sale of lots instead of remitting the same to G. P. Lala's trust account as required by the MOA.
- xi) the tender for the sale of commercial lots was advertised in the papers in September 2007, however one of the lot buyers, Fast Build Construction Ltd, had paid the tender deposit of \$1,000 each for Lots 15 & 16 in August 2004. Similarly, it paid a further \$10,000 in July 2005 for Lot 16.

As advised, the present Council administration is determined and is working towards correcting all the anomalies that can be identified including:

- a) working closely with RPB to obtain the consent of the Housing Authority to sell the desired land to the Council;
- b) the Council will arrange for an independent valuation of Lot 2 DP 7928 to:
 - establish a fair price as at January/February 2006 that the Council would have had to pay then, prior to any further development works;
 - verify the reserve price set for each developed lot when these were put out to tender in September 2007.
 - determine the current selling price for each developed lot to facilitate future sales of as yet unsold lots.

- c) Council to meet again with RPB to negotiate a new agreement with a new purchase price other than that which was signed in February 2006. In no way will the Council commit itself again into paying \$1million and also give away a developed lot measuring 2,700 sq meters to RPB as total consideration for the purchase; and
- d) Once (a) – (c) above are sorted out, the Council will then meet with the lot purchasers whose lots have either increased or decreased in size as a result of amendments to the initial scheme/ layout plan with the view of reaching an amicable solution.

The Council will continue to update your office, Sir, on all future progress pertaining to our proposed CBD.

Yours faithfully



Mosese Kama
Special Administrator

cc : PS Local Government, Urban Development, Housing & Environment
: Director Local Government
: Director Town & Country Planning

PUBLIC ACCOUNTS COMMITTEE QUESTIONS

BA TOWN COUNCIL

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

Ba Town Council had submitted 2016 and 2017 financials within the time frame. 2018 accounts were delayed as the team had tried to solve the audit issues arising from prior year audits.

2019 Financials were submitted before timeframe.

Please note that due to the change in the financial calendar, a lot of time was consumed in separation of revenue and expenses for 7 months and working on deferred income and expenses. Also the team ensured to clear the prior year audit issues and this has caused delay in submission of accounts for 2020 (Jan-Jul).

The monthly preparation of accounts by the team will ensure that moving forward the accounts are submitted on timely basis.

2. What is the Council solution to the problems of delay in the preparation of financial statements to be audited? It has been noted that previously the accounts have been prepared only in the year end, which is the main cause of un-reconciled and unsupported balances and this delays the financial reporting.

Effective 31 August 2020, all general ledger reconciliations are prepared on monthly basis, with supporting documentations and an audit trail file is created for each month. This will ensure that the year-end financials are prepared and submitted well before timeframe.

Do Finance Officers understand and are well versed with International Financial Reporting Standards for small Medium sized entities?

The Finance Officers are being trained and have been explained by Current CEO on the knowledge and understanding of the IFRS for SME's. However, as there was a need for a qualified person to lead the Finance team, this has been included in the new structure for the Ba Town Council.

3. What is the Council doing to address the gaps in competency of finance staff to meet the requirements of the Act?

Under the new organization structure, a qualified person is to be appointed to lead the finance team which will address the issue of Council not being able to meet the requirements of the Act. The Finance Officers are given trainings to upgrade their knowledge and understanding. The finance staff are also being encouraged to further their studies to upgrade their accounting knowledge.

4. Unsupported balances and un-reconciled variances formed the basis of modified audit report, what are the root cause of these problems and what has the Council done to improve on the maintenance and safe keeping of financial documents.

Refer comment for Q.2.

5. What assistance or direction has the Ministry of Local government provided to assist the Municipal Councils with meeting the requirements of the Local Government Act?

The Ministry of Local Government has appointed the Chief Executive Officer with the Finance background to ensure that the organization is reviewed and aligned properly so that we have the right people to do the work. The Ministry continually assisted the Council in getting the Municipal Council Structure right and it was then identified that there was a need for a qualified person to lead the finance section.

Common findings of the report noted weaknesses relating to cash management, procurement of goods and services, payroll, asset management and revenue management and are noted to be high-risk areas.

1. What is the Council doing about tightening controls over cash and revenue management?

- i. There is segregation of duties in the finance team.
- ii. There is rotation in checking banking on a daily basis and random petty cash checks are being done.
- iii. The validity of the revenue recorded are checked properly and with supporting documentation.
- iv. There has been change in the monthly management financial reporting structure which ensures accuracy in the financials being reported.

2. Is there an internal audit function that constantly checks and report on internal control systems?

Council does not have an internal audit team, however measures in place now as below for internal controls: The team is now ensuring that:

- i. There is segregation of duties in the finance team and every finance officer is assigned to complete the assigned General Ledger Reconciliation in relation to their respective area to ensure that that all documentations and records are proper.
- ii. There is rotation in checking banking on a daily basis, random petty cash checks are being done and all purchase orders are being checked that proper procedures are being followed.
- iii. Strict measures are in place to ensure that filings are done on a daily basis.
- iv. Fixed Asset Register is maintained on a monthly basis and all assets are now being tagged.
- v. The HR Officer reconciles her leave records with the leave balances of the finance team to ensure they are on the same page. vi. The validity of the revenue and the expenses recorded are checked properly and with supporting documentation.
- vii. There has been change in the monthly management financial reporting structure which ensures accuracy in the financials being reported.

3. What monitoring mechanisms are there in the Council to ensure controls are in place and are functioning as they are supposed to? Refer Q.2 comments

4. Does the Ministry of Local Government provide any monitoring roles or checks on the governance and controls at the Council? If yes how often?

Ministry of Local Government saw the need for major change in the financial reporting system and the trend of audit issues being raised over the past years. The appointment of CEO with financial background was to help the Council in improving the financial structure and reporting.

The Ministry has also holds monthly CEO's Forums whereby the Council CEO's and the Ministry brainstormed which Financial Software is needed by the Council to improve the efficiency and the accuracy of the finance reports.

5. Are standard operating procedures prepared and approved? If yes, are they up to date to reflect current business activities of the Council?

The current Board of Special Administrators has worked with the CEO and management and each department head has prepared their SOP's. Now there is clear written directions for each department and the Council. The market SOP is however under review at the moment.

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

Under the new organization structure, a qualified person is to be appointed to lead the finance team which will address the issue of Council not being able to meet the requirements of the Act. The Finance Officers are given trainings to upgrade their knowledge and understanding. The finance staff are also being encouraged to further their studies to upgrade their accounting knowledge.

The new monthly reporting structure is a solution for the delay and inaccuracy in financial reporting.

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

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

The current process:

- i. Email/post the invoices to the ratepayers.
- ii. Each ratepayers file is updated with the invoice being issued. Should the ratepayer pay up within timeframe, the receipt is filed in their respective file. iii. The first, second and third follow ups are done for the debt, if still not paid we also give a courtesy visit to the debtor and all this is recorded in their file.
- iv. Debtors who agree are given options to pay their rent or rates in installments due to COVID-19 situation.
- v. However, for those debtors who do not come forward to make arrangements and are not willing to pay, a demand notice is served to them to pay within 14 days of the notice date.

- vi. Next stage is to file a case against the client – we have cases with Small Claims Tribunal and there are 6 cases with Solicitors currently.

Rates Collection Strategies

- Ba Town Council has offered 7% discount on current rates cleared in the months of January and February 2021;
- Ratepayers have been given options to make arrangement to pay their rates in installments on a weekly, fortnightly and monthly basis;
- We have liaised with ratepayers and their employers to have direct deduction at source with Employers and with employee permission;
- Online banking platform made available for the ratepayers and the bank details are included in the invoices;
- M-Paisa account with Vodafone for Ba Town Council has been made available for ease of payment.
- Matters are being referred to small claims tribunal for those who have not paid their arrears and are not coming forth to make arrangements despite numerous calls.

2. What rates records management system is in-place and how else can the Council leverage technology to improve on the maintenance of these records? Future plan for ratepayer's database etc.

Rates are calculated manually in the excel sheet and details are entered into the MYOB to generate invoice. System generated receipts are given to the ratepayers which is applied against the invoice raised. The Council has done the rates profiling whereby all ratepayer's information is updated in an excel (Name, residential address, postal address, phone number, email address, tin number, zoning, assessment number, U.C.V, DP and lot number, principal amount, interest amount and the arrears amount. This worksheet is updated every month.

The Ministry has discussed with CEO's as to which Financial Software is needed by the Councils to improve the efficiency and the accuracy of the finance reports. At the same time all councils are working with the Ministry for a Rates Software which can be integrated to the main reporting Financial Software.

3. Operational deficits have been raised as well as in the report, how is the Council functioning and able to meet day to day operations with the straining cash balances?

Ba town Council had a surplus balance from 2014 to 2017.

Council	Net operating results (\$)			
	2014	2015	2016	2017
Labasa Town Council	460,723	(167,608)	194,712	(141,799)
Rakiraki Town Council	(134,838)	(35,820)	(204,904)	3,506,918
Sigatoka Town Council	19,162	945	(78,432)	(95,973)
Ba Town Council	41,497	411,714	488,724	31,702

4. Outstanding TINs from Parking Meter infringement, which were issued on LTA tickets/receipts, how is the Council recording these outstanding fees? Will they be payable to LTA when receipted?

The parking meter infringement bookings are done by Council enforcement team; however the revenue is received by the LTA Office. Council has done monthly reconciliations for these bookings and we will be sending to LTA for reimbursement to the Council.

RE: [EXTERNAL]RE: [EXTERNAL]RE: PAC Public Hearing: 2018-2019 & 2019-2020 Audit Report on Municipal Councils

Mateo W. Lagimiri <mateo.lagimiri@govnet.gov.fj>

Fri 4/22/2022 4:10 PM

To: Priya Singh <priyas@batowncouncil.com.fj>

Cc: info@batowncouncil.com.fj <info@batowncouncil.com.fj>;savenaca.koro@yahoo.com <savenaca.koro@yahoo.com>;manjud@batowncouncil.com.fj <manjud@batowncouncil.com.fj>;Mateo Lagimiri <mateo.lagimiri@legislature.gov.fj>

Thank you Priya for the supplementary response.

Will table this before the Honourable Members of the Public Accounts Committee.

Regards

Mateo.

From: Priya Singh [mailto:priyas@batowncouncil.com.]

Sent: Friday, April 22, 2022 4:01 PM

To: Mateo W. Lagimiri <mateo.lagimiri@govnet.gov. >

Cc: info@batowncouncil.com. ; savenaca.koro@yahoo.com; manjud@batowncouncil.com. ; 'Mateo Lagimiri' <mateo.lagimiri@legislature.gov. >

Subject: [EXTERNAL]RE: [EXTERNAL]RE: PAC Public Hearing: 2018-2019 & 2019-2020 Audit Report on Municipal Councils

Caution: This email contains suspicious subject or content. Do not click on any link or open attachments unless you have confirmed the sender and know the content is safe.

Dear Mateo,

Please refer below for the details requested:

<u>Rates Owed in Arrears</u>	<u>Value</u>	<u>Percentage</u>
Residential	\$ 713,929.92	76%
Commercial	\$ 82,950.26	9%
Industrial & Agriculture	\$ 138,628.74	15%
Total	\$ 935,508.92	100%

Kind Regards,

PRIYA SINGH

CHIEF EXECUTIVE OFFICER

BA TOWN COUNCIL | CIVIC CENTRE | TABUA PLACE | P. O. BOX 184 | BA | FIJI

Ph: +679 6674277 (Ext:106) | Mob: +679 9994859 | Web: www.batowncouncil.com |

FB: www.facebook.com/batowncouncil/

From: Mateo W. Lagimiri [<mailto:mateo.lagimiri@govnet.gov>.]

Sent: Thursday, 21 April 2022 5:35 pm

To: Priya Singh <priyas@batowncouncil.com>

Cc: info@batowncouncil.com; savenaca.koro@yahoo.com; manjud@batowncouncil.com; Mateo Lagimiri <mateo.lagimiri@legislature.gov>

Subject: RE: [EXTERNAL]RE: PAC Public Hearing: 2018-2019 & 2019-2020 Audit Report on Municipal Councils

Importance: High

Good A ernoon Priya,

Thank you for availing yourselves, the Chair for SA and Ms. Devi for the PAC Public Hearing this morning.

During the hearing, the Commi ee had requested for a supplementary response from Ba Town Council regarding the percentage of current default rate payers by groups i.e. Residen al, Commercial and Industrial Rate Payers.

Grateful for your assistance please in furnishing the above request to the Commi ee for their further delibera on.

Thank you

Mateo Lagimiri

Deputy Commi ee Clerk

Standing Commi ee on Public Accounts

From: Priya Singh [<mailto:priyas@batowncouncil.com>.]

Sent: Wednesday, April 20, 2022 11:26 AM

To: 'Mateo Lagimiri' <mateo.lagimiri@legislature.gov>

Cc: info@batowncouncil.com; savenaca.koro@yahoo.com; manjud@batowncouncil.com; Mateo W. Lagimiri <mateo.lagimiri@govnet.gov>

Subject: [EXTERNAL]RE: PAC Public Hearing: 2018-2019 & 2019-2020 Audit Report on Municipal Councils

Caution: This email contains suspicious subject or content. Do not click on any link or open attachments unless you have confirmed the sender and know the content is safe.

Dear Mr. Lagimiri,

We will be leaving Ba at 5:00am tomorrow morning and will be reaching Suva by 9:30am. I don't think would be able to reach by 9:00am.

Kind Regards,

PRIYA SINGH

CHIEF EXECUTIVE OFFICER

BA TOWN COUNCIL | CIVIC CENTRE | TABUA PLACE | P. O. BOX 184 | BA | FIJI

Ph: +679 6674277 (Ext:106) | Mob: +679 9994859 | Web: www.batowncouncil.com |

FB: www.facebook.com/batowncouncil/

From: Mateo Lagimiri [<mailto:mateo.lagimiri@legislature.gov.fj>]

Sent: Wednesday, 20 April 2022 9:55 am

To: Priya Singh <priyas@batowncouncil.com>

Cc: info@batowncouncil.com; savenaca.koro@yahoo.com; manjud@batowncouncil.com; Mateo W. Lagimiri <mateo.lagimiri@parliament.gov.fj>

Subject: Re: PAC Public Hearing: 2018-2019 & 2019-2020 Audit Report on Municipal Councils

Good Morning Ms Singh,

The Public Accounts Committee is kindly requesting to reschedule the hearing meeting to 9:00 a.m. instead of 10:00 a.m. tomorrow, Thursday 21 April 2022.

Grateful for your confirmation in that regard and apologies for the inconvenience caused.

Thank you.

Mateo Lagimiri

Deputy Committee Clerk

Standing Committee on Public Accounts

From: Priya Singh <priyas@batowncouncil.com>

Sent: Tuesday, April 19, 2022 8:19 AM

To: 'Mateo W. Lagimiri' <mateo.lagimiri@govnet.gov.fj>; Mateo Lagimiri <mateo.lagimiri@legislature.gov.fj>

Cc: info@batowncouncil.com; <info@batowncouncil.com>; savenaca.koro@yahoo.com

<savenaca.koro@yahoo.com>; manjud@batowncouncil.com. <manjud@batowncouncil.com>

Subject: RE: PAC Public Hearing: 2018-2019 & 2019-2020 Audit Report on Municipal Councils

Dear Mr. Lagimiri,

Please refer a ached filled witness a endance form for Ba Town Council.

Kind Regards,

PRIYA SINGH

CHIEF EXECUTIVE OFFICER

BA TOWN COUNCIL | CIVIC CENTRE | TABUA PLACE | P. O. BOX 184 | BA | FIJI

Ph: +679 6674277 (Ext:106) | Mob: +679 9994859 | Web: www.batowncouncil.com. |

FB: www.facebook.com/batowncouncil/

From: Mateo W. Lagimiri [<mailto:mateo.lagimiri@govnet.gov.fj>]

Sent: Thursday, 14 April 2022 8:45 am

To: Mateo Lagimiri <mateo.lagimiri@legislature.gov.fj>; priyas@batowncouncil.com.

Cc: info@batowncouncil.com. ; savenaca.koro@yahoo.com

Subject: PAC Public Hearing: 2018-2019 & 2019-2020 Audit Report on Municipal Councils

Importance: High

Good Morning Ms Singh,

Kindly reques ng your assistance please if you could fill out the Witness A endance Form for the Public Accounts Commi ee, for the purposes of audio and visual recording please.

Thank you

Mateo

From: Mateo Lagimiri [<mailto:mateo.lagimiri@legislature.gov.fj>]

Sent: Wednesday, April 13, 2022 7:05 AM **To:**

priyas@batowncouncil.com.

Cc: info@batowncouncil.com. ; savenaca.koro@yahoo.com; Mateo W. Lagimiri <mateo.lagimiri@govnet.gov.fj>

Subject: [EXTERNAL]PAC Public Hearing: 2018-2019 & 2019-2020 Audit Report on Municipal Councils

Caution: This email contains suspicious subject or content. Do not click on any link or open attachments unless you have confirmed the sender and know the content is safe.

Dear Ms Priya Singh,

Please find attached a letter from the Chairperson for the Standing Committee on Public Accounts, the Hon. Alvick Maharaj.

I am to advise that the Committee wishes to review further, the written responses for **Ba Town Council** in more detail please.

A copy of the Council's written response is attached for your information.

Grateful for your confirmation in that regard.

Thank you.

Mateo Lagimiri
Deputy Committee Clerk
Standing Committee on Public Accounts
Parliament of the Republic of Fiji
Constitution Avenue, PO Box 2352, Government Building Suva, Fiji.
Phone : (679) 8925218 | Mobile: (679) 8396812 | Fax: (679) 3305325
Website: <http://www.parliament.gov.fj/>

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LAUTOKA CITY COUNCIL

P. O. Box 124, Lautoka, Fiji

All communications to be addressed to the CEO

Your Ref.

Our Ref



City of Lautoka

"Our City, Our Pride"

Civic Centre, Shirley Park

169 Vitogo Parade, Lautoka

Telephone No: (679) 666 0433

Email: info@lautokacitycouncil.com.fj

Web: www.lautokacitycouncil.com.fj

November 02, 2021

MAK/rs

The Chairperson
Standing Committee of Public Accounts
Parliament of the Republic of Fiji
PO Box 2352
Government Buildings
SUVA

RE: CLARIFICATION OF ISSUES – 2018-2019 AUDIT REPORT ON MUNICIPAL COUNCILS (PP NO. 161 OF 2020)

With reference to the letter dated 8 April 2021, File Ref No: Parl 6/15, please find below our responses to the questions raised.

Questions	Responses
1. What is the status of the issues noted as qualification? Have those issues been resolved?	The issues noted in have been resolved during the preparation of the Financial Statements for Year 2015. The 2015 FS has been sent to the Auditor General Office.
2. What has the Council done to ensure that issues noted as basis of disclaimer of opinion does not reoccur?	The Council, in collaboration with the Ministry of Local Government, is in the process of reviewing and finalizing a new Finance Manual, which will provide processes and procedures to ensure that legacy issues noted in past Audit Reports are not repeated going forward.
3. What is the status of the audit for rest of the financial years (2017- 2019)?	The Financial Statements for years 2015 to 2019 have already been prepared and ready for audit. 2015 Financial Statements have been sent to the Auditor General's office for audit. Once it is completed, Council will then send further financial statements each year at a time until the backlog is cleared.
4. What were the reasons the Council was unable to produce financial statements for audit in a timely manner?	In the years preceding 2019, Council had a high turnover of finance staff and there was no continuity of leadership in the department. Upon the appointment of Team of Special Administrators and a new CEO, it was

	considered prudent and urgent to clear the backlog of statutory compliances, preparation and audit of financial reports were on the top of the list.
5. What changes\processes and procedures improvement have the Council put in place to correct failures and weaknesses, and prevent any recurrences? How will the Council ensure that this changes, processes and procedures are strictly followed?	As mentioned in Item 2 above, Council, in collaboration with the Ministry of Local Government, is in the process of reviewing and finalizing a new Finance Manual, which will provide processes and procedures to ensure that legacy issues noted in past Audit Reports are not repeated going forward. The current Manual of Accounts that are being used are dated 1992. Furthermore, Council has recruited a Head of Finance and Administration, a position that was vacant for almost 2 years.
6. What has the Council done to improve, timeliness and quality of the financial statements produced for audit?	Council has worked on a new organization structure that ensures qualified staff are recruited for the finance department. The recommendations from the Auditor General's report are being used to draft a new finance manual, establish stringent financial policies and review the departments Standard Operating Procedures to ensure the issues faced in the past are not repeated. The organizational and procedural changes will be supplemented by a new and updated financial system, for which the terms of reference are being drafted for review and will be tendered in due course.
7. What has the Council done to improve the internal control functions?	<ul style="list-style-type: none"> • Separation of Duties – Previously Cashier were doing the banking, now Banking is done by Finance Officers • Physical Audits - Audits are been done at incoming generating stations on random basis such as Carparks, Parking Meter Collection. Stock takes are also being carried out. • Periodic reconciliations • Approval Authority – all approvals are done by CEO
8. Provide the Committee the list of all the Lautoka City Council investment properties.	Attached is the Valuation Report of 2018, showing Council assets.

9. Explain the decrease in fees, charges and rent?	IN 2013, Tappoos did an advance payment amounting \$612,709 been payment for lease premium, annual rent and town rates
10. What is this professional and legal fees for?	These costs are for professional and legal services engaged by the Council, for which Council did not have any in-house qualified persons or expertise.
11. Explain what is the borrowing of \$7.8 million for?	The borrowing of \$7.8m is a consolidation of several borrowings into one and re-financed at BSP Bank. One of the major borrowing was around \$4.5 million for the construction of the Sugar City Mall.

We apologize for the delayed response. Please feel free to contact the undersigned for more information.

Yours faithfully,



MOHAMMED ANEES KHAN
CHIEF EXECUTIVE OFFICER



South Pacific Property Consulting Services (SPPCS) Limited

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9355856

15th October, 2018

The CEO
Lautoka City Council
P. O. Box 124
Lautoka.


Dear Sir/Madam

RE: VALUATION AND REPORT OF LAUTOKA CITY COUNCIL PROPERTIES

We thank you for your instruction to provide the current market value of Lautoka City Council Properties. As requested, we have conducted an inspection of the property on the 15th day of October 2018, which would be the effective date of this valuation.

After taking into consideration all factors appertaining to the property, we are of the opinion that the Current Market Value of all 20 properties as at the date of valuation would be in vicinity of **\$60,110,000.00 (SIXTY MILLION ONE HUNDRED AND TEN THOUSAND DOLLARS)** vat exclusive as follows:

	Property	Title No.	Location	Total Value	Indemnity Value
1	Bus Stand/Market	CL 2143	Naviti St, Yasawa St, Tukani St	\$23,000,000.00	\$14,950,000.00
2	Churchill Park	CL.3163	Narara Prd, Verona St, Yawini St	\$9,000,000.00	\$5,850,000.00
3	Civic Centre	CL.2158	Crm of Water front Rd & Tui St	\$3,000,000.00	\$1,950,000.00
4	Depot	CL.62667	Dravuni St, Waiyavi	\$1,700,000.00	\$253,000.00
5	Verona Residential	CL.53121	Verona St	\$400,000.00	\$216,000.00
6	Simila Residential	CT.11963	Coral Sea Pl Simila	\$300,000.00	\$222,000.00
7	IYC Park	LD.4/7/1431	Thompson Crescent	\$1,300,000.00	\$232,977.00
8	Tukani Carpark	CL.197814	Tukani St	\$1,500,000.00	\$97,519.00
9	Foreshore Stage 1	CL.4707	Waterfront Rd, Marine Drive	\$3,200,000.00	
10	Foreshore Stage 2	CL.5088	Walu St, Silasila St	\$2,300,000.00	
11	Foreshore Stage 3	CL.6652	Tui St, Saqa St	\$3,800,000.00	
12	Handicraft Centre	LD.60/456	Waterfront Rd	\$590,000.00	
13	Botanical Garden	CL.386431	Thompson Crescent	\$3,300,000.00	
14	Narara Park	CL.5592	Narara Prd	\$770,000.00	
15	Tavewa Park	CL.5123	Tavewa Avenue	\$290,000.00	
16	Kauta PRB	L.100532		\$400,000.00	
17	Thompson Ct Park	Lot 23 DP.4126	Thompson Crescent	\$380,000.00	
18	Nadovu Park	LD.4/7/2291	Queens Road/Nadovu Park	\$4,200,000.00	
19	Namoli Bridge Park	CL.104170	Kings Road, Namoli	\$450,000.00	
20	Vunato Park	LD.4/7/1393	Off Kings Road, Vunato	\$230,000.00	
Total Values				\$60,110,000.00	\$23,771,496.00


Dr. Abdul Hassan. PhD, RV.No.43 (Fiji)


Ziyad Aziz, (BA, LMD), USP

Specialist in real estate valuation, property development, marketing, consulting, market analysis, feasibility study, rental determination and environmental impact assessment

Public Accounts Committee

Lautoka City Council

Audit Issues and Responses-2014

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).*

It was advised by the current staff that the Manager Finance in charge at that point of time did not have experience in preparing the Statement of Changes in Equity. Under the current structure, recruitment of the Head of Finance & Administration resolves this issue.

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 a result, the financial statements of the Council are not completely and fairly presented in accordance with all the requirements of IFRS. Refer to comment 1 above.*

3. *I was not provided with the trust fund reconciliations to support the Parking Meter Fee 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. There was no separate reconciliation prepared for various accounts thus it did not allow for the completeness test to be performed. In the absence of a software, manual records were not updated and reconciled on a regular basis.*

This is an ongoing matter - Council is working towards resolving the issue. The Building Department is informed to compile the listings of Car park trust funds.

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.*

Lack of regular reconciliation of accounts did not allow for the completeness test to be performed. The Rates Software had functionality issues and upon implementation of new software, policies and procedures were developed and implemented to ensure proper records are kept and any variances identified are sorted immediately.

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.*

There was no reconciliation of individual GL accounts and no proper updated records maintained. The introduction of MYOB in Mid of 2014 allowed errors and discrepancies as the staff responsible did not have accounting background thus the accuracy of data entry was questionable. This allowed variance in reports generated. Absence of Department Head, proper internal controls and proper policies and procedures lead to numerous gaps while executing day to day transactions, which was reflected in the audit reports. The current set of staffs have both experience and qualification thus moving forward the accuracy of the data entered can be verified as proper controls are in place. The Council is in process of improving the current system with introduction of new software and procedures that would allow accountability and transparency.

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 \$449,640 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.*

There have been some payments vouchers misplaced back in 2014. No concrete reasons were provided by the current staff as many staff have moved on to other jobs from the Council. The succeeding years ensures that all payment vouchers are filed in sequence and readily available for vouching purposes. The improvement in processes are implemented to ensure that no vouchers are missing.

There was no reconciliation of individual GL accounts and no proper updated records maintained. The introduction of MYOB in Mid of 2014 allowed errors and discrepancies as the staff responsible did not have accounting background thus the accuracy of data entry was questionable. This allowed variance in reports generated. Absence of Department Head, proper internal controls and proper policies and procedures lead to numerous gaps while executing day to day transactions, which was reflected in the audit reports. The current set of staffs have both experience and

qualification thus moving forward the accuracy of the data entered can be verified as proper controls are in place.

The Council is in process of improving the current system with introduction of new software and procedures that would allow accountability and transparency.

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 \$5,796,801 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. *Refer to comments on Q6*
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 sundry creditors' reconciliations to substantiate the variances of \$22,832 between the sundry creditors and accruals' 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 accruals 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.
Refer to comments on Q5
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 was 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.
Refer to comments on Q5. Also due to lack of expertise correct accounting application of cash vs accrual basis was applied.
10. The Council did not record rates, taxi, mini bus income on accrual basis of accounting in accordance with the requirements of 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 rates, taxi, mini bus income respectively and disclosed as fees, charges and rents in the financial statements. The Council was unable to provide supporting documents 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 rates, taxi, mini bus 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.

There was no reconciliation of individual GL accounts and no proper updated records maintained. The Rates Software had functionality issues and upon implementation of new software, policies and procedures were developed and implemented to ensure proper records are kept and any variances identified are sorted immediately.

Also due to lack of expertise correct accounting application of cash vs accrual basis was applied. Absence of Department Head, proper internal controls and proper policies and procedures lead to numerous gaps while executing day to day transactions, which was reflected in the audit reports. The current set of staffs have both experience and qualification thus moving forward the accuracy of the data entered can be verified as proper controls are in place. The Council is in process of improving the current system with introduction of new software and procedures that would allow accountability and transparency.

11. The Council was unable to provide me with relevant audit trail to confirm that sub lease rental income of \$163,200, bus station 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 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.
Refer to response on Q10.
12. The council was unable to provide me with detail listings of business licence to support Business Licence fees of \$448,535 reported in the Financial Statement of Comprehensive Income. In addition, I was not provided with supporting documents to substantiate Parking Meter fees totalling \$69,147 recorded in the Parking Meter balance of \$261,513 and fees, charges and rent totalling \$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 licence fees 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. Refer to response on Q10.
13. The Council was unable to provide me with the details of sundries income and any documentation to support sundries income of \$550,556 included in 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. Refer to response on Q10.
14. The Council was unable to provide me with payment vouchers, receipts and invoices to support the transactions totalling \$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 expense 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 various expense 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.

Refer to response on Q6

15. There was unreconciled variance of \$8,135 between 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 reconciliation 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 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.

Refer to response on Q10.

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 was necessary.

The Council did not have any in-house expertise and records were not maintained regularly. Also, the office of the then Solicitors used by the Council closed down thus no data was obtained.

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 was necessary.

Absence of proper record keeping and lack of expertise to report or update the subsequent events.

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 was necessary.

Absence of proper record keeping and lack of expertise to report or update the lease commitments.



MINISTRY OF LOCAL GOVERNMENT

Office of the Permanent Secretary for Local Government
Ministry of Local Government
Level 2 Fiji Football Association (FFA) House, 4 Gladstone Road, Suva
Phone: 3309917/3304364
Postal Address: P O Box 2131 Government Buildings, Suva, Fiji.

30 April 2021

Hon. Alvick Maharaj
Chairperson
Parliament Standing Committee on Public Accounts
Parliament of the Republic of Fiji
PO Box 2352
Government Buildings
Suva

Dear Chair

CLARIFICATION ON PP NO. 161 OF 2020 AND PP NO. 187 OF 2020

Reference is made to your letters dated 8 April 2021 on the aforementioned subject.

The Ministry of Local Government ('Ministry') acknowledges the deliberations of the Standing Committee on Public Accounts ('Committee') and the clarifications sought on Parliament Paper 161 of 2020 - 2018-2019 Audit Report on Municipal Councils and Parliament Paper 187 of 2020 Remaining 2018 Audit Report on General Administration Sector, Social Services and Economic Services Sector.

In this regard, the Ministry is pleased to provide its responses, as attached to this letter.

Should you have any further queries, please do not hesitate to contact the Manager Finance Navin Chandra on email: nchandra@govnet.gov.fj or telephone: 3305 336.

We look forward to the Committee's consideration of the responses herein.

Yours sincerely

Shaheen Ali
Acting Permanent Secretary for Local Government

Management
Comments to
Standing
Committee on
Public Accounts
2018-2019
Municipal
Councils Audit
Report

Ministry of Local
Government
Head 37

2019

Municipal Councils Audit Report 2018-2019

1. What is the Ministry's plan or measures in place to ensure that all Councils are up to date with their financials for audit?

The Ministry has been emphasizing the need to ensure that all Councils are up to date with their financials for audits. The Councils are required to provide monthly updates on the progress of their financial audits to the Ministry.

Discussions are also held with the Councils on the challenges faced in submitting the financials and Annual Reports in a timely manner, and appropriate actions are collectively discussed.

It is worth noting, the Ministry hosts monthly Chief Executive Officers (CEO) Forums to discuss fundamental issues of the Municipal Councils, including the operational affairs of the Councils. This platform allows the Councils to deliberate on the progress and challenges they face in updating their annual accounts for auditing. The Councils have the opportunity to learn and adopt the practices and systems of the other Municipal Councils.

Further to this, Special Administrator Forums are also held on a quarterly basis. The Forum is an avenue through which the Ministry is able to gauge the performance of the Councils. This also allows the Ministry to identify the challenges and discuss the way forward to ensure efficient preparation of pending financial accounts for auditing.

In addition to these Forums, the Ministry ensures timely completion of financials for audit and Annual Reports as a Key Performance Indicator in the Contracts of the respective Special Administrators, as well as part of the different Grant Agreements with the Councils.

2. What monitoring mechanism is in place by the Ministry to ensure that these Councils have implemented the Office of the Auditor General's recommendations in addressing the audit issues and the anomalies that were identified?

The Ministry comprehends the significance of implementation of the recommendations by the Office of the Auditor-General (OAG). It is imperative that the Municipal Councils address the audit issues and the anomalies to enhance the systems and processes that are in place.

As such, the Ministry continues to highlight the above to the Teams of Special Administrators and the CEOs through formal Forums and correspondences.

The Ministry seeks information from the Councils, which includes:

1. Update on the audited financial reports;

2. Status of pending financial reports for audit; and
3. Progress on audit qualifications raised by the OAG on audited financial reports.

The above, is also part of the clause stipulated in both operating and capital grant agreements with Municipal Councils.

In addition, the Ministry has a representative who visits the Municipal Councils to audit the financial operations of the Councils. The reports are prepared and presented to the Teams of Special Administrators and the CEOs to rectify the issues identified during the process.

3. Given the Disclaimer of Audit Opinion issued, has the Ministry conducted a thorough investigation in Nasinu and Nausori Town Councils?

Yes, the Ministry's representative was part of the investigation for Nasinu and Nausori Town Council, where the investigation committee recommended that the matter be reported to the Fiji Independent Commission Against Corruption for further investigation.

4. What actions have been taken by the Ministry for the audit opinion issues to these Councils?

As mentioned earlier, the Ministry understands the importance of rectifying the problems in the Council financials and operations. Hence, the rationale to have Teams of Special Administrators to ensure good governance practices are in place.

The Councils, through forums and meetings, are reminded on the need to update their accounts and improve the systems and processes. The Ministry has also developed a Finance Manual taking into account the issues highlighted by the OAG and to ensure the Councils have good financial management processes in place.

In addition to these Forums, the Ministry ensures timely completion of financials for audit and Annual Reports as a Key Performance Indicator in the Contracts of the respective Special Administrators, as well as part of the different Grant Agreements with the Councils.

5. What is the status of the Manual of Accounts for all Municipal Councils?

As mentioned, the Ministry has recently developed a Finance Policy Manual. The Finance Manual is intended to provide an overview of the accounting and financial policies and procedures for the Municipal Councils. The purpose of the manual is to provide step by step accounting procedures and policies which governs the Municipalities in ensuring effective of internal control mechanism are in place. This Manual will replace the existing Manual of Accounts that is being used by the Municipal Councils.

**SUPPLEMENTARY RESPONSE – SALARY SCALE FOR SPECIAL
ADMINISTRATORS AND CHIEF EXECUTIVE OFFICERS OF THE MUNICIPAL
COUNCILS**

No.	Council	New Salary	Old Salary	Comments
CHIEF EXECUTIVE OFFICERS				
1	Suva City	\$132,583.00 - \$187,176.00	\$70,000.00	
2	Lautoka City	\$120,000.00	\$57,027.00	
3	Nasinu Town	\$132,583.00	\$70,000.00	
4	Nausori Town		\$55,000.00	
5	Nadi Town	\$150,000.00	\$70,000.00	
6	Sigatoka Town		\$42,616.00	
7	Ba Town	\$57,824.50	\$40,000.00	
8	Labasa Town	\$73,047.91	\$34,000.00	
9	Savusavu Town	\$46,627.14	\$40,000.00	
10	Rakiraki Town	\$57,824.50	\$40,000.00	
11	Tavua Town		\$30,000.00	
12	Lami Town	\$37,007.68 - \$55,511.52	\$45,000.00	
13	Levuka Town	\$50,000.00	\$40,000.00	
SPECIAL ADMINISTRATORS				
No.	Council	New Salary (Board Allowance)	Old Salary	Comments
1	Suva City	SA Chair - \$30,000/annum SA Member - \$23,000/annum	\$80,000.00	- Please note that the current team of SAs allowance are paid quarterly
2	Lami Town		Voluntary basis	- Old salary remuneration for the former SAs were approved in 2011
3	Lautoka City	SA Chair - \$30,000/annum	\$70,000.00	
4	Ba Town	SA Member - \$23,000/annum	unknown	
5	Nasinu Town	SA Chair - \$30,000/annum	\$60,000.00	
6	Nausori Town	SA Member - \$23,000/annum	\$58,000.00	
7	Nadi Town	SA Chair - \$30,000/annum	\$59,554.00	
8	Sigatoka Town	SA Member - \$23,000/annum	unknown	
9	Labasa Town	SA Chair - \$25,000/annum	\$45,000.00	
10	Savusavu Town	SA Member - \$18,000/annum	unknown	

11	Rakiraki Town	SA Chair - \$20,000/annum	unknown
12	Tavua Town	SA Member - \$12,000/annum	unknown
13	Levuka Town	SA Chair - \$10,000/annum	unknown
		SA Member - \$8,000/annum	unknown

As at 5th May 2022



LIST OF VERBATIM REPORTS

2018-2019 and 2019-2020 Audit Report on Municipal Councils

No.	Witnesses	Page No.
1.	Suva City Council Lami Town Council	2
2.	Sigatoka Town Council	26
3.	Nasinu Town Council Nausori Town Council	46
4.	Tavua Town Council Rakiraki Town Council	71
5.	Nadi Town Council	106
6.	Lautoka City Council	147
7.	Ba Town Council	165
8.	Levuka Town Council	194

STANDING COMMITTEE ON PUBLIC ACCOUNTS

2018-2019 AUDIT REPORT ON MUNICIPAL COUNCILS (PP NO. 161 OF 2020)

SUBMITTEE: Suva City Council & Lami Town Council
VENUE: Big Committee Room, Parliament
DATE: Monday, 11th April, 2022

**VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON
PUBLIC ACCOUNTS HELD AT THE COMMITTEE ROOM (EAST/WEST WING),
PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON MONDAY, 11TH
APRIL, 2022 AT 10.07 A.M.**

Interviewee/Submittee: Suva City Council and Lami Town Council

In Attendance:

Mr. Vimlesh Sagar	Special Administrator Suva and Lami
Mr. Azam Khan	Acting CEO
Mr. Kavin Rathod	Director Finance, Suva City Council
Mr. Jone Naqoli	Human Resource Manager
Mr. Ajay Prasad	Senior Accountant, Lami Town Council

Ministry of Local Government

Mr. Navin Chandra	Manager Finance
Ms. Shayla Rani	SAO

Office of the Auditor-General

Mr. Moshin Ali	Acting Auditor-General
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DEPUTY CHAIRPERSON.- Honourable Members, members of the public, secretariat team, dear viewers, ladies and gentlemen, a very good morning to you all. It is a pleasure to welcome everyone, especially, the viewers who are watching this public hearing session. At the outset, for information purposes, pursuant to Standing Order 111, all Committee Meetings are to be open to the public, therefore, please note that this submission is open to the public and the media and is being aired by the *Walesi* platform streamed live on Parliament's website and social media platforms. For any sensitive information concerning the matter before us this morning that cannot be disclosed in public, this can be provided to the Committee either in private or in writing.

Please be advised that pursuant to Standing Order 111, there are only few specific circumstances that allow for non-disclosure and this includes, national security matters, third party confidential information, personnel or human resource matters and Committee deliberation and development of Committee's recommendations and reports. This is a parliamentary meeting and all information gathered is covered under the parliamentary powers and privileges.

Please bear in mind that we do not condone slander or libel of any sort, and any information brought before this Committee should be based on facts.

In terms of protocol of this Committee meeting, please minimise the usage of your mobile phones and all mobile phones should be in silent mode while the Meeting is in progress.

I wish to also remind the honourable Members and our guests that all questions are to be asked and to be addressed to the Deputy Chairman, and for the purpose of the recording please on your microphone so that whatever you say in this meeting can be recorded in the *Hansard*.

(Introduction of Committee Members by the Deputy Chairman)

DEPUTY CHAIRPERSON.- Today, the Committee will be hearing submissions from the Chief Executive Office who looks after the Suva City Council and Lami Town Council in relation to the 2018- 2019 Municipal Council Audit Report (Parliamentary Paper 161 of 2020). For the purpose of the viewers who are joining us this morning, I would like to give a brief explanation on what the Municipal Council Audit Report is all about.

The Audit Report summarises the audits that were undertaken of 10 Municipal Councils and this includes, Suva and Lami. In today's public hearing, we will review the Suva City Council's Audit Accounts of 2012 to 2015 financial years and the Lami Town Council 2014 Audited Accounts. Before us, we have the representatives from the two municipal councils and I would like to thank them for availing themselves to attend this hearing. I now invite our guests to introduce themselves and to begin their presentation, after which, there will be a question and answer session. Please also note, that if there are any questions by the Members of this Committee, they may interject or we will wait till the end of the presentation to ask questions.

MR. A. KHAN.- Thank you, Deputy Chairman and the honourable Members of the Standing Committee on Public Accounts, Office of the Auditor-General and the Ministry for Local Government staffs. Firstly, before I take through the questions, I would like to introduce my team.

(Introduction of Submittees and Government Officials)

Question 1(a): What is the status of the issues noted as qualification? Has those issues been resolved?

The Council has improved its audit opinion from Disclaimer of Opinion in 2010 to qualified opinion for the years 2012 to 2015. There were three qualifications

MR. A. KHAN.- ... There were three qualifications compared to six in 2011 for the years 2012 to 2015 which includes the following –

- Market fee and parking meter – For the municipal market, the Council has divided the collection of stall fees into two streams as follows:

One is for permanent stalls within the municipal market, the permanent stalls have been properly registered and the Council expects 100 percent collection in this area yearly.

The other area is outside casual stalls, the outside casual stalls have been properly marked and stall allocation and collection is supervised by the market manager. The Council has an internal auditor who is responsible for carrying out spot checks and submitting reports to the Council.

In regards to parking meter revenue, the Council has improved collection structure and introduced coin counting machine. In addition, Deputy Chairman, we have already advertised for a software whereby we would like to go digital in relation to parking meter and currently we are in discussions with the Fiji Roads Authority (FRA).

- In the area of VAT reconciliation, the procedure was upgraded on 31st December, 2021. The Council's finance team has established and implemented a policy of meeting FRCS on a quarterly basis to discuss movement and reconciliations.
- In the area of inventory reconciliation, the inventory reconciliation has been improved as at 31st December, 2019. Furthermore the internal auditor is currently auditing the inventory management system, which has been completed as of date, and has submitted a report including recommendations which is being currently implemented by the Director Finance.

Further actions taken, Mr. Deputy Chairman, parking meter collection, to improve the collection of cash from parking meters, the Council has separated parking meter collection duties from actual counting of cash. The Council has invested in a coin sorting and coin counting machine to accurately record the parking meter revenue. Furthermore, there was a tender done for parking bay management software system which will manage and administer all street parking base in the city. A vendor has been approved and this proposal is before FRA given that the parking meters are under the Fiji Roads Act 2016.

For municipal market operation, in addition to the comments earlier provided, now the finance team frequently visits the Suva Municipal Market to reconcile casual stall occupancy with receipts issued. The Council has further entered into an agreement with Vodafone to introduce the M-PAiSA methodology of collection. In addition to this, evaluation to stocktake, the annual stocktake is now programmed for the end of the year which is a balance day activity and it includes a staff from the Office of the Auditor-General.

Question 1(b): What has the Council done to ensure that issues noted as basis of qualified opinion does not reoccur?

The Council has placed in measures to ensure that the areas as highlighted are strengthened upon and acted upon. In addition to that, the Council has delegated respective personnel to ensure that the issues highlighted in the Audit Report are addressed and attended to and a monthly update is circulated to management. We have been able to address by the end of 2021, out of the two qualifications, we have progressed to the third one and are that by next audit, the qualifications would be removed.

Question 2: What is the status of the audit for the rest of the

HON. A.M. RADRODRO.- Just a supplementary question, Mr. Deputy Chairman.

DEPUTY CHAIRPERSON.- Yes.

HON. A.M. RADRODRO.- Can we interject while he is responding?

DEPUTY CHAIRPERSON.- You may do so, honourable Member.

HON. A.M. RADRODRO.- Thank you, what is the real position? Is it CEO?

MR. A. KHAN.- Acting CEO.

HON. A.M. RADRODRO.- Thank you, Acting CEO. On the explanations that has been given, just a question in terms of auditing of accounts. We are discussing about 2012 to 2015 in this year 2022. Can you provide the Committee an update when will the outstanding auditing accounts be brought up to-date so we can be discussing on the real time issues. That is the supplementary question.

MR. A. KHAN.- Through you, honourable Member, that is Question two - What is the status of audit for rest of the financial years 2016 – 2019? The response that has been provided to the Public Accounts Committee, the 2016 – 2019 financials have been forwarded to the Office of the Auditor-General. Further actions taken from the date that we had responded, the OAG has confirmed that the 2016 - 2018 accounts will be outsourced and the audit will commence in the month of April 2022. The target is to complete the 2016 - 2018 by the end of July and then after that, the balance of the audit, we are working very closely with OAG to ensure that the balance of the audit is completed during the next financial year.

HON. A.M. RADRODRO.- Thank you and apologies for that earlier question, Acting CEO. What about the report that has been submitted to OAG? Are you making sure that you have tried to improve on the qualification regarding the Ministry? It is encouraging to see that, you have stated that your opinion has

improved from a disclaimer of opinion which is the worst opinion that can be given to an entity to now a modified opinion. Are you planning to improve on those outstanding reports that has been given to OAG or do you expect some of those opinions to remain?

MR. A. KHAN.- Through you Mr. Deputy Chairman, as you have stated, in 2010 we had twelve areas required to be looked into and there was a disclaimer of opinion. We have improved to three and we are optimistic that the three will be resolved in the next audit of three years and we are working towards it to ensure that we have an unqualified statement.

HON. A. M. RADRODRO.- Because of those audit opinions, are they relating to staff or is it relating to the system that you have? What have you sort of found out in terms of improving the opinions of the OAG? What are the real causes of those opinions?

MR. A. KHAN.- Mr. Deputy Chairman, it is to do with strengthening of the financial management system and we have already worked upon it. The OAG had highlighted that there is a need to ensure that there is strengthening in the area of control and the area of reconciliation. So we have brought in measures to ensure that these two areas are looked into.

HON. A. M. RADRODRO.- So it is the process and not the human resource?

MR. A. KHAN.- Yes, it is the process.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, can we just ask OAG, any timeline indication on when will this outstanding audits be attended to and brought to Parliament?

DEPUTY CHAIRPERSON.- Honourable Member, the Committee can see that.

MR. M. ALI.- Just a side information of where the Council is at the moment, just for the information of the Members of the Committee, it is an honour to be part of this Committee. I think in the past we have taken this as a working document in terms of entrenching policies and procedures for the entities as well. Just an update to what CEO had just mentioned, we are in the process of getting things in order. The new board of SAs was appointed four weeks ago, probably this could be noted as well. Since the time the new board has come into play, through the guidance of the chair and the other members, we have really worked hard with the collaboration of the management as well to get things in order. Just a form of reassurance and in terms of governance and ethics as well, there has been KPIs set, not only for the CEO but including the SAs and the team as well. Be rest assured honourable Members, we have been in closed contact with the Office of the Auditor-General as well. We have planned things out in terms of what needs to be done when. Just a word of reassurance, of paramount importance, what we are looking at, at this point in time is the audits.

So, just like what the CEO had mentioned, there has been a plan set aside and it is a bit of a backlog, we understand that and we also realise that there is a bit of a backlog also in terms of getting things in order. So, our audit process is as such, Mr. Deputy Chairman that things cannot be done within a certain timeframe. I know, Mr. Deputy Chairman and the CEO had also mentioned that there has been a bit of delays in terms of policies. One thing that we would also like to highlight and supporting the supplementary question is the Act that we have in place as well.

We have some challenges in place and taking into consideration we have aligned our SOPs; the SOPs that not only guide the councils of Suva City Council (SCC) and Lami Town Council but basically it will set the foundation right so that we are able to achieve not only the corporate KPIs but also individual KPIs at the board level and the organisational level. In terms of assurance for the audit, we have a plan to proceed with the three years of audits, that would be simultaneous one after the other and like I had mentioned, it is a process, we cannot jump from one process to the other financial year but it is a continuity which we have to maintain. We have set strict KPIs for the board and for the management as well.

The three years audits will be done simultaneously and the Office of the Auditor-General will vouch on that. As soon as we are able to get the documentations for the next set of actions, we will move with the second set of audits so that we are able to bring things back to the current financial years for both councils – Suva City Council and Lami Town Council.

That is a bit of side information in terms of where we are at the moment but in terms of governance, ethics and in terms of getting policies and documentations in order, that is happening at the moment. In the past, there has been a bit of delay, I think we do understand that, that is part of the submission that the CEO and the members will present. We do acknowledge that, but be rest assured that we have set strict guidelines and deadlines that we should be able to achieve within the set timeline.

DEPUTY CHAIRPERSON.- Thank you, that is noted. I request the Office of the AuditorGeneral to please clarify the question said by honourable Radrodoro.

AUDIT REP.- Mr. Deputy Chairman, the draft accounts for Suva City Council for the financial years 2016 to 2019 has been submitted to our office and as we have agreed with the Council, the Auditor-General's Office will be having the audits for 2016 to 2018 done before the end of this financial year, which is 31st July, 2022 and 2019 to 2021 will be done subsequently.

So, what we have done is just to fast-track and bring these entities up to speed, with the current year, we have taken an approach of outsourcing to our contractors and they will be doing the audit on behalf of the Auditor-General. We understand that the Council is also working towards completing the 2020-2021 financial statement draft. So, once that comes in, that will go in the second cycle of three years that we

will do. So, Mr. Deputy Chairman, our plan is to bring Suva City Council by the end of this calendar year by 31 December to 2021 audit to be completed.

DEPUTY CHAIRPERSON.- Thank you very much that is noted. Acting CEO, you may continue with your presentation.

HON. V. LAL.- Before we continue, I would like to thank the Special Administrator and the CEO for their comments, just noting the Report of the Auditor-General, I can see that significant deficiencies have been identified in the internal controls. So, my question, Sir, to be specific, is it staff capacity or the lack of policies that is leading to these significant deficiencies?

MR. A. KHAN.- Mr. Deputy Chairman, through you, honourable Member, the area that has been highlighted by the Office of the Auditor-General is got to do with increase in capacity and processes. With the increase in capacity, the Council has already advertised and currently the post processing is continuing for the introduction of three additional internal auditors. The Council has established the position of a Risk and Compliance Officer and this position is expected to be filled by mid-June.

These are the areas where we are working closely with the OAG in ensuring that risk and compliance is taken more from a preventative angle and more assurance is given to the OAG to ensure that at the end of the day qualify for an unqualified opinion.

DEPUTY CHAIRPERSON.- Any other questions, honourable Radrodro?

HON. A.M. RADRODRO.- Just a supplementary question to the OAG, given the notes that has been provided by the Suva City Council, they were expecting the audit to be conducted by mid of last year, I guess this is last year (2021). What we have just heard from the AuditorGeneral, they will try to complete and commence the audit this year. So, there are two conflicting issues here, Deputy Chairman – the issue with the Report from the Office of the Auditor-General and the Report from the Suva City Council. What is being given here is that SCC has already submitted their accounts to OAG. The delay now is more towards OAG completing their audit and has to be completed on time.

We thank Suva City Council for submitting their accounts on time even though it is at a much later years but OAG needs to provide the audit conduct so that reports can be submitted. This is just for one municipality. We have always had scenarios of all the other municipalities having delayed accounts. In having delayed accounts means a Council is being deprived off proper decision making in terms of utilising their accounts, proper investment decisions and all other decisions that are related to it. Can the OAG give us a timeline, they say end of this year which is July 2021, for 2016, 2017, 2018, 2019 and then 2020 that is what I am asking the whole outstanding accounts to be brought up to-date, not only this up to 2019 but up to December 2021. That is one question.

Another question, why is the Council not following the Government financial year?

DEPUTY CHAIRPERSON.- We will take the first part of your question. The OAG will respond and then we will give you time.

AUDIT REP.- Mr. Deputy Chairman, through you, as I had mentioned earlier, the Council has submitted the draft accounts to us, I think it was submitted in 2021. As I have said, we had numerous other challenges that we faced in terms of the disruptions brought by COVID. We could not continue with the audit. We could not deploy our staff on the field. They were continuous disruptions which has resulted in accumulation of audits to be conducted.

However, as I have said, the audits for 2016 to 2018, the office is going to make sure that the audit opinion is issued by the end of this financial year which is 31st July, 2022 and the audits will happen back to back. We are going to get one auditor on our behalf to complete the audits for three years and once we have completed those and if there is any corrections or any other opening balances which needs to be corrected, then we will give the opportunity to the Council to correct that for 2019 to 2021 and that would be subsequently done. So, the three years would be completed by 31st July, 2022 and the next three years which is 2019 to 2021 financial year will completed before 31st December, 2022. In other words, by the end of this calendar year, we intend to bring Suva City Council up to date with the audits.

Just on the second point raised by the honourable Member, I think the Council will further elaborate on that. That will also require us to do a seven months account, I think that would be for financial year 2020. That is in addition to that space, so the financial year is going to change so it will require us to do a seven months audit for 2020.

DEPUTY CHAIRPERSON.- Thank you, that is noted. I request Acting CEO to respond to the second part of honourable Radrodro's question.

MR. A. KHAN.- Honourable Member, the 2020-2021 Annual Budget, the Parliament has reviewed and amended the Local Government Act where the fiscal year for the Councils throughout Fiji is aligned to the national government.

DEPUTY CHAIRPERSON.- Thank you very much for your response, you may continue with your presentation.

MR. A. KHAN.- Mr. Deputy Chairman and honourable Members, Question 3: what were the reasons the Council was unable to produce financial statements for audit in a timely manner? The Council has been behind in its compilation of financial statements for some years, we agree. The reason has been the requirements to upgrade the financial reporting to International Financial Reporting Standards (IFRS) to full status. The Council has decided to upgrade accounts to IFRS full to avoid disclaimers. The cycle of audit has also taken time and we are grateful to the Office of the Auditor-General that has decided to work with us and have come on board to outsource and agreed to audit in a consolidated form.

Question 4: What changes or processes and procedures improvement have the Council put in place to correct failures and weaknesses and prevent recurrences? How will the Council ensure that these changes, processes and procedures are strictly followed?

In response, Mr. Deputy Chairman and honourable Members, the Suva City Council has invested in an internal audit team. A Senior Auditor has commenced work and there would be further recruitment of three (instead of two) members from this team.

In addition, the Council will soon conclude the recruitment of a Risk and Compliance Officer. This recruitment will strengthen the Council's monitoring processes. Unfortunately, due to the COVID-19 pandemic, this post processing had been delayed and the Assistant Auditors are expected to join the Council in June 2022.

Question 5: What is the status of maintaining 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?

General fund is being maintained for general purposes as per the Local Government Act. Loan Rate Fund is being maintained for loan repayments and Streetlight Fund is being maintained for maintenance of street lights.

In addition to this, Suva City Council is currently only maintaining its General Fund Account for city council activities within the city boundary areas. Special Accounts are maintained for external services including the delegated solid waste management areas that is Vunisea operations and the Nasinu Town Council Solid Waste Management Services. The fund accounts will be discussed with the Office of the Auditor-General during the 2016 audit.

In addition to that, Mr. Deputy Chairman and honourable Members, the loan rate and the streetlight fund had been closed given that the Council has no loan outstanding and streetlight fund

obligations are no longer there, given that streetlights are now under the Fiji Roads Authority. The City Council is only charging a single rate to ratepayers which is general rates.

Question No. 6 (a): Has the variance of \$642,327 between the sales declared in the VAT form and the sales recorded in the general ledger been resolved?

The variance in sales declared in the VAT form was a result of not taking into account the general journal entries posted in the general ledger which was not showing in the VAT returns. The variance has been identified and resolved.

Question No. 6 (b): It was further noted that there was an unreconciled variance of \$870,786 in the VAT reconciliation prepared by the Council. What is the status of the unreconciled variance noted?

The \$800,000 entry was a carried forward balance from prior years which was carried forward in the general ledger. Suva City Council had recommended to the external auditors that this entry be reversed as there were no details or supporting source documents to justify the transaction. However, the auditors have not agreed to this. The other major variance in the VAT returns was due to transactions posted in the general ledger and not submitted in the VAT returns. This reconciliation will be discussed during the 2016 Audit with the Office of the Auditor-General and finalised accordingly.

Question No. 7: What corrective action has the Council taken so that such variances does not reoccur?

VAT Account is reconciled on a monthly basis to ensure all respective transactions are recorded and reported in the VAT returns. In addition, monthly reports are generated, matched with general ledger and payments to FRCS is processed accordingly.

Question No. 8: What has the Council done to improve timeliness and quality of the financial statements produced for audit?

The Council is reconciling accounts on a monthly basis to ensure that any discrepancies identified are sorted out. The Council from 2014 has upgraded its financial system to ensure effective financial recording and reporting which has led to removal of disclaimer opinion. In addition, all reconciliations are prepared electronically with supporting documents and stored in a shared drive.

Question No. 9: What has the Council done to improve the internal control functions?

To improve, the Council has recruited an internal auditor to strengthen the internal control functions. The internal auditor has mapped out an extensive audit plan for all areas to improve the internal control functions of the Council. Furthermore, recruitment of the Risk and Compliance Officer would strengthen the Councils' monitoring process, reduce risk and improve compliance.

In addition to this we have already developed an Enterprise Risk Management Plan and this is currently being filtered to all sections to ensure that we are more post-oriented and more preventative oriented, Sir.

DEPUTY CHAIRPERSON.- Thank you very much, Acting CEO. I will request honourable Members to ask questions, and once that is done, we will move to Lami Town Council.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, thank you, Acting CEO for very comprehensive answers that you have provided for the questions that were raised. I think one of the areas that probably the Council might consider is the training and development of staff. I fail to see that as part of your resolution on the way forward to ensure that the processes and procedures within the ministry is understood by everyone and that can only be done through proper and regular training within the Department. So, maybe there is an area that Suva City Council and the Ministry can also spearhead in terms of providing training to Accounts staff in all the municipalities as a way forward. As we can note, there are a lot of similarities in terms of the issues being highlighted by the Auditor-General and maybe that is way we can address it.

The other question that I would like to raise is regarding the old Suva rubbish disposal area. Are there any plans by the Council in terms of future use of that particular area that you can enlighten the Committee?

MR. A. KHAN.- Mr. Deputy Chairman, in the area of training and development of staff, we totally agree and the Council has a policy to consistently keep on developing and upskilling staff in various areas, including financial management. In this area, Sir, we had been sponsoring staff attending the required trainings under FIA for the year. We ensure that the staff in the financial management team are also equipped with resources to ensure that upgrades to IFRS is well filtered in within the system.

In the area of the old Suva rubbish disposal site, this is currently under the management of the Director of Lands and the Ministry of Environment and Waterways and we are working with them.

HON. A.M. RADRODRO.- Who is looking after the upkeep of that place since it is within your municipality?

MR. A. KHAN.- It is in between the Director of Lands and Ministry of Environment and Waterways.

HON. A.M. RADRODRO.- So none of the municipalities?

MR. A. KHAN.- No, Sir. Following the rehabilitation, the rehabilitation programme had shifted the site ownership and responsibilities to the Director of Lands and the Ministry of Environment and Waterways.

HON. A.M. RADRODRO.- Just a clarification on No. 5. You also look after Kadavu, what is this Kadavu Operations and Nasinu Town Council that you have here?

MR. A. KHAN.- Mr. Deputy Chairman, we look after the local authority areas that are developed at Kadavu, Vunisea area in particular. These are basically the office administration blocks, administration quarters and schools. These were areas that used to be under Kadavu Rural Local Authority when the Authority via a transitional amendment to the Public Health Act in 2018. So the functions are being readjusted under the delegated authority to Suva City Council. We have been given the authority to manage solid waste management in the respective areas and also development permit management, and the Government provides a grant on an annual basis to support the scheme.

HON. A.M. RADRODRO.- And this Nasinu Town Council?

MR. A. KHAN.- Mr. Deputy Chairman, we have an agreement on a shared service basis with Nasinu Town Council where on a joint basis, Suva is currently managing the solid waste management collection for Nasinu Town.

HON. V. LAL.- Sir, this is in terms of future developments. One question comes to mind is, we all agree that there is a lack of parking space in Suva. People hesitate to bring in their vehicles to Suva because they know there will be no parking space. So, what is the Council doing in this regard?

MR. N. CHANDRA.- This is a very interesting question that you have highlighted. In terms of going back to the honourable Member as well, he did highlight a very important aspect about succession planning – we have taken note of that. Unfortunately, the time is too short at the moment, but from the time the new Board started, Deputy Chairman, we have started upgrading the policies in terms of sub-committees. What it means is that, the Council is now looking into succession planning as well. Succession planning in terms of not only the technical know-hows but probably looking at the financial side of the things or the risk management side of things and that also includes the audit side of things. Like I have also mentioned earlier, these policies and sub-committees will have a full role in terms of how the annual meetings and the monthly meetings will take place at the Council, so those have been taken care of. In terms of the parking allocation, I do understand that for long there has been a shortage of parking space in Suva City and we do acknowledge that but in terms of the budgetary allocations, at the moment there are plans to redevelop Suva City. I think taking into consideration what the Council operates on, is also looking at the paramount importance of what the ratepayers do provide. That is the basic source of income for the

Council as well and taking into consideration what the ratepayers pay to the Council, there is a high expectation in terms of what the members do get.

So at this point in time, there are capital projects that we have that the board and the Council is working on at the moment. Unfortunately it is too early to disclose that but these are the things in the planning stage and there is budgetary allocation in terms of what are the things that we are looking at, at the moment but be rest assured that at least, a year or so, we should be able to sustain and be able to look at and cater for the needs of the parking requirements for not only people and workers over here but for the general public as well. But eventually it can be done over time. It will probably need a bit of more time in terms of the capital expenditure as well. There are plans in terms of looking into ways in which we can beautify, not only Suva City but Lami as well.

Now you may notice, Members, that on a Saturday, probably there are very less chances for people to come back to the City but there were times going back, looking at a decade or so, there were like incentives or mechanisms whereby people would come back to the City. The main agenda, the main item that we were looking at, at the moment is we would like to look at policies, not only policy side of things but to invest in facilities and resources that not only cater for shortterm but we are also looking at long-term plans as well.

Looking at the situation of the Councils, most of the time I think what has happened is that, not only do we rely on the taxpayers' money but also we should be in a position to self-sustain as well. We are now looking into capital expenditure investments that would not only sort of like cater for the current needs but it will also generate revenue for the Councils as well. In a way, it is revenue coming into the Council and the other way, there would be other resources that will be provided in terms of what our corporate goals are.

DEPUTY CHAIRPERSON.- Thank you. Any other questions?

HON. A.M. RADRODRO.- Mr. Deputy Chairman, thank you very much, Special Administrator for the explanations. In terms of just adding on to what honourable Virendra Lal was saying regarding parking meters. We take note of your explanations regarding future plans and future challenges that the Council will be working on but currently not only is it a challenge in finding a parking spot, the issuing of Traffic Infringement Notice (TINs) by officials when we do not have a parking space and we try to park, I mean these are being confronted on a daily basis by commuters. Even in our frontage here, we have been unnecessarily issued with TINs by LTA, council officials and probably some other officers. So one challenge is finding a parking space, the other challenge is when you park, you are being unnecessarily issued with TINs. That is something that probably the Council should also look into - to inform the officials about the challenges of finding parking space so that they do not unnecessarily issue TINs because there is no place to park and when you find a place to park, it will not be for the day, if you are wanting to attend to some errands that you attend to in the city but when you come back the TINs are there. So that is

always a challenge and if LTA is coming up with TINs, so these are the things that we do not have any control of, for commuters, in terms of the issue regarding challenges on parking space. The other thing is in terms of consistency. That is why I asked the question initially whether he is the CEO, he was the CEO before. He was the CEO.

MR. V. SAGAR.- No, he has always been on the Acting CEO position.

HON. A.M. RADRODRO.- Okay.

MR. V. SAGAR.- At the moment, we have positions that will be advertised in the dailies as well, that is for the Lami Town Council that we are working on at the moment because what has happened is that that takes a bit of time in terms of the operational side of things. Just for the information on what the Council and the management is doing, I think honourable Member, you have raised a valid point again, we take note of that and then probably we will go back and look into terms of what could be done.

The other option that we have implemented is more of compliance officers. Most of the things are policy- based and then the other thing is the resources-wise. From this pandemic, we have all learnt a hard lesson and that is one of the challenges that the Council was also faced with in terms of the resource-wise. However, one other specific area that we are looking at is the Act. The Local Government Act at the moment is applicable and with the amendment that is there, there are some areas that needs to be relooked and sort of come in terms of the modern way of doing things, so that is happening at the moment.

Going back to where we are in terms of parking and the allocation of spaces, there is something that the Council is looking at in terms of digitisation as well. That is one of the other KPIs that we are working on. So digitisation, what it means is the decentralisation of the whole Council, not only the receivable side of things but collection and compliance side of things, and that also includes parking. There are plans going ahead in terms of having software-base, or some sort of money transfer system whereby we can remotely access the parking lots but again that goes back to providing availability of parking lots as well. So we have taken that into note and possibly we will take into consideration and then the areas that needs a bit of improvement in terms of risk side of things, we will get that on board.

DEPUTY CHAIRPERSON.- Thank you very much and we look forward to those improvements.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, I was just trying to say that maybe the Suva City Council will not have to look far because a capable position in the CEO is right there.

DEPUTY CHAIRPERSON.- Yes, definitely. Regarding to cash, how is cash handled on a daily basis? Could you please explain.

MR. A. KHAN.- We have already converted our systems in various modes that we have now got on board, various banks and M-PAiSA to support wire basis of payment. We are very pleased to note that during this financial year an estimated 30 percent electronic transactions have taken place in relation to rates collection for Suva.

This is allowing the system, the digital platform structure is being introduced for better reconciliation and bringing in more efficiency. The cash collections that are currently managed by the Council is heavily around parking metres, which is not more to do with coins sorting and coin counting and there is a segregation of duties in place with coin counting machine available. As the Special Administrator has said, we have already advertised for a software that is before the Fiji Roads Authority. For your information, Sir, parking metres ownership is with Fiji Roads Authority. So we have been given only the delegation to manage.

HON. A.M. RADRODRO.- Issuing of TINs?

MR. A. KHAN.- It is under LTA, delegated through LTA. We are working with them and the ideology is to ensure that we have a smarter system in place, a supplier whom we have nominated. The supplier will be able to introduce a system by which you could make payments through phone and you will be given an alert through the phone and our enforcement officers will also be able to, from time to time, monitor. So we are hopeful that this system is introduced for Suva as soon as possible. In the area of other cash collections, this all takes place at the main city council headquarters, reconciliations done, daily banking, daily verification by the responsible officer, monthly reconciliations and approval by the Director of Finance and you receive daily bank statements to ensure that the daily transactions are properly recorded for and verified through the office of the Director of Finance.

HON. A.M. RADRODRO.- Just a clarification, the issuing of TINs is no longer handled by Suva City Council officers?

MR. A. KHAN.- Sir, is it being handled by Suva City Council through delegated powers. So, there are delegated officers under LTA. Sir.

DEPUTY CHAIRPERSON.- Thank you very much. We may move to Lami Town Council now for their presentation.

MR. A. KHAN.- Thank you, Mr. Deputy Chairman and honourable Members, for **Lami Town Council**.

Question 1: What is the status of the 10 issues noted as qualification? Has those issues been resolved?

Our response to the Public Accounts Committee that was given; Debtors Report – The Council has recently decided to strengthen rates collection which was forming the major apart of the debtors report and ensure that all rates are collected on time. The Council has noted that rates is a charge on land, therefore it is collectable from the owner or occupier.

In the area of Fixed Asset, the Council has established a fixed asset register where all assets have been recorded. The Council is currently in the process of carrying out a revaluation of all its properties and this is expected to be completed by June this year.

Transfer of roads and street lights, the issue raised has been rectified in the 2015 Financial Statements whereby transfer of roads, drains and bridges has been transferred under the FRA Act and the necessary adjustments made to the Council's accounts.

Cash and cash equivalent – The monthly bank reconciliations are being performed and the amount deposited are correctly receipted. This has been corrected in the 2015 financial statements and a note on this has been provided too.

Impairment Testing – The Council ensures that impairment testings are carried out and the state of asset conditions report prepared to work out a way forward and these reports are prepared on a quarterly basis.

Sundry Debtors – Our record shows that a total amount of \$51,589 details backdate to prior 2013. The Council is of the opinion that under the Limitations Act this amount owed by the Council for sundry deposits is non-claimable since it has passed six years and this will be discussed with the Office of the Auditor-General.

Further actions taken since the submission to the Public Accounts Committee in relations to debtors. The management has adopted to monthly review of debtors and ensures that cases are reviewed, the monthly debtors reconciliations are now carried out and an analysis provided for further action. For the first time this year Lami Town Council will collect 80 percent of its current rates. The Council is placing caveat and charge on properties having outstanding rates, MOUs have been signed with FRCS, iTLTB and Fiji Public Trustees to share information and strengthen rates collection.

Prior period adjustment, the management has decided to place this as part of the draft annual accounts and discuss with the Office of the Auditor-General to pass it as a prior year adjustment. This was due to the incorrect balances recorded in the 2013 accounts. The Council is now preparing the monthly reconciliations of its debtors and ensures reconciled balances are reflected in the financial statements.

Comparative Variance – This has arisen from the prior period adjustments carried out in the 2014 financials. The Council has noted these comparative balances are correctly recorded while preparing our financials from the year 2015. These errors have been corrected as earlier said in the 2015 financials.

Capital Expenditure Commitment – The capital expenditure commitments are restructured from the Council's annual budget and the listing is maintained for audit purposes and in the area of journal vouchers, the Council has noted the issue raised by the OAG and all journals raised are signed and approved before entry. General files are being maintained for record keeping and audit purposes.

Question No. 2: What has the Council done to ensure that issues noted on the basis of disclaimer of opinion does not reoccur?

The Council has put utmost priority to resolve all the issues for the qualification as highlighted above. This has been assigned as part of Senior Accountant's Job Description and peer support is provided by Suva City Council. Further actions taken since the response made to the Public Accounts Committee, the Council has delegated respective personnel at the Lami Town Council to ensure that the issues highlighted in the Audit Report are addressed and attended to and a monthly update is being circulated to management.

Question 3: What is the status of the audit for rest of the financial years (2015 to 2019)?

The 2016-2017 financials have been forwarded to the Office of the Auditor-General. The Council has received draft management letter from Office of the Auditor-General for 2014 and Report finalised.

Further actions for following the Public Accounts Committee response, Mr. Deputy Chairman and Members, the 2015 accounts is on the verge of being finalised by the Office of the Auditor-General, 2018 and 2019 accounts have been finalised and sent to the Office of the AuditorGeneral for audit.

Question 4: What were the reason the Council was unable to produce financial statements for audit in a timely manner?

The Council has been behind in its compilation of financial statements for some years due to compliance to IFRS or SMEs.

Action taken since the response provided, the Council has recently programmed this as a priority and submitted annual accounts as at year 2019 and also has improved capacity in 2016 by upgrading a Senior Accountant position to ensure that from the very beginning the entries are very well kept.

In addition, Mr. Deputy Chairman and Members, the Suva City Council provides peer review on a monthly basis and the internal auditor visits Lami Town Council to ensure that spot audits are carried out and the financial statement requirements are all in place as required.

Question No. 5: What is the current status of the cash flow position of the Council?

The Council has improved on its year end balances compared to past years and is operating on a surplus. Further actions taken, the Council now has no loan application as per records 2021 onwards on a long terms basis. The Council further has no short term financial obligations apart from trade payables.

The twinning arrangement between Lami Town Council and Suva City Council has seen the Lami Town Council able to generate surplus and operate year operations without overdraft facilities.

In addition, Mr. Deputy Chairman and Members, the Council also has been able to reduce rates by ensuring that all the loan applications are paid.

Question No. 6: What has the Council done to improve its financial position?

The Council has strengthened its rates collection strategies. Strategies include awareness, follow ups and prosecution.

Further action that has been taken, the Council has also strengthened its revenue collection from other revenue streams and weekly and monthly follow ups are being made to collect outstanding revenues. The Council is also monitoring its expenses and ensuring that it is within the Council's budget.

A full time Revenue Officer has been engaged to manage revenue collection.

The Council has signed a Memorandum of Understanding (MOU) as earlier said with iTLTB, FRCS and Fiji Public Trustees to share information on properties and property owners.

In addition to this, Mr. Deputy Chairman and Members, the Council has also changed its budget preparation mechanism for Suva and Lami from linear-based budget making to programme-based budget making to ensure that the dollar value is aligned with certain goals and targets and are probably reflected on performance basis.

Question No. 7: What changes, processes and procedures improvement have the Council put in place to correct failures and weakness and prevent any recurrences? How will the Council ensure that these changes, processes and procedures are strictly followed?

The Lami Town Council has been supported by the management of SCC including the Director of Finance and the internal auditor to strengthen the processes and ensure that the compliance cycle is provided by the Office of the Auditor-General is very much adhered to.

Further actions that have been taken, the Council has employed as earlier mentioned a Senior Accountant who has been assigned to look after the finance and audit for the Council and ensure that the internal control procedures are strictly followed.

Mr. Deputy Chairman and Members, we now have a check-off system in place where the Senior Accountant is supposed to provide through the checklist the priorities versus the results attained for the month to the office of the CEO.

Question No. 8: What has the Council done to improve timeliness and quality of the financial statements produced for audit?

The Council is reconciling accounts on a monthly basis to ensure that any discrepancies identified are sorted out. Further action taken since the response that has been provided to the Public Accounts Committee, the Council has invested in an accounting software - MYOB, a very basic software 2020 which will electronically record data and monthly reconciliations to be carried out or maintain proper records.

Question No. 9: What has the Council done to improve the internal control functions?

The Council has implemented the Standard of Procedures (SOPs) for each department. Each department ensures that this is followed and monthly reports are prepared for management meetings. Further action that has been taken, the Lami Town Council has been supported by the internal auditor from SCC which has strengthened the internal control procedures when it comes to compliance.

DEPUTY CHAIRPERSON.- Thank you very much. Any comments or questions honourable Members? The floor is now open.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, thank you CEO for the comprehensive answers to the questions that has been provided. Just on the question of services that is being provided by staff at Suva City Council to Lami as you stated, the Director and the internal auditor and some other teams from Suva City Council, are these done on a chargeable basis or is it done on a free arrangement basis?

MR. A. KHAN.- Thank you Mr. Deputy Chairman and Members, there is a shared service understanding between Lami and Suva that has been designed and given that these are two statutory authorities, both the Lami Town Council and Suva City Council have signed and agreed on a local sister city more of a relationship, more of a twinning arrangement. The Suva City Council has thought to assist Lami Town Council on a very short term to develop these areas so that Lami can also get to a level which is required when it comes to governance.

HON. A.M. RADRODRO.- Why I am asking this question, I think during your time as Director Local Government we had advocated for shared services, but some municipalities do not wish to give their services for free because they said that it was their resources at their cost. That is why I asked the question since you are looking after Suva and Lami, whether there is any cost arrangement - your time spent in Suva and time spent in Lami. Is that costed or is it just done on an understandable arrangement basis?

MR. A. KHAN.- Thank you Mr. Deputy Chairman and Member, the costing is shared but it is very bare minimum to ensure that Lami gets the full support.

HON. A.M. RADRODRO.- Does the Ministry of Local Government provide any funding to support this kind of arrangement? In terms of the budgetary funding for staff going forward, are you looking into funding this sort of arrangement?

MR. V. SAGAR.- Mr. Deputy Chairman, through you, may I answer the question. There was something that we really wanted to talk about in the closing session of the meeting but probably I think it is ideal that we talk about it now.

In terms of the capacity building, if you look at Lami Town Council, within a timeframe of three to five years, the facility that they have is being overturned into a normal cash flow position. Basically, I think it is ideal that the Committee does take into consideration the hard work of the collection side of things of Lami Town Council. But in terms of resource wise, Suva City Council is, I would rather say privileged to have that amount of funding in terms of the cash flow plus to cater for all the capex requirements. However, Lami Town Council does not have that privilege. That is one of the reasons why we have a sort of understanding with the shared service facility. So that is not only for one municipal council. I think going in terms of fare, the amendment of the Local Government Act is at the moment at discussions plus the discussions with the Ministry in terms of ways in which we can improve processes for the 13 municipal councils as well. There are certain things that we can work in a more sort of like a progressive approach in terms of way things could be done better. For example, if you are calling a tender, if Lami Town Councils calls a tender for accounting software and compare Suva City Council calling a tender for another accounting software while other municipal councils calling tender for the other resources in terms of financial or HR software as well. I think it is ideal that all the municipal councils get together and then probably not only that one council calls a tender for one specific shared service, but I think it is the

understanding that the shared services should be used across in terms of not only here, but in Vanua Levu, Kadavu and outer maritime island as well.

I think that is the way forward and that is what we are working on at the moment in conjunction with the Ministry as well. So, Navin's team and then probably I think we had a great session last time we met about how we can incorporate this into a sort of like MOU or sort of understanding that not only resource or human capital that could be sort of shared but other resources in terms of software, street notification that would involve putting cameras, for example. You may have noticed that probably two weeks ago there were advertisements in newspapers, certain municipal councils had applied for, sort of like, put cameras in their location, but I think it is ideal that we get together with the 13 Municipal Councils to probably in terms of, to agree to a shared service facility that will be better for not only Suva City Council but all of them as well.

Having said that, in terms of capacity building as well. It is ideal that at the moment the structure is as such that Lami Town Council is under SCC. So what happens is that is under one administrative team but probably taking into consideration the amount of work load and things that are in plan to work on, taking into consideration the KPIs that has been set not only for the SAs but for the CEO and the team as well. There are plans that there is going to be another administrative team that would be set up in Lami as well. But that is in discussion stages and I think at the end of the day, probably as an administrative of the Council, we really appreciate what Lami Town Council has achieved till today, taking into consideration the amount of minimal rate payers that they have and probably the amount of resources that they have. Whilst Suva City Council is privileged to have all those facilities and resources, Lami is not one of them. But in terms of shared services, I think that is what we are working on and that is what our plans are and that is what we target to achieve in the near future.

DEPUTY CHAIRPERSON.- Thank you very much for your response. Any other questions?

HON. A.M. RADRODRO.- Sir, just a question in terms of the current location of Lami Town. I mean, I am just a new resident of Lami so I have to declare my interest as well. As going forward, are there plans to extend the boundaries of where the current commercial centres are or will it always be like that going forward?

MR. A. KHAN.- Thank you, Mr. Deputy Chairman, tomorrow we are meeting with the Director Town and Country Planning and the Fiji Roads Authority Technical Team. The aim is to come up with a downtown development plan with an aim to ensure that the land use is properly sorted out in consultation and then the infrastructure as per plan is implemented over a medium to long term. We have seen through recent experiences, including COVID-19 with the lockdown that Lami Town is important and it is a populous place, and the urban district requires additional support as far as infrastructure goes to ensure that the people of Lami and the surrounding periphery are able to enjoy the best services.

HON. A.M. RADRODRO.- Just something came to mind about some latest developments in Lami. In the residential area, they wanted to convert it into a commercial lot somewhere around Udu Point. Can you just enlighten the Committee on that? There were some objections to that.

MR. A. KHAN.- Mr. Deputy Chairman, the objections have been heard by the Director Town and Country Planning and a decision is yet to be made.

DEPUTY CHAIRPERSON.- Thank you, very much. Perhaps the Special Administrator can take this question. This is for the general information of the public regarding the market stalls for the vendors. How is that regulated and is there any policy based on how the stalls are given?

MR. V. SAGAR.- Mr. Deputy Chairman, as Special Administrators, I think most of the functions that we are working on, we are the governing body. What that means is that, we set guidelines but at the end of the day, it is the operational side of things that is left to the various Councils and CEOs as well. So, in terms of that question, I think I will pass it to the CEO.

MR. A. KHAN.- Mr. Deputy Chairman, in relation to the allocation of vendor stalls to people interested to sell at the market, permanent stalls we have recorded and it is being maintained as it is. Any change in stall or any sublet, these things are not allowed under the bylaws and we now have a system in place where applications are taken on board, properly screened and then permanent stalls are given. In the area of casual vendors, we ensure that every person who visits the formal sector markets within the Suva area and Lami Market are given an opportunity to sell. At this very moment what we have noted during this year is that Suva City Central Market has recorded an increase in casual vendors by around 15 percent to 20 percent. We are giving our best to ensure that all of them are given an opportunity to sell. To control the sales and to ensure the space management is well managed, from Thursday to Saturday evening we run a 24/7 shift, given that our rural vendors start to arrive at the market at two o'clock in the morning. It is working effectively and in the mid-term, we will be reviewing a way forward.

HON. A.M. RADRODRO.- The roadside stalls as well comes under the municipalities?

MR. A. KHAN.- Mr. Deputy Chairman, there are some formal road side stalls and some informal ones. In and within the municipal boundaries we manage the formal road side stalls and encourage the vendors to go and sell from the formal established road side stalls. We have seen an increase also in the foot traffic and vendor traffic in these market areas and we are giving our utmost best to ensure that everyone is accommodated.

HON. V. LAL.- Mr. Deputy Chairman, on the same note, I was just wondering, are there any rules governing who is eligible to have stalls in the markets, the reason I am raising this, is we have found out that a number of people have a number of stalls and where some people who really deserve to be selling there do not get space.

MR. A. KHAN.- Mr. Deputy Chairman and Members, in relation to your question, we have noted this in the area of dry goods and in the area of some specified agricultural produce which is outside vegetable and local fruits or seafood whereby there has been a number of stalls given over the years to other sectors which could be seen to be more SME-oriented rather than micro-based or oriented. There are policies being worked upon and we are trying to ensure that these areas are being readjusted. The most popular areas for vendor stalls at our markets are the green produce, root crops and the seafood areas, and in these areas or for casual purposes, the rule is on Saturdays you will only qualify for two stalls.

MR. V. SAGAR.- Mr. Deputy Chairman, just adding to what the CEO has mentioned, we do realise that there has been instances that have been reported whereby people have multiple stalls. However, that is more of a policy issue now and we are working on policies, we are working on ways in which we can combat that. It is going to take a bit of time, it cannot be done overnight or probably it will, there is a bit of people and customer reactions that are involved in that. Believe me there are a lot of genuine people who are out there who sometimes are missed because they do not get an opportunity to do so. So, as the Council, we are responsible for that and we have sort of started getting policies in order so that these things are corrected in the near future.

Final concluding comments from my end to the Committee, there has been a lot of scrutiny that has been, in terms of how and why the councils, Suva and Lami has been behind in audit as well. One thing that we all have got to understand and realise is, resource is one thing, the second factor are the Acts that are in place as well. So, sometimes we have to bear in mind, like for example, now the Council has fully adopted IFRS for SMEs but there is a criteria that is being set for this as well. Falling behind is one thing, getting things in order and in compliance not only for the sake of getting things and getting audit done is one aspect, however, in compliance with the available resources and the decrees and standards that is one thing that is of paramount importance. So having said that, be rest assured that probably the next time we meet as a Committee, there will be other elements apart from the things that have been highlighted here and we thank the Special Administrator team headed by the chair and the board, we thank the Committee for giving us an opportunity, we take this as a learning experience as well. We do realise that there are some areas that need a bit of improvement in terms of capacity building, in terms of strengthening HR policies and practices, succession planning is one area that we are sort of working on and that also involves providing training not only for those within the council of SCC but for Lami as well, and not forgetting other municipalities that do fall under our jurisdiction as well.

So apart from that, overall implication in terms of where we are, I do take this opportunity to thank the Committee and the executive team from the Ministry and OAG as well for sound guidance and the team on the side that is there to deliver the results as well. Be rest assured, we are there to work within the set KPIs and not only the board but the CEO for Councils including the heads of various departments now work on a specific KPI which is also applicable and is supposed to be assessed in a timely manner. The Acting position of the CEO, that is something that we are working on at the moment. The Lami Town Council CEO position, Risk Officer, Internal Audit team building capacity in terms of internal audit which is of paramount importance. That is what our key focus will be going back from here. Apart from that, I

would like to take this opportunity to thank everyone who has worked to prepare this documentation and giving us the opportunity to be here and to the Members, for sharing sound information and giving us direction as well.

DEPUTY CHAIRPERSON.- Thank you. Any other questions?

HON. A.M. RADRODRO.- I thank the Special Administrator for the commentary that has just been made. Maybe as a way forward too for municipalities around Fiji, that provision of audited financial accounts becomes part of the CEO's performance indicators. This is something that we as a Committee have always recommended that they be part of the performance for CEOs that have been appointed, not only financial audited accounts but annual reports as well.

That is the question that I would also like the Auditor-General to inform the Committee whether the Lami Town accounts have been brought to up to-date because this is something that is probably common around our municipalities – the delayed submission of accounts. Not only that, but some other institutions as well. So SA as a way forward, probably to put into the contracts of CEOs and all other executives in the municipalities that the provision of the audited accounts, performance indicators and annual reports are of paramount importance as well.

MR. V. SAGAR.- In line with the mandate of the Act as well, there are KPIs set to the board. The SA board has the KPI set by the Ministry and then the SA board then sits and identifies KPIs of the CEO. That goes down to the process of setting the KPIs for the operational level of staff as well. So that is what the process is at the moment and this is what we have adopted going forward and I think that will eventually be that process for Lami and Suva. And they will probably take that into consideration, one of the key operational areas obviously does fall under the CEO is getting the reports, other SOPs and other operational policies that would enable the Councils to be sound with the practices and policies that are applicable. This is noted and that is the way forward councils of Lami and Suva.

DEPUTY CHAIRPERSON.- Thank you very much. Any concluding remarks from the Office of the Auditor-General?

AUDIT REP.- As far as the audit for Lami is concerned, 2015 audit is complete so we should be finalising and sending the accounts for signing soon. The 2016 and 2017 audit is similar to the arrangement for Suva. We would be doing that as well and trying to complete by end of this financial year. Just for the benefit of the Committee, looking at it holistically, the municipal councils, we are looking forward to about 70 financial statements that needs to be submitted to us to bring almost all the municipal councils up to-date.

So the commitment from our office is there, from prior year's going into the future that we will make sure to devote resources and get the audits up to-date. That also includes the two rural authorities, I think for

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Navua Rural Local Authority, I think the Ministry would be interested to work on that as well just to get the audits up to-date for Navua Rural and Korovou. So, I think those are the ones which are quite far behind in terms of getting the audits done.

HON. A.M. RADRODRO.- Nasinu?

AUDIT REP.- Yes, Nasinu as well. It is quite a task and we work quite closely with the Ministry and the municipal councils to get these audits up to-date. From OAG, we also offered our assistance in terms of capacity building. We had two sessions some years back just to provide them that assistance in terms of capacity building, just to work on the basic audit issues that come across all the municipal councils just to see the way forward. We have given that to the Special Administrators, we are happy to work together and assist in improving the financial governance of municipal councils.

DEPUTY CHAIRPERSON.- Thank you very much. Acting CEO, any concluding remarks?

MR. A. KHAN.- Thank you, Mr. Deputy Chairman, as mentioned by SA we are privileged to be here today to discuss the 2012 to 2015 Annual Accounts and we would like to thank the Committee for the opportunity given. We would also like to take this opportunity to thank the Ministry for Local Government and OAG for ensuring that the support is provided to get our audits to par and ensure that the qualification at the same time are attended to with an aim to see that both the municipalities are able to generate unqualified accounts, Sir.

DEPUTY CHAIRPERSON.- We are nearing towards the end of our public consultation. On behalf of the Chairman, honourable Maharaj and the honourable Members of the Public Accounts Committee, Secretariat team, thank you very much for availing yourselves here today, I understand that you have a busy schedule. We look forward for future collaboration and we will end our consultation here. Thank you very much, God bless you and have a blessed day!

The Committee adjourned at 11.33 a.m.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

2018-2019 AUDIT REPORT ON MUNICIPAL COUNCILS (PP NO. 161 OF 2020)

SUBMITTEE: **Sigatoka Town Council**

VENUE: **Big Committee Room, Parliament**

DATE: **Tuesday, 12th April, 2022**

VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS HELD AT THE BIG COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON TUESDAY, 12TH APRIL, 2022 AT 10.07 A.M.

Interviewee/Submittee: Sigatoka Town Council

In Attendance:

- | | |
|-----------------------------|------------------|
| 1. Mr. Anand Sami Pillay | Acting CEO |
| 2. Ms. Ryana Rashnita Kumar | Manager Finance |
| 3. Mr. Amenio Nabureitau | Works Supervisor |

Office of the Auditor-General

- | | |
|-------------------------|----------------------------|
| 1. Mr. Moshin Ali | Acting Auditor-General |
| 2. Ms. Alani Draunidalo | Audit Manager, Nadi Office |

Ministry of Local Government

- | | |
|----------------------|-------------------|
| 1. Mr. Navin Chandra | Manager Finance |
| 2. Ms. Shayla Rani | Senior Accountant |

DEPUTY CHAIRPERSON.- Honourable Members, members of the public, secretariat, dear viewers, ladies and gentlemen, a very good morning to you all and it is a pleasure to welcome everyone especially the viewers who are watching this public hearing. At the outset, for information purpose, pursuant to Standing Order 111 of Parliament, all Committee meetings are to be open to the public, therefore please note that this submission is open to the public and the media and is also being aired via the *Walesi* platform and streamed live on Parliament's website and social media platforms. For any sensitive information concerning the matter before us this morning that cannot be disclosed in public, this can be provided to the Committee either in writing or in private. However, please be advised that pursuant to Standing Order 111, there are only few specific circumstances that allow non-disclosure and these include national security matters, third party confidential information, personnel or human resources matters, committee deliberation and development of committees' recommendations and reports. This is a parliamentary meeting and all information gathered is covered under the Parliamentary Powers and Privileges Act. However, please bear in mind that we do not condone slander or libel of any sort and any information brought before this Committee should be based on facts. In terms of the protocol of this Committee meeting, please minimise the usage of mobile phones and all mobile phones to be on silent mode while the meeting is in progress. I wish to also remind honourable Members and our guests that all questions to be asked are to be addressed through the Chair and for the information of forum, please when you speak, you need to be on your microphone. I would like to at this time introduce the honourable Members of my Committee.

(Introduction of Committee Members by the Chairman)

I would like to also welcome the members of the media fraternity. Before we begin, I would like to request Sigatoka Town Council representatives to introduce themselves followed by the other participants.

(Introduction of Submittees and Government Officials)

DEPUTY CHAIRPERSON.- Today's Committee hearing will feature submissions from the office of the Chief Executive Officer, Sigatoka Town Council regarding the 2018-2019 and 2019-2020 Municipal Councils Audit Reports. For the purpose of the viewers who are joining us this morning, I would like to give a brief explanation on what the Municipal Councils Audit Report is about. The Audit Report summarised the audits that were undertaken on the 10 municipal councils and this includes Sigatoka. In today's public hearing we will review the Sigatoka Town Council audit accounts for 2018-2019 and 2019-2020 financial years and before us we have representatives from Sigatoka Town Council and I request them to begin their presentation.

MR. A. PILLAY.- Mr. Deputy Chairman, for the 2018-2019 Audit Report for Municipal Councils, I have much pleasure to present. For Sigatoka Town Council 2018 Audit Report, the Council did not tender for capital works which was carried out for the Cuvu Market Construction Project. The Council incurred a cost of \$119,944.41 for the construction of the Cuvu Market. The Cuvu Market Project commenced in 2018, with the demand from roadside vendors having proper market stalls to sell their produce. A portion of land was acquired from the Fiji Police Force for the construction of this project. The project commenced with the initial plan of having proper roadside stalls with shelter. This work was executed by the Council while the civil works were sourced out, following proper financial processes. The civil works included clearing, excavation, cutting and filling supply of soil and soap stones, levelling and compactions at the proposed market.

As the demand increased, there was a need to increase the size of the roadside market vendors from 25 to 74. So when we started constructing the market, there was a demand of 25 market vendors. Having said that, Cuvu is an area that is a satellite town and there is an increase of demand to 74 market vendors. Therefore, the Council decided to construct a proper building to fully accommodate these market vendors from Nadroumai, Tagitagi, Cuvu, Cuvu Top, Ulusila and other nearby communities.

With the increase in the size of the market, there was also need for extra civil work. So another purchase order was issued following this process - separate invoices and separate payments were done, following the Council's manual of accounts. Progress reports were submitted to the Ministry and they were monitored the projects on a time to time basis. As mentioned above, the engagement was done based on the assessment of the solid ground surface and crate surface that the Council can construct a building on.

The Council dumped soft stones in order to make the surface hard and enable construction work to commence. Further, market project needed to deliver the much needed facility to the roadside vendors and the general public. In addition, some services were rendered out totalling \$15,050 paid in phases when the demand increased. However, the construction of the Cuvu Market totalling about \$104,089.40 was carried out in-house.

So the construction of the market was done by the Council in-house and looking at the manner of accounting, there is a need to call for tender for the work which was carried out inhouse. However, the civil work was carried out less than \$10,000 totalling \$15,050 in phases where the demand increased of the market vendors. So Cuvu is satellite town and we needed to provide the service to ease the business for the market vendors at the Cuvu area nearby settlements and villages.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, can I ask a supplementary question? Thank you CEO for the explanations given. Just a question, what was the initial budget for this capital projects on the Cuvu Market construction?

MR. A. PILLAY.- \$119,000, this was a grant given.

HON. A.M. RADRODRO.- So what does the Council's financial regulation state in terms of procurement of services such as the construction of such markets?

MR. A. PILLAY.-Actually we have a workforce in-house. So the cost of the market was done in-house by the Council workforce.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, just a clarification to the OAG, your comments state that the audit revealed that the Council did not tender for capital works carried out on the Cuvu Market construction project costing around \$119,000. Secondly, the Council did not tender works carried out for landfill upgrade works which cost over \$10,000. Can you just enlighten the Committee why was this an issue for the audit and what was the recommendation that you had put out which the Council had noted to have agreed to the recommendation that you put out and based on what?

AUDIT REP.- Mr. Deputy Chairman, I think we believe that the Manual of Accounts which the Council is supposed to follow is quite clear. It says that procurement in excess of \$10,000 needs to be tendered. So, in this case the entire construction of the market as explained by the Acting CEO, it included civil works and also the actual construction of the market itself.

The construction or the civil works was given to one supplier and the payment is in excess of \$10,000 so we believe that as stipulated by the Manual of Accounts, tender should have been called because it is only one supplier and the payment to that particular supplier is in excess of

\$10,000. So, we note from the initial comments given that there was only one quotation obtained.

So, irrespective of obtaining one quotation, the process should be complied with as per the Manuals of Accounts.

The second part of your question on the recommendation, we had recommended that the procurement of goods and services costing \$10,000 or more as required by the Manual of Accounts for the Municipal Councils, a tender should be called.

HON. A.M. RADRODRO.- Any written explanation from the Ministry regarding the recommendation and not following your financial regulations? Why did you not call for tenders as per your financial regulations?

MR. A.S. PILLAY.- In fact there were three quotations called - two were declined and one was accepted. So, work started with civil work which was less than \$10,000 and as discussed earlier as the demand increased for the number of stalls from 25 to 74 then the civil work was reconsidered but with consideration that it should not exceed \$10,000. So, the split orders were given as the demand increases.

HON. A.M. RADRODRO.- My apologies I cannot get you, there were three quotations obtained on this?

MR. A.S. PILLAY.- Yes

HON. A.M. RADRODRO.- Is that in line with the

MR. A.S. PILLAY.- Less than \$10,000

HON. A.M. RADRODRO.- For less than \$10,000? So, this is over \$15,000 now and it is written here.

MR. A.S. PILLAY.- Actually when the demand increased on the construction of the market then we were given the next order to ensure that it should not exceed \$10,000.

HON. A.M. RADRODRO.- Do you mean to say that the splitting of orders?

MR. A.S. PILLAY.- Yes.

HON. A.M. RADRODRO.- How many?

MR. A.S. PILLAY.- Three phases.

HON. V. LAL.- Mr. Deputy Chairman, just one clarification, even if the work is done inhouse, there is a requirement that the tender has to be called. Is it, Sir?

AUDIT REP.- Mr. Deputy Chairman, we are looking at that \$104,000 in-house, that also includes procurement of materials, procurement of other building items. We can just give one example that we identified in the audit, there is one supplier, a lone procurement from that supplier was \$39,000. So, buying from one supplier which is in excess of \$10,000 and then as stipulated in the Manual of Accounts, a tender should be called. Just picking up a point that was raised by the Acting CEO in terms of splitting.

So, splitting of invoices probably that is the risk that we are always out there looking for in terms of splitting of invoices just to perhaps avoid the tender process and together with that, it also goes back to the initial planning of doing a bill of quantities, doing the costing of the entire project to see what will the entire project actually cost. It appears the demand as explained by the Acting CEO increased while into the actual construction. So, perhaps it would have been ideal if better costing and planning be done so the actual cost could be known so that also drives the need to call for tenders. If we do not do the initial costing, our estimation will then obviously would not be in a position to know whether the cost would be in excess of \$10,000. That is where we are coming from for this project.

HON. V. LAL.- Mr. Deputy Chairman, a question to the CEO, so initially you thought that it would cost less than \$10,000 but when you started the project then you saw that there was a demand for more stalls so you decided to extend the project. So, in that case, what is the procedure where if something like that happens then you need to call a tender.

MR. A.S. PILLAY.- In fact when there was a demand, Sir, I think the Auditor-General is picking up where we bought the materials from. In fact in that case we were also getting the quotations from the hardware as well but for some hardware we were unable to provide the materials on time and that was a demand of the market vendors that we have to complete the project. So we had to get the materials on time to ensure that the market can be completed on time. It is a matter of the availability of the materials as well.

HON. RO T.V. KEPA.- If you look at this project, because it was done speedily, Acting CEO you had a certain timeline so you did not comply with certain regulations that had been highlighted this morning. You also said that you had acquired from the Fiji Police Force the land where the market is now - how was that land required and how much was the cost of it? Just maybe another question, why was the rush? This was in 2018 and maybe there was pressure on you to get all these done within a certain timeframe, that is why some of the regulations were not complied with as we have been hearing this morning. So just those two questions. How were you able to acquire that land? How much did it cost? What was the rush, 2018 we

know was an election year? So, I hope it had nothing to do with elections. So, what was the rush that you did not comply with the regulations that you should have comply with?

MR. A.S. PILLAY.- Actually, Madam, there was an MOU given by the Fiji Police Force for the acquisition of the land. Since there was a demand by the market vendors who were the ones selling by the road side, they requested for the market to be done as soon as possible so they could accommodate the market. Also there was the risk of selling along Queen's Road.

DEPUTY CHAIRPERSON.- Acting CEO, do you have any idea what are the total number of vendors at the moment?

MR. A.S. PILLAY.- Currently, there is a fluctuation in the number of market vendors. It is close to 35 even 40.

DEPUTY CHAIRPERSON.- Initially what was the number we were looking at?

MR. A.S. PILLAY.- Actually there were 74 market vendors. Some of the market vendors tend to be exporters. Now the hotel dealers are coming to their homes and buying their vegetables, but before they used to come to the market.

HON. V. LAL.- Sir, I hear you saying that they are trying to accommodate the vendors from the nearby areas, but there is no mention of people like from Valley Road and other far away areas. How are they accommodated because there are people in the Valley who are mostly on their farms. They want to have their stalls in the market but they are not there always. So, how do you accommodate that?

MR. A.S. PILLAY.- Actually the farmers from Valley Road have their stalls in the Sigatoka Municipal Market where they sell their produce. They have registered stalls and also there we have the farmers who also come and sell so we have reserved a space for them.

HON. V. LAL.- So, those who just want to be in the farms and be part-time market vendors, are they accommodated because they do not want to go to the third party, they want to sell their produce at the markets maybe on Fridays and Saturdays.

MR. A.S. PILLAY.- Mr. Deputy Chairman, the market vendors are allowed to sell on Wednesday, Thursday, Friday and Saturday outside the market. However, they are also allowed to sell inside the market.

HON. A.M. RADRODRO.- Just a supplementary question on this market construction, what do you have as part of the market. Do you also have restrooms and all these things that farmers can use when they come to sell?

MR. A.S. PILLAY.- Mr. Deputy Chairman, we have a public convenience there with a disabled friendly convenience, so it is used by the market vendors and the public as well.

HON. V. LAL.- I can see there is an extension of the parking meters there and we commend you for that, but it is never enough. So are you doing more to have more parking spaces for the farmers and those who visit the town?

MR. A.S. PILLAY.- Mr. Deputy Chairman, actually the Council is working with the Ministry of Local Government and Fiji Roads Authority (FRA) in looking at ways to improve traffic in Sigatoka and installing of car parking meters and creating more car parks for the public. At the moment, we have created 55 car parks in Sigatoka Town.

HON. V. LAL.- I can see that your town boundary is also extending towards Cuvu, so what is the status?

MR. A.S. PILLAY.- For Sigatoka Town Council, we have taken over the extension of town boundary for the process of the building applications, rezoning subdivisions as well as garbage collection services, but taking into consideration that the Council also wishes to extend the town boundary and we are working with the Ministry of Local Government on that.

HON. RO T.V. KEPA.- Mr. Deputy Chairman, just a last supplementary question. On your facilities at the Cuvu Market, are you planning or have you already got ladies accommodation provided?

MR. A.S. PILLAY.- At the moment, we have accommodation at the Sigatoka Municipal Market and we can cater for those in town, but not at the Cuvu Market because those vendors selling there live almost one kilometre away from the market, like from Nadroumai, Tagitagi and Cuvu, but we are intending to have one as the demand increases.

HON. RO T.V. KEPA.- Are you planning to have one sometime in the future should you extend your town boundary and go beyond and you might need facilities for people who come from other areas? Would you be thinking of planning for one in the future? Just a question.

MR. A. S. PILLAY.- We are planning for that, third one for the market vendors for sure.

DEPUTY CHAIRPERSON.- Thank you honourable Members for your questions and responses by the Acting CEO. We now move on to your response for 2019 and 2020.

MR. A.S. PILLAY.- Question No. 1: How has the Council attended/rectified the anomalies listed by the Auditor General?

The Sigatoka Town Council has now hired an external auditor to audit the Council accounts and further recommendations were made to improve on the anomalies highlighted before the accounts is given to the Auditor-General's Office for final audits. The Council is rectifying the highlighted issues case by case

HON. A.M. RADRODRO.- Just a clarification, the hiring of an external auditor or internal auditor?

AUDIT REP.- Mr. Deputy Chairman, through you, it will be correct to say that the Council has hired an internal auditor because by virtue of the Local Government Act, the external auditor is the Office of the Auditor-General, so I think it would be internal auditor. We understand where the CEO is coming from, I think for the Sigatoka Town Council they have sought assistance from their own consultant or an accounting firm who assists the Council in terms of preparing the financial statement before it is given to us. Sir, I think just the terminology correction that would correctly refer is an internal auditor or a consultant.

MR. A.S. PILLAY.- Further to action, the Council has Standard Operating Procedures for each department to make it easy to replicate processes across each department in the Sigatoka Town Council that will avoid anomalies listed by the Office of the Auditor-General to repeat in future.

Moreover, the Council is strictly practicing internal controls to provide reasonable assurance regarding the achievement of operational objectives, such as the effectiveness and efficiency of operations, accurate and reliable financial reports and compliance with applicable laws and regulations of the Council.

The Council is working closely with the Ministry of Local Government and the Ministry of Economy to be part of the grant project implementation until the completion of the project to ensure that the project is completed without anomalies as previously highlighted by the Office of the AuditorGeneral.

HON. A.M. RADRODRO.- Mr. Deputy Chairperson, just a supplementary question. Thank you, CEO for the explanation. In terms of hiring an internal auditor or consultant, can you just inform the Committee how did you make the appointment of the hiring of an internal auditor and whether the Ministry of Local Government is in concurrence to the process that you hired. In terms of procurement and services, did you follow the Financial Regulations of the Council?

MR. A.S. PILLAY.- These were some of the issues picked by the Office of the AuditorGeneral that we needed to have auditors to assist the Council. So, the Council has decided to improve the systems and we

also discussed with the Ministry to have an auditor to align all our policies and procedures and looking at the manner of accounting. We managed to get quotations from companies so we started working with the auditors to ensure that we comply with all the SOPs. We are working with the Ministry of Local Government and they are also visiting the Council's office to assist us avoid these anomalies in future.

HON. A.M. RADRODRO.- Are there any comments from the Ministry of Local Government regarding the hiring of the auditor by the Council?

MR. N. CHANDRA.- Deputy Chairperson and Members, in terms of hiring of the internal or external auditor to actually oversee the accounts prior to submission to the Office of the AuditorGeneral, the decisions then was made by the existing Special Administrator in terms of the hiring of an internal auditor. The Council now, through the Ministry's internal audit, we also perform internal audit for the Council operations covering from operations to capital projects. In terms of the other financial year's account, the Ministry is now overseeing how the Council prepares the financial

accounts before it is submitted to the Office of the Auditor-General for auditing. So, we have taken a step to also check the accounts prior to submission to the Office of the Auditor-General for auditing.

HON. V. LAL.- Sir, just a supplementary question, maybe the Office of the Auditor-General would be able to answer this. What is the normal practice because I know all the municipalities have their own set of qualified staff and on top of that, the Ministry of Local Government is also looking at the accounts? So, is there a need because this is going to incur extra costs, is it not? Why is there a need to have external auditors audit the accounts or is it staff capacity, we do not have qualified staff to do that?

AUDIT REP.- Thank you, Mr. Deputy Chairman. A valid point you have raised. Yes, the Municipal Councils have got an in-house finance team. However, I understand for the Sigatoka Town Council they had challenges in terms of, I think people had resigned, I believe in your finance team that created a bit of vacuum and we are not able to facilitate the audit on time. Just one point that I would want to make is that the Sigatoka Town Council is one of the municipal councils from the 13 that we have which has been quite up to date with their financial statement. So, I believe it was just the situation they had faced where there was the resignation of the manager finance that resulted in getting a consultant to assist in the preparation of the financial statement. If there is anything else which led to the engagement, maybe the Council will be in a better position to assist us.

HON. A.M. RADRODRO.- Just a follow on from my earlier question. I think the Ministry did not quite answer the question that I was asking. They concur with the engagement of the internal auditor that has been currently engaged by the Sigatoka Town Council. You mentioned that it was earlier appointed by the Special Administrator.

MR. A.S. PILLAY.- The concurrence was given by the Special Administrator then, there was no concurrence given by the Ministry during that financial year for the hiring of the internal auditor to oversee their accounts.

HON. A.M. RADRODRO.- It is just the process that I am after, but I think the work is really bringing the municipality's accounts up to date, and thank you for the engagement. It is just that the engagement needs to be following the process or according to Sigatoka Town Council Financial Regulation. We were just talking about the capital projects that you did not follow the process.

DEPUTY CHAIRPERSON.- You may continue with your presentation.

MR. A.S. PILLAY.- Question 2: What was the basis of the payment of the engineer, and why did the Council continue to pay the engineer above the contracted amount?

The Council did not over pay the engineer. However, the Council engaged Hamen Lodhia as the engineer and lead consultant for the Sigatoka River Bank project. The payment that was paid to the engineer is based on the engineer providing the concept design and structural drawing for the project. The engineer was not over paid as his still total contract of \$60,000 and two payments have already been released totalling \$54,086.09. The Council, upon the failure of the project has taken the engineer to court and the case is listed for mention on 29th April, 2022. This is for the Council to recover the cost that was paid to Design Consultant & Contractor.

Moving forward, due to the experience, the Council has strengthened its project management to ensure that the above is not repeated. The Council has improved its monitoring role and has involved the Ministry of Local Government and the Construction Implementation Unit on all other projects to be implemented. Furthermore, the appointment of the team of Special Administrators has improved the decision making in terms of making accountable decisions for the Council.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, the auditors had highlighted about the Sigatoka River Bank project. Can you just elaborate to the Committee what does this work involve, as the auditors highlighted that during the time of the audit, the project has yet to be completed? So, is this project completed?

MR. A.S. PILLAY.- Mr. Deputy Chairman, actually this project was undertaken at the Sigatoka River Bank (opposite Tappoos), where the Council wanted to come up with a recreational walkway. We have hired an engineer and a lead consultant to assist the Council with the implementation of this project. While this project was under construction there was a shift of this project and we have seen that there is a design failure on the project since we are depending on the engineer to assist us in the completion of this project. We have stopped this project and have discussed with the engineer and the contractor and we have decided to recover the cost but they are not coming through in terms of compromising to complete this project. So we have taken this case to the high court and this case will be heard on 29th April, 2022.

HON. A.M. RADRODRO.- What was the total cost paid out so far to the engineers? What was the total project cost that was paid out so far?

MR. A. NABUREITAU.- Honourable Members, the total cost that was paid out for the whole project was \$619,708.94. That is for the total project. The payout for the engineer was \$54,086.09 from the \$60,000 contract sum.

HON. A.M. RADRODRO.- It was also highlighted by the OAG is that this payout of \$54,000 that was made to an engineer, there was not even any contract between the Council and the engineer, and there was no evidence to indicate the basis on which the engineer was selected and that the Council sort confirmation or undertook reasonable steps to ascertain the ability of the contractor and the engineer to undertake such a project. Why did the Council undertake this project without first engaging an engineer with a

proper contract and a proper feasibility study in terms of how the project is to be undertaken by the contractor.

MR. A. PILLAY.- Sir, actually the expression of interest was called for getting of the engineer. Hamen Lodhia was the one interested to be part of this project and he was appointed through the Council Resolutions and to complete this project. So, an expression of interest was called.

HON. A.M. RADRODRO.- On your engagement with the contractor, was there a contract between the Council and the contractor?

MR. A. PILLAY.- Yes.

HON. A.M. RADRODRO.- That is contrary to what the OAG had highlighted. Can you just elaborate on that, OAG?

AUDIT REP.- Mr. Deputy Chairman, I think in this situation there are two issues that we are dealing with. One is engagement of the contractor and the other is the engagement of the engineer. So, as per our finding, the total payment of \$54,086.09 was made to the engineer and we found that there was no contract between the Council and the engineer.

Further to that, honourable Member, we are talking about \$619,000 that has already been spent on this project; no tender was called to get a contractor on this. So, that is purely on the evidence that was given to us during the course of the audit and our finding is based on the evidence that was submitted.

HON. A.M. RADRODRO.- Did you have a contract with the engineer, Mr. CEO?

MR. A. PILLAY.- We have a Council resolution where the Council appointed him as an engineer and for the contract, the contract was signed between the contractor and the Council.

HON. A.M. RADRODRO.- I am talking about the engineer that you are trying to take to court now for the hearing on 29th April, 2022.

MR. A. PILLAY.- There was no contract. But we have taken him as one of the resolutions as part of the project.

HON. A.M. RADRODRO.- Any comments from the Ministry regarding this kind of arrangements of engaging experts within municipalities?

MR. N. CHANDRA.- Honourable Member, the engagement of the consultant and the contractor for the projects where Government funds is invested on. As per directive from the Ministry of Economy on 5th September, 2019 that all capital projects will go through the Construction Implementation Unit. They will do a tender on behalf of the Councils and hand over the projects to the Councils upon completion and they will be involved in all the phases of the works, like for the Rakiraki Bus Terminal project. They are actually being looked after solely by CIU, so now all the projects that are Government funded, the Construction Implementation Unit actually takes an active role in terms of calling of the tenders and project executions.

HON. A.M. RADRODRO.- This project here, the Ministry had given the Sigatoka Town Council \$845,000. So you did not play any monitoring role in terms of checking with the municipality about the progress of the capital works and who they are engaging?

MR. N. CHANDRA.- In terms of monitoring, there was a staff project team monitoring the project on the Sigatoka River Bank and they had actually raised questions then and that highlighted to the Director by the team. The project started and the sheet metals had fallen. So the projects were put on hold and whatever the sum was actually certified was paid. In terms of monitoring of the contract agreement, the project had commenced. With the engagement of the consultant, based on the resolution as mentioned by CEO, there were no contracts placed after and it came to a halt.

HON. A.M. RADRODRO.- Was this 2017 or 2018?

MR. A.S. PILLAY.- 2017.

HON. A.M. RADRODRO.- So you will need additional funding to complete that project?

MR. A.S. PILLAY.- Actually we are fighting for this case to recover all the cost.

HON. V. LAL.- One supplementary question. So what happens, does the Council still want to pursue the project after the court case?

MR. A.S. PILLAY.- Once the court case finishes, then we will ensure to recover the cost.

HON. V. LAL.- As the Ministry of Local Government has just said that the Construction Implementation Unit is going to handle the project. If the Council wants to go ahead with the project, so this has to be handed over to the Ministry of Economy?

MR. N. CHANDRA.- Yes, Sir. In terms of the Council, currently the legal case has commenced. To actually complete the projects, it needs to go through the Construction Implementation Unit now. If there is additional funding required for this particular project, after the recovery from the lead consultant, it will go through the Construction Implementation Unit.

DEPUTY CHAIRPERSON.- Acting CEO, for the information of the Committee, there are certain questions asked which needs further information. You can indicate to the Committee that you may do so in writing later on.

HON. A.M. RADRODRO.- Just a supplementary question to this issue. There is a further findings from the OAG, a variance of \$100,000 was noted between the balance utilised as per the work in progress amount and details of payment provided by the Council on this, and then a payment of \$75,000 was made to the contractor in 2018 for the second progress payments even though the progress payment certificate provided by the Project Manager for this payment was not signed. Can we get an explanation on that?

And the engagement of the legal counsel, this is on the concurrence of the Ministry of Local Government as a way to recover the costs paid out to the contractor. Would we be able to be advised about this legal counsel, how was the legal counsel appointed? What is the cost of the engagement of the legal counsel initially? This is additional cost to the project.

MR. A.S. PILLAY.- Honourable Member, since there was a design failure, the lead consultant hired by the Council did not do his due diligence because the Council in-house did not have the expertise to actually carry out the consultancy work to call out for tenders for the design and build project.

So, due to failure, the Council through their internal meetings with the Ministry of Local Government decided that the lead consultant be held responsible and recover the cost of damages that had been incurred due to the design failure.

HON. A. RADRODRO.- (Inaudible)

MR. A.S. PILLAY.- Mr. Deputy Chairman, Lajendra Law, who is from Nadi .

HON. A.M. RADRODRO.- How was he appointed?

MR. A.S. PILLAY.- Sir, he is appointed through the process of getting the quotations et cetera and we appointed him as the Solicitor for the Council.

HON. RO T.V. KEPA.- Should you wish to complete this project after the court case, what would be the additional cost and where would you source that from?

MR. A.S. PILLAY.- Thank you, Madam. Mr. Deputy Chairman, after the court case we went to discuss with the Ministry of Local Government and the Ministry of Economy how we are going to go from there.

Question No. 3 - What was the procedure in engaging the legal counsel and advise on the amount paid to this legal counsel and what was the result?

The Council procurement process requires the Council to obtain the three competitive quotations for any procurement of goods and services below \$10,000 as per the Manual of Accounts implemented at that time. The Council took took quotations and the best quote was hired. Therefore, no expression of interest tendered out because the cost of hiring was less than

\$10,000. The total cost of a legal counsel was \$2,248 VIP; to date, the Council has paid \$1,242.39 to the legal practitioner to refer the case to Lautoka High Court. As mentioned from above, the case will be mentioned on 29th April, 2022.

HON. A.M. RADRODRO.- So, \$2,248 plus \$1,242 is total cost to date. Is it?

MR. A.S. PILLAY.- Yes, \$2,248.

HON. A.M. RADRODRO.- So, \$2,248 is the total cost, okay.

MR. A.S. PILLAY.- Question No. 4 – Was there any disciplinary action taken by the Council for the staff/person responsible for this anomaly and provide an update on this?

There was no disciplinary action taken against the staff since no staff was at fault because this fault was the fault of the Lead Consultant engaged to lead the project implementation. Due the poor technical advice and the poor design provided to the Council resulted in the failure of the project so you have taken this case to high court.

HON. A.M. RADRODRO.- Still employed by the Ministry?

MR. A.S. PILLAY.- No.

HON. A.M. RADRODRO.- The lead consultant is a person from outside?

MR. A.S. PILLAY.- He is an engineer – Hamen Lodhia.

HON. A.M. RADRODRO.- So who engaged the lead consultant?

MR. A.S. PILLAY.- Sir, the lead consultant and the engineer is one person. .

HON. A.M. RADRODRO.- Who engaged the lead consultant?

MR. A.S. PILLAY.- The Council.

HON. A.M. RADRODRO.- That is basically the basis of the question. If they made that wrong payment then disciplinary action should be taken on the person that engaged him. There was no action taken?

MR. A.S. PILLAY.- Yes, Sir.

MR. N. CHANDRA.- Sir, in terms of the disciplinary action concerned, the former CEO then did not take necessary disciplinary against the staff who was overall in charge of the operations of the Council. We will check with the Council and revert to the Committee on this.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, we can request the OAG to do a follow up.

DEPUTY CHAIRPERSON.- Yes, that is noted. We look forward to OAG's response.

MR. A.S. PILLAY.- Question No. 5: Has the Council repaid the \$500,000 into the Capital Fund Account and has the Council used that \$500,000 to use the fund as approved by the Ministry? Provide specific utilisation for these payments.

- a) No, the Council is taking appropriate actions to repay the loan amount of \$789,743.80 through the monthly instalments of \$7,298 for a term of 12 years and interest rate of 8 percent. The Council is also reducing its costs by providing in-house sanitary services such as garbage collection, grass cutting, drainage cleaning, street sweeping so that the Council can increase the repayment amount before the repayment term.
- b) However, Council has utilised the \$500,000 for its capital projects such as children's park, multi-purpose court, market and public convenience as a revenue generating project.
- c) The payments had been used for its operational cost such as supplier payments, bills, wages and salaries.

Question No. 6: Has the Council managed to collect the necessary revenue from the Council's operation? How effective has the strategy developed in collecting its sufficient revenue? What is the status of the reclamation of the Sigatoka River Bank since grant money was allocated for this project?

In the year 2019, the Council has collected rates totalling \$298,975.32 which is 86 percent and arrears of \$23,634.90 which is 29 percent and in 2020 the Council has collected current rates of \$287,160 which is 87 percent and arrears of \$45,985 which is 41 percent.

The Council had set up strategies for rates and other debtors collection below:

- a) Bring about digital transformation and digitalisation;
- b) Website redesign and upgraded with more user friendly features and information;
- c) On-line payments services (customer friendly and able to capture data correctly);
- d) Door to door personal approach to collect dues;
- e) Arrangement provided for flexible part payment mode for genuine clients;
- f) Interest charges on monthly basis for late payment;
- g) Filing cases below \$5,000 with Small Claim Tribunal;
- h) Any property settlements will need to clear rates first;
- i) Developing a database that has information such as prevailing the status, combined household earnings and rate payment history.

The above will support our strategies to get them to pay and if the rates are in arrears or overdue in current rates, we will not entertain their complaints or concerns until they have cleared their outstanding rates. The project is on hold and the Council has taken legal action against the Consultant to recover the cost that was paid to the Design Consultant & Contractor.

Question No. 7: Can the Council advise who is now responsible for roads, drains, footpath and how much does it cost the Council to maintain these on a monthly and annual basis?

The Fiji Roads Authority is responsible for the road upgrades and maintenance of roads and footpaths while the Ministry of Waterways is responsible for the drainage upgrade systems.

The Council is only responsible for the general upkeeping and maintenance of footpaths and drainage systems in town. The total estimated cost for the up keeping and maintenance of drainage and footpaths are as follows:

i.	Footpath Upgrade	\$10,000.00/annum
ii.	Drainage cleaning and street sweeping	
	• Salary for six (6) sanitary workers	\$49,420.80/annum

• Materials and Equipment	\$20,000.00/annum
Total per month	\$6,618.40 VIP
Total per annum	<u>\$79,420.80 VIP</u>

All these works is done by the Council in house which was contracted out before.

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

MR. A.S. PILLAY.- (Inaudible)

HON. A.M. RADRODRO.- How did the Council get paid for providing this kind of work on the roads and footpaths?

MR. A.S. PILLAY.- Actually, we are collecting rates, market fees, licences, et cetera and paid to our sanitary workers for the upkeep of our town.

HON. A.M. RADRODRO.- This kind of arrangement where the Council looks after the roads, drains and footpath which is now under the care of Fiji Roads Authority and you are saying this is your monthly cost in maintaining the upkeep and maintenance of these, do you bill the FRA or how did you work out these costs or recover these costs in terms of maintaining these roads and footpaths?

DEPUTY CHAIRPERSON.- I think perhaps the Ministry can answer as to what is the engagement with the Council in response to honourable Radrodoro's question.

MR. N. CHANDRA.- Mr. Deputy Chairman, in terms of the arrangement, I think there was an MOU signed in 2013 for these particular works where the Council will need to actually bill the FRA for the works, the cost that is being incurred by the Council in terms of maintenance, so they are the Council's too, having the same arrangement.

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

MR. N. CHANDRA.- The existing contract has actually lapsed, that was 2013 (which was for five years). After that, there was a review done by the Ministry of Economy in terms of this, there was a meeting called. We can provide an update on this for all councils, not only for Sigatoka, in terms of this arrangement. We will provide the Committee with an update in terms of how much cost is being incurred for each Council and an update on the funding.

HON. A.M. RADRODRO.- You will need to inform the Council's officials as well because otherwise as per the description by the CEO, they are funding it themselves.

MR. N. CHANDRA.- Yes, we will do that.

HON. V. LAL.- Mr. Deputy Chairman, just one clarification, what is the current arrangement, all the roads within the municipalities are looked after by the Fiji Roads Authority? Is that so?

DEPUTY CHAIRPERSON.- Maybe the Ministry can respond to that.

MR. N. CHANDRA.- Sir, to answer the question, there are two parts to this. The Government also provides the Waste Collection Subsidy Grant to subsidise the cleaning of the 13 municipal councils that assist the Council in terms of the rubbish collections within the town boundary. So the other cost that is included here is footpath and drainage cleaning as per that MOU, we will provide the Committee with this update.

DEPUTY CHAIRPERSON.- That is noted, we expect a response soon.

MR. N. CHANDRA.- Yes, Sir.

DEPUTY CHAIRPERSON.- Thank you. Perhaps the Finance Team can take that question. When we go for the door to door collection of dues. What has the co-operation been like?

MS. R.R. KUMAR.- Mr. Deputy Chairman, we are getting a good feedback from the public and if people are not responding as per what we are expecting them then they are taken to Small Claims Tribunal for further actions.

DEPUTY CHAIRPERSON.- Any other questions, honourable Members?

HON. V. LAL.- Maybe one final one from my side, I can see you are talking about the drainage, et cetera, but all the municipalities are facing this, there is flooding everywhere. So, what is your plan to get away from reducing the effects of flooding in Sigatoka Town?

MR. A.S. PILLAY.- Sir, that was an issue at Sigatoka Town in one of the streets, where we are working closely with Fiji Roads Authority like in partnership. That one has engineering aspects and we are upgrading the drain which is almost 180 metre long. Not only that, we are working in phases to ensure that all drains and culverts are upgraded in Sigatoka Town considering the weather.

HON. RO T.V. KEPA.- Mr. Deputy Chairman, on rate collection, what percentage of rates have you been able to collect? What are you doing about those who fall into arrears?

MR. A.S. PILLAY.- Madam, so far as of today we have collected 88 percent of current rates and 51 percent of arrears. Those not honouring their dues, we are taking them to Small Claims Tribunal and those with more than \$5,000, we are taking them to Magistrate Court to recover the cost.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, just one last question from my side. The availability of tables in the market, distribution to those who come done on weekends, where they get to be given the least favourable side of the market or the table in terms of making sure that availability of tables is made available to everyone who wants to use the table and not be confined to some person who owns more than one or three tables. Is the Council aware of that and what is the strategy in terms of making sure that the tables are made available to everyone that is in need of the table?

Secondly, the rubbish dumping site for the Sigatoka Town Council, now it is on the highway roadside. Are there any plans by the Council in future to relocate or to follow something like in the waste care in Naboro? Are there any plans, probably the Ministry too can advise us on this?

MR. A.S. PILLAY.- Honourable Member, for the market vendors, we provide them with proper space to ensure that all market vendors coming from Valley Road and other destinations to sell at the Sigatoka Municipal Market are accommodated. Looking at the number of stalls from three to five, we are working with the Ministry of Local Government to ensure that we have a proper standard and number of stalls given to the market vendors. At the end of the day, all the market vendors can have a standard number of stalls, not more than five or six whereby other market vendors are suffering and there is a problem when they come down to sell their produce in the municipal market. So, we are working closely with the Ministry of Local Government.

For the dump site, we went to look for a site and we ended up with six sites. We are working with the *mataqali* and discussions are underway. We are looking for almost 30 acres of land where the Sigatoka Town Council in partnership with Nadi Town Council in partnership can get one bigger space for a long term basis and have a landfill site where we can have a proper waste management system in place since the Council is looking after the extension of town boundaries as well. Looking at Nadi Town Council, their boundary also has been extended, so we can have one dump site between Sigatoka and Nadi.

DEPUTY CHAIRPERSON.- Are there any other questions or comments, honourable Members?

HON. A.M. RADRODRO.- Thank you, Mr. Deputy Chairman.

DEPUTY CHAIRPERSON.- There seems none, so we are coming to the conclusion of this consultation. Request for concluding remarks.

MR. A.S. PILLAY.- Mr. Deputy Chairman, honourable Members, OAG, Ministry of Local Government, media personnel and our respected staff members of the Council, it is with much pleasure to be here today and presented our opinion.

DEPUTY CHAIRPERSON.- At this juncture I wish to sincerely thank all of you for availing yourselves for this meeting. We thank you very much for your time and hope that you will avail yourselves for any further inquiries that the Committee may have in the Audit Report.

The Committee adjourned at 11.15 a.m.

STANDING COMMITTEE ON **PUBLIC ACCOUNTS**

2018-2019 AUDIT REPORT ON MUNICIPAL COUNCILS (PP NO. 161 OF 2020)

SUBMITTEE: Nasinu Town Council & Nausori Town
Council

VENUE: Big Committee Room, Parliament

DATE: Wednesday, 13th April, 2022

VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS HELD AT THE COMMITTEE ROOM (WEST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON WEDNESDAY, 13TH APRIL, 2022 AT 10.02 A.M.

Interviewee/Submittee: Nasinu Town Council and Nausori Town Council

In Attendance:

- | | |
|------------------------|---|
| 1) Mr. Umakant Patel | Special Administrator |
| 2) Ms. Anurashika Bari | CEO (Nasinu) |
| 3) Ms. Eleni Qaqa | Manager Finance (Nasinu) |
| 4) Ms. Swastika Rattan | Manager Finance (Nausori) |
| 5) Ms. Saidi Nazrana | Senior Internal Auditor - Nasinu & Nausori Municipalities |

Office of the Auditor-General

- | | |
|-------------------------|---------------|
| 1) Mr. Moshin Ali | Acting AG |
| 2) Ms. Alani Draunidalo | Audit Manager |

Ministry of Local Government

- | | |
|----------------------|-------------------|
| 1) Mr. Navin Chandra | Manager Finance |
| 2) Ms. Shyla Rani | Senior Accountant |

DEPUTY CHAIRPERSON.- Honourable Members, members of the public, secretariat team, dear viewers, ladies and gentlemen, a very good morning to you all. It is a pleasure to welcome everyone, especially, the viewers who are watching this public hearing session. At the outset, for information purposes, pursuant to Standing Order 111 of Parliament, all Committee meetings are to be open to the public, therefore, please note that this submission is open to the public and media and this is being aired by the *Walesi* platform and streamed live on the Parliament website and social media platforms.

For any sensitive information concerning the matter before us this morning that cannot be disclosed in public, this can be provided to the Committee either in private or in writing. However, please be advised that pursuant to Standing Order 111, there are only few specific circumstances that allow for non-disclosure and this includes, national security matters; third party confidential information; personnel or human resource matters and Committee deliberations and development of Committee's recommendations and reports. This is a parliamentary meeting and all the information gathered is covered under the Parliamentary Powers and Privileges Act. However, please bear in mind that we do not condone slander or libel of any sort, and any information brought before this Committee should be based on facts.

In terms of protocol of this Committee meeting, please minimise the usage of mobile phones and all mobile phones should be in silent mode while the meeting is in progress. I wish to also remind the

honourable Members and our guests that all questions are to be asked and to be addressed to the Deputy Chairman.

(Introduction of Committee Members by the Deputy Chairman)

DEPUTY CHAIRPERSON.- Today the Committee will be hearing the submission from the Chief Executive Officer who looks after the Nausori and Nasinu Town Councils in relation to 2018- 2019 Municipal Councils Report (Parliament Paper No. 161 for 2020). For the purpose of our viewers who are joining us this morning, I would like to give a brief explanation on what the Municipal Council Audit report is all about. The audit reports summarises the audits that were undertaken on the ten municipal councils and these included Nausori and Nasinu. In today's public hearing, we will be reviewing the Nasinu Town Council's audited accounts for 2014 and Nausori Town Council's 2010 audited accounts. Before us, we have the representatives from the two municipal councils and I would like to thank them for availing themselves for this public hearing. I now invite our guests to introduce themselves and begin their presentation after which we will have a question and answer session. Also please note if there are questions by the Committee, they may interject or wait till the end of the presentation to answer.

(Introduction of Submittees and Government Officials)

MS. A. BARI.- I will start with the Nausori Town Council. The Council presented 2004- 2014 Report to Parliament and from the Standing Committee we were asked to provide responses for the 2014 qualifications. I would be taking the Committee through the audit qualifications that were raised for Nausori 2014 financial accounts. Just on Nausori 2014 financial accounts, the OAG's opinion was a disclaimer opinion which was given because they were unable to obtain sufficient or appropriate evidence to provide a basis for an audit opinion.

So, going through the qualifications that was raised in the Auditor-General's response, we would like to provide our recent response and Mr. Deputy Chairman do note the response that we provided was in November so there has been some further developments on those qualification issues and our team is working closely to rectify these issues.

On the first qualification, it was the unreconciled variance between the general ledger and bank reconciliation. The Council believes this qualification would not appear if the Council would have been doing a regular and a proper bank reconciliation. So, the Council took this as a learning curve and improve the bank reconciliation process by implementing the following controls:

1. Conducting a monthly bank reconciliation on all bank accounts;
2. Cash book and bank statement balance are endorsed in the finance sub-committee. Now we call this sub-committee a corporate sub-committee;

3. Proper internal control is being maintained on cash handling;
4. Daily takings are receipted which is verified and filed for future reference; and
5. Daily bank reconciliation and cash flows are being prepared by Accounts Officer and verified by Manager Finance on all operating accounts to help the management of cash flow.

Whenever they present any requisition or payment voucher for approval, we have made it mandatory that they submit together with a cash flow statement showing the starting balance and all the payments for that particular period or they are submitting for approval with the closing balance. This gives management and the board a very good understanding of the cash flow before approving the payments and monthly direct deposits listings are prepared and forwarded....

HON. A.M. RADRODRO.- Mr. Deputy Chairman, just a question, we have got a different set of answers that is being provided by the Council. Is that different from what you have given us?

MS. A. BARI.- Mr. Chairman, as I mentioned the responses that we provided was in November and till then, we are working to improve the controls for the Councils. So, the responses that we provided, these responses are already there.

DEPUTY CHAIRPERSON.- Just give us some time.

MS. A. BARI.- The responses are at the back.

Mr. Deputy Chairman, shall I continue?

DEPUTY CHAIRPERSON.- Yes.

MS. A. BARI.- The monthly direct deposit listing is being prepared and forwarded to the respective section head for receipting and subsidiaries. For the first one Mr. Deputy Chairman, we believe there is still further rooms for improvement and one of the key things that we believe is, we need to automate or get a good digital platform for financial recording.

Currently Nausori's financials is purely on manual basis and once we are able to digitalise, I think there can be a further improvement done in this space. So, moving to number two....

HON. A.M. RADRODRO.- Mr. Deputy Chairman, just a question. Thank you for the explanation that has been given. Just going to the first qualification from the OAG, they have highlighted the unreconciled variance of \$40,555 that existed between the general ledger and bank reconciliation statement and also unrepresented cheques of \$52,295 has resulted in stale cheques which were not reversed by the Council and therefore they were unable to ascertain that the Cash at Bank by the Council of \$90,000 is accurately

reflected. You have stated in your responses that the Council has resolved these issues in the current financial year. Can you just enlighten the Committee what actions have you taken to address these unreconciled variances and whether this has now been resolved in terms of the figures way back in 2014. We are talking in 2022 now so we expect this to be resolved as we are talking in the current term, current year.

MS. A. BARI.- Mr. Deputy Chairman, I will ask our Manager Finance to provide details on those findings.

MS. R.S. KUMAR.- Mr. Deputy Chairman and Members, to correct that qualification, we did reconciliations. All the stale cheques relating to expenses that year was reversed. As we proceeded with the 2015 accounts, we also went back and checked what were cheques listed under stale cheques, we also had to add that back to the creditors account.

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

MS. R.S. KUMAR.- Sir, for the unreconciled balance, when we corrected the unrepresented and the stale cheques we also went and checked, for \$45,555 the lodgment was not credited. We also went and checked that, verified and reconciled it. We posted it to the correct journals.

HON. A.M. RADRODRO.- You stated that your 2015-2016 accounts have now been submitted to the OAG?

MS. R.S. KUMAR.- We have completed our 2015 audit and the 2016 draft has been submitted.

HON. A.M. RADRODRO'.- Okay. Maybe the OAG can enlighten the Committee on the responses given regarding the issues that has been highlighted in your qualification.

AUDIT REP.- Mr. Deputy Chairman, the 2015 account has been signed. We have completed the audit and 2016 draft accounts has been submitted and we plan to perform the audit by this financial year. From the explanation which has been provided, most of the qualification issues which were raised in 2014 has been actioned in the current year so as we speak, maybe in the 2020-2021 financial year. So in 2014 these issues were there, 2015 these issues were also repeated but however as we speak, it has been corrected in the current year. So, as we catch up with the audit, I think we should be able to see some progress towards these issues would ideally be resolved based on the explanations that has been given.

HON. V. LAL.- One supplementary question, Sir. This is year 2022 and we are discussing year 2015 and 2016. Why is there a delay in the submission of your accounts? Is it delay from your side or the OAG to audit it?

MS. A. BARI.- To answer that question, Mr. Deputy Chairman, the delay is actually from both sides but more from the Council's side. The reason being, the Council was not able to prepare the accounts in a timely manner and submit for audit.

HON. V. LAL.- What was the reason for not preparing the accounts in a timely manner? Do you have staff shortage?

MS. A. BARI.- From my analysis because I am new to the Council, it is a year and half, from what I have observed as a fresh pair of eyes, resources was the major challenge; the number of resources plus the capability of the finance team to prepare.

Currently when I joined there was only one Manager Finance and one Accounts Officer. Given the fact that the accounts are manually kept, it would be very challenging for the two people to actually prepare the account. One decision the board has made is, we have actually outsourced all the current pending accounts to expedite the accounts preparation. We have currently outsourced it to an accounting firm who is currently preparing these accounts.

DEPUTY CHAIRPERSON.- Well, that means that we are progressing well.

MS. A. BARI.- Mr. Deputy Chairman, just to update, as the Office of the Auditor-General has confirmed, 2015 is completed, 2016 has been submitted, 2017-2018 we will be submitting by the end of this month and 2019-2021 is still in progress. Its forecast to be completed by June 2022 and to be submitted to the Office of the Auditor-General.

DEPUTY CHAIRPERSON.- Let it be noted that the Committee commends your hard work.

MS. A. BARI.- Mr. Deputy Chairman, moving to the second qualification item, this item is yet to be resolved. This is where the Council recorded a bank overdraft which resulted in an understatement of cash at bank. Our findings revealed after looking into this, there is a double entry here, the same amount is recorded in bank overdraft and it is also recorded as an interest bearing borrowings in the long term. So we can say that it is a double entry and in order to correct this, we went back to the bank to get clarification which we managed to get and now we will be working to pass adjustment entry to rectify this double entry. Given that the 2015 account was already audited, we will not be able to make this adjustment in 2015, so it will still appear in the 2015 account, 2016 we have also submitted so the 2017 account is where we will be making this double entry adjustment to rectify qualification number two.

The next qualification issue is on unreconciled variance that existed between the general ledger and the rate debtors reconciliation. Again the Council would like to acknowledge that this qualification would not appear if the Council at that point would have been able to do a regular and a proper rate debtor reconciliation. The Council took this as a learning curve and improved the rate debtor reconciliation

process by implementing the following controls at this point in time. So the rates reconciliation is being performed by the Rate Officer, invoicing is performed based on Unimproved Capital Value (UCV) as per the valuation book and calculated by multiplying the rate struck and the resolution is passed by the Ordinary Council Meeting. So, sexennial valuation is the process that actually determines the UCV value and for each subsidiary account, the Council had prepared subsidiary accounts and a separate file for rate debtors which are being maintained and managed by the Rates Section. The following reconciliation procedures have been implemented by the Rates Team.

The individual rate file is maintained whereby invoices, notices and receipts are filed. Excel sheets are maintained for reconciliation purpose, back-ups are also done and there is a regular update of ratepayers financial information, but we do acknowledge that we are unable to do a real-time update because this process is still a very manual one at this point in time. We do have a full ratepayers listing with their invoiced amount and the collection and that reconciliation the team is currently doing and it is also being presented in our monthly Finance Sub-Committee for discussion.

As I shared earlier, given that the task is very manual and tedious, there is still high risk of human errors being made and the Council does recognise this and is working to mitigate through a digitalisation process. Just on the digitalisation, we would like to share that we have started the journey so as part of that digitalisation, we actually engaged one of the well-known firm to do an IT audit for the Council's IT infrastructure and after the audit, they have given us a roadmap on how to improve. So the first part of the roadmap is to improve the hardware infrastructure which is our PCs, laptops and the server which we have done. The second phase is on the application which we will be focusing on in the next financial year.

Number four, the Council could not provide the appropriate document to support the expenditure amount of \$124,302. Again, this qualification would not have appeared if the Council at that point would have maintained a proper recommendation for each transaction. Some of the improvements that we have done since then is, currently all expenses are recorded on an accrual basis, there is a proper records on creditors as well and regular reconciliation of the creditors which is done by the finance team and verified by Manager Finance.

The Council follows the procurement processes as outlined in the Manual of Account. With the guidance of the Ministry for Local Government, just adopted a new finance manual and we are working to further improve this process. Councils were mandated to follow IFRS for SMEs guideline which we have adopted and we are working to follow as per the guidelines. At this point, Mr. Deputy Chairman, I would like to share that all the documents are being thoroughly prepared and checked by the Finance Manager before it is forwarded to CEO and the Special Administrator for their final approval.

Qualification number five, the Council recorded certain revenue accounts on cash basis which resulted in an understatement of certain revenues. We acknowledge that the reports that were prepared, I would like to use the word "hybrid" because in an income statement, the basic thing is, if we follow the accounting principle and the accounting period, we have to match each year's income and each year's

expenses. But previously, how the Councils were preparing was, the revenue was recorded on a cash basis where else the expenses was on the accrual basis. Since 2012, the Council has adopted IFRS for SMEs and now we are preparing these accounts on accrual basis.

Recording of all revenue, now we are doing it to a very detailed level, for example, taxi basis we have done a stocktake of the number of taxi bases and the number of base in each taxi base then multiple by the fees. So the same thing applies to the market stalls, the number of stalls and the stall fees, kiosks, the rent, the rate, et cetera. So, now we have a revenue which is an invoiced revenue for the Council. And then the daily collections are recorded, so we look at that and compare our invoices verses the collection. So the income statement and a detailed cash flow statement is actually prepared and the monthly is presented to the Finance Sub-Committee. As we shared earlier because it is still manual, the risk of human error is possible and the way forward is the digitalisation.

Qualification number six, the Council did not disclose leased properties as investment properties according IAS 40. Again, the Council have made some improvement in this area. Now we have a fixed asset register, we have just completed our Board of Survey and updated the fixed asset register.

Property valuation, the last one was done in 2012 and we have advertised a tender and in the process of valuing the Council's property, because the figures that are recorded there, the old figures the Council continued to use and at this point we do not know the market value or the amortised value of these Council properties. So, we believe that with the property valuation, we should be able to make adjustments to this.

Qualification number seven, documentation was not provided to support the balance in trade and accounts payable accounts. Again, we would like to share that this qualification would not appear if the Council at that point in time would have maintained proper documentation for each transaction and done a regular and proper creditors reconciliation. As we speak right now, the Council is doing a regular creditors reconciliation, and on a monthly basis this is also presented to our Finance Sub-Committee and all the expanses are now recorded on accrual basis. The finance team is actually checking on all the vouchers and everything is in order before passing it for approval. We do recognise that as they pass for approval, the cash flow statement should accompany each of the batch as they are sent for approval.

Cash flow management, the management and the Board is quite particular about it because in order for us to continue operating or move as a going concern, we need to manage the cash flow. Again, most of these are maintained in Excels and there are hard copies, but we need a proper finance system to get this updated on a real time basis.

Qualification number eight, VAT receivables of \$142,634. For this, the Council acknowledged that at that point in time, this VAT was not paid. Now, the Council have paid all the VAT due and have a tax compliance

certificate. We understand these are mandatory requirements and one of the KPIs for the finance is to ensure that all the mandatory payments are done and the compliance status is active.

Qualification number ten, here it was mentioned that the Municipal Council Fund which is the accumulated fund for general fund of \$249,583. The opening balance of this fund has a variance of \$276,576. We know the closing balance would be the opening balance. In this case, we saw that the closing balance was \$514,493, but the opening balance was \$237, 918. Currently, we are investigating whether it is just an entry error or is it due to some differences. Mr. Deputy Chairman, we need a bit more time to complete the investigation and if we can provide that in writing for number 10 on where the variance is or why the variance is.

I missed number nine, the Council did not make any adjustments to the Government grant of \$208,150 which relates to roads. This has been resolved through a correction entry in the 2016 financial statement. The statement has been prepared and sent to OAG for audit purpose.

Moving to other matters. Risk management, which is the first one. The qualification issue was the absence of a risk management policy and a disaster recovery plan. So, Mr. Deputy Chairman, we have actually drafted both the policies and we have done a thorough review. We were waiting for the board to convene and adopt but given that we have some new members on the board, we are giving a bit of time to socialise this policy and we are aiming to adopt this by June 2022.

The last one – the internal control in the areas of cash at bank, revenue, payroll, property, plant and equipment, receivables and procurement needs to be strengthened to prevent leakages of Council funds through fraud and misappropriation. The Council concurs with OAG's comment and is working to strengthen these areas. One of the implementations is actually the finance manual that we adopted recently, so with that we will be working to further improve these areas but definitely the Council have, at this point in time, improved the cash reconciliation and bank reconciliation, every respective revenue stream reconciliation we have improved, we have actually a full reconciliation, debtors and creditors reconciliation, payroll too is thoroughly checked and prepared. Before it comes to finance team to prepare, the HR team has to give clearance so that the finance team can prepare as per the information provided and before these all are submitted for the final approval to CEO and SA.

Again, as I shared with the new finance manual, a lot more things have been there and we would like to, example the capitalisation policy, the debt recovery policy, so these are some of the things that we are working to improve. Given that it is a legacy issue, we are still working on it. First our focus was just to get the revenue one sorted which we have done and now we will be working to do the other sort of improvements like the debt recovery side of it, et cetera.

As we shared earlier, the digital platform or the digital finance or HR software application is required if the Councils need to invest, if we really want to improve or further strengthen this area.

Mr. Deputy Chairman, just on the closing side of it, I think one of the key points that the OAG has highlighted is, the accounts are prepared but the management also needs to take accountability to ensure what items goes in, the documentations that are provided are thoroughly checked and these are the areas that currently the management and the board is committed on further improving and is aiming for a qualification or even an unqualified opinion but we believe up until 2019 to 2020, we may end up with qualification issues because a number of things still requires a lot of rectification but definitely from 2019 onwards, we believe it will be a qualification with very minimum qualification or even an unqualified opinion.

DEPUTY CHAIRPERSON.- Honourable Members, any comments or questions?

HON. A.M. RADRODRO.- Thank you Mr. Deputy Chairman and CEO for the comprehensive answers that you prepared for the Committee this morning. Just a concern, regarding the continuous delay in the provision of the financial statements. I note that you made a commitment engaging the advisory and accounting firm to bring those accounts up to-date. We hope that you have followed the process of the Nausori Town Council Finance Manual.

The question that I would like to raise is the monitoring role played by the Ministry of Local Government and this is also being highlighted by OAG; the lack of it in terms of allowing the delays in submission of accounts from the Nausori Town Council. With due respect to the commitment of the current CEO, what is the Ministry's stand in terms of making sure that going forward, Nausori Town Council do not fall back into this practise of delay in submitting financial reports.

MR. N. CHANDRA.- I think in terms of the Ministry's role of monitoring on the audit qualifications raised in OAG report over the years, we have been following up on a monthly basis in terms of progress, where are they are up to in terms of the audit implementation at the Council level. That is also part of our grant agreement that we release grants. It is captured in the grant

agreement that the Council needs to provide an audit update to the Ministry in terms of the qualification issues. So, on a monthly basis, we actually follow up with the Councils in terms of the progress and have a tap on, in terms of the qualification issues that was also part of the KPIs of the SAs to actually monitor and ensure that that is resolved.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, I just raised those questions because there are some pertinent questions that could be asked when reviewing these financial statements especially in terms of garbage fees and general rates. I do not know whether you can put some explanation to why the increase from 2013- 2014. Is it because of the increasing rate or because of the increasing town boundaries? These are very important questions that could be raised but because of the delay in the submission of accounts, we see that maybe the current CEO can answer it or not.

Also, in terms of garbage services, there is a reduction in the expenditures section of the garbage services. What does it mean to the provision of services that the Council is expected to provide? Has it reduced in terms of actually delivering this garbage services especially when the expenses has reduced.

Also, there is something on the assets of the Council. We see that it has increased from 2013-2014. The question that I would like to raise, why the increase when the roads, drains and footpaths have been transferred to FRA. So was there a valuation undertaken by the Council when it is supposed to be a 10-year cycle of valuation, correct me Local Government, that has to be done by the Council every 10 years. So if you can enlighten us or otherwise you can probably come back to us regarding these questions. Mr. Deputy Chairman, we will provide a written response on this because there are too many things but do note that few of the things we do, we can justify examples. There was a sexennial valuation done which definitely would increase the rate. When that exercise happens, the unimproved capital value of the rateable property actually goes up and therefore....

HON. A.M. RADRODRO.- So, it was done in 2014?

MS. A. BARI.- Yes.

HON. A.M. RADRODRO.- Confirmed?

MS. A. BARI.- Confirmed, yes and the fixed assets, maybe Manager Finance can assist.

MS. S. RATTAN.- There was an increase in the fixed asset value due to the work in progress for the construction of the market and bus stand. That is why the value of the fixed asset increased.

MS. A. BARI.- Mr. Deputy Chairman, just on the questions raised about the solid waste, we will do a formal response on those and provide it in writing to the Committee.

DEPUTY CHAIRPERSON.- Thank you very much that is noted. The Committee anticipates that written response soon. Any other questions?

HON. RO T.V, KEPA.- This is on the staff CEO, you have said that you recently have been appointed to your position and in your letter you have stated there that there is a turnover of staff in the Council. I am just asking how do you appoint staff, is it through the OMRS system which is highly recommended by Government or is there a different criteria that you use because that is an issue too that has come up in the OAG Report on the staff turnover that you have.

MS. S. BARI.- Thank you honourable Member for that question. For recruitment, yes we do follow OMRS guidelines and all appointments are done on that. Just to share on that, under the guidance of the Ministry for Local Government, we have also done a restructure of the team because when we looked at the current structure of the Council, there were a lot of things that were not very clear and an example that I would like to share, the market finances was only looked after by the market team. Then we had another set of finances like parking metres that was looked after by another team which was the legal team and then the rates was looked after by the finance team. So, when we looked at the structures and understanding what each roles were doing, then we saw a lot of things were unclear, segregation of duties were not there and there were a lot of internal control issues in the structure itself.

So, under the guidance of the Ministry for Local Government, we also implemented the new structure and the Councils adopted the functional based structure. So, what they did was, we looked at the similar types of functions and grouped them together and streamlined. As we speak right now, for Nasinu and Nausori Town Councils we have implemented the new structure and that structure includes three sort of streamlined areas:

1. Core services areas which is the community service area like solid waste collection, grass cutting and drainage, health and enforcement and markets are reporting through to Manager Community Service;
2. Building and Development, that is where all the building applications, building surveyors, town planners, Council's properties (not projects that the Councils are doing) and any other initiative that is related to the development of the town;
3. Support Services which is HR, finance, legal and the IT transformation.

From these reports we understand there were a lot of internal control challenges as highlighted in this report and the Council have invested that in a Senior Internal Auditor who is here with us under the shared services. Why we did it under the shared services is because finance was a challenge and immediately we could not increase and have a bigger team. Initially we invested in one Senior Internal Auditor but we are still looking to see how further we can improve especially the quality assurance side of the role to bring it

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with the internal auditor. One of the areas we see is the quality assurance side, for example, as you know the Councils engage a lot of contractors. So, we also need to have proper control and checking place in terms of the services these contractors provide. Those are the thoughts that are behind the restructure.

In terms of turnover, yes, as you can see there is a backlog. When we talk about turnover, the staff who were present at that time, most of them are no longer in the Councils. We have not done a further sort of analysis to understand why there was an increase, but I think a research would help us understand why there was a bit sort of movement of the staff.

But the other one is of course the retirement age policy. With the retirement age policy, there were a number of staff for Nasinu and Nausori who retired when we implemented it in the last financial year.

HON. RO T.V. KEPA.- Mr. Deputy Chairman, through you, thank you for your excellent service CEO with the way you structure and the streamlining of all your services, hopefully the reports will be more timely.

HON. V. LAL.- One supplementary question, Sir. This is in regards to the rates collection, I can see the year 2013 and 2014 the general rates have increased but at the same time I can see here the interest on overdue rates has also increased quite significantly. How is your rates collection going? As you have mentioned that due to retirement, are you able to get the right staff? I know there are some good staff who have been going out collecting rates house to house and they have retired due to their age limitations. What is the process? Are you getting new people or what is the plan to get the rates collected?

MS. A. BARI.- Thank you, honourable Member, for the question. We were actually expecting a question in relation to the rates side of it. So, for the rates collection on a high level, the current rates is on sort of track and is there. For Nausori, in the last financial years was close to about 88 percent collection on the current. The challenge is the outstanding arrears. So, for those areas, yes, we have staff who are in there who are doing these collections as well. Previously the Council did not have the online mode of payments and so on, so we have also introduced those online payment services so that the ratepayers can pay directly to the Council. Do remember wherever there is cash involved, that means we have to also strengthen the controls because that increases the risk of leakages as well.

So, those are some of the things that we have done and for that rates, one thing I would like to acknowledge from the Council, I think, previously there was arrears. The Council at this point in time does not have a debt collection policy and this is one of the task we are currently working with the team with our legal team to actually establish a debt recovery policy.

In the past I think the actions in terms of the arrears collection was not so vigorous but as we speak right we have a team who have done the analysis and at this point, we have credit categorised into different categories and we are taking different actions for each one. For example, the smaller ones, the team have

started with the demand notices, we are taking cases to the Small Claims Tribunal (SCT) as well, to the Magistrates Court and of course there are a number of cases where we are finding some challenges where the property owners are not here, land are vacant, their details are not up to date and then there are some properties that are in dispute and the ownership is not confirmed, therefore no one is willing to take care of the rates at this point in time. So for those ones, we are talking with the legal team as well as with the Trustees Office to see how best we can collect these rates and there are few other ideas which we have brainstormed. We do have regular meetings where we discuss about the arrears, what actions we have taken and what further improvements are required and we see opportunities such as partnering with the landowners, for example, Housing Authority to see if we can combine effort so that they can collect their rent and as well as the Council collecting their rates and with organisations like FRCS to see how best we can collect the rates that are currently long outstanding.

Mr. Deputy Chairman, we can provide you the latest update in terms of where we are with the rates collection, the current figure and the arrears for Nausori Town Council and also an update of the detailed action taken since 2019, because since 2019 that is when we saw a vigorous sort exercise and effort that was put towards the arrears collection.

DEPUTY CHAIRPERSON.- Thank you, that is noted. Any other questions?

HON. A.M. RADRODRO.- Just a supplementary question to the strategy for your arrears collection. Is the Ministry aware of the strategy that you are using?

MS. A. BARI.- Yes, the Ministry is fully aware of the strategies that we are using and on a monthly basis we are providing the detailed report to the Ministry. For every Council, they actually keep a tab in terms of our current rate collection and then the arrears collection. We have also shared our strategies and are working very closely with the Ministry for Local Government.

HON. A.M. RADRODRO.- What is the success rate of the cases that you take to Court?

MS. A. BARI.- The Small Claims Tribunal, I think that one, we would say is very successful because most of the cases that we have taken, the Orders have been given and now we have a dedicated team who is actually monitoring to see that the ratepayers adhere to the Court Order that has been delivered; that one is successful. Magistrate case as well we have raised are few. The charges we believe is another one that is a very successful for both the Councils and as we now speak, especially I will share more about Nasinu, the charges that we have placed, we have seen where the property owners have come back and these were some of the prominent ratepayers who were capable of paying those rates.

HON. A.M. RADRODRO.- Is it residential?

MS. A. BARI.- Not residential. They did come forward to pay the full rates. So charges is again very successful. One of the challenges we had last year, we did a lot of administrative side of work but we could not lodge the cases with the Courts due to the pandemic, but now with the opening, we are now lodging all these cases.

HON. A.M. RADRODRO.- Just a last question from my side, Mr. Deputy Chairman, I note that the Auditor-General has highlighted about investment property for those properties that you have leased out as a Council that were not properly recorded. Can you just enlighten the Committee which properties are these? You said in your response to No. 6 that you are compiling a list. Which properties are these?

MS. A. BARI.— Sir, for Nausori Town Council, we have the commercial complex in the main Nausori Town. There are a number of tenants so these are the ones that we are referring to in No. 6.

HON. A.M. RADRODRO.- Where is the main complex?

MS. A. BARI. - This is in the main town where the Bank of Baroda and BSP are.

HON. A.M. RADRODRO.- That belongs to Nausori Town Council?

MS. A. BARI. - Yes, Sir, that belongs to Nausori Town Council. The ones that we have leased, for example, we have renewed the tenancy agreement for all these the tenancy agreements were done way, way back. A lot of things have changed which we incorporated into our new tenancy agreement.

HON. A.M. RADRODRO.- Just one last one, Deputy Chairman, for the Ratu Cakobau Park in Nausori, can you just advise the Committee, what is the current status of this park?

MS. A. BARI.- Mr. Deputy Chairman, can I ask, are you speaking about the lease or the property condition?

HON. A.M. RADRODRO.- I am asking about everything.

MS. A. BARI.- Sir, Ratu Cakobau Park I will share in terms of the infrastructure. The infrastructure sustained quite a damage during *TC Yasa* and *TC Ana* and soon after that, we received a prohibition notice from the Ministry of Labour. So it was closed, and we speak right now, we have just completed the repairs of Pavilion A and finalising the occupancy or the operational side of it and we will be opening Pavilion A soon.

Sir, for Pavilion B, it is actually one that has sustained a greater damage. We have done some preliminary assessment of the damage, and we presented our investment case in the mini budget and we managed to secure some funding to start work on Pavilion B.

HON. A.M. RADRODRO.- That is the one on the other side?

MS. A. BARI.- Yes, that is the one on the other side. In terms of holding the games there, day time is not an issue, night will be an issue because the light also requires fixing and that is one of the expensive affairs and the current light is in a very deteriorating condition. So, just recently we have done another second round of assessments with our board, Ministry of Economy and the person we have engaged to do the engineering work who is working with us just to reassess what further things are required and also help us prioritise because funding is a challenge. So, we cannot do a fully pledged repairs but we are working to prioritise to see what the key things that we can do to get RCP in an operational state. That is our current focus.

In terms of lease, we have six years left, we have already met with iTLTB and have shared our thoughts that we would like to renew the lease. As per the process, we are working closely with iTLTB to renew. But we were waiting for the new board to be appointed so that we can start the negotiation phase which we will be starting soon.

HON. A.M. RADRODRO.- New board from Nausori Town Council?

MS. A. BARI.- Sir, for Nausori because in the last two weeks the new board has been appointed. Now, we have a board, we will start with the negotiation process.

HON. A.M. RADRODRO.- Congratulation, Sir, I hope the new lease arrangement will be favourable to everyone. When is the grounds ready? Is it sometime this month when you say soon? This week, next week?

MS. A. BARI.- Pavilion A is done, we are just waiting to do the final logistics with the Ministry of Labour and we are aiming for the next two weeks.

HON. A.M. RADRODRO. - Next two weeks?

MS. A. BARI. – Sir, next two weeks we should be able to open Ratu Cakobau Park.

MR. U. PATEL. - We are just waiting for the OHS side of things?

HON. A.M. RADRODRO.- Thank you.

HON. RO T.V. KEPA.- Mr. Chairman, just one question for CEO. That property in Nausori Town where the bus stand used to be, what is that building going up, right in the middle of Nausori Town?

MS. A. BARI.- That property belongs not to the Council, but to the landowners. They have formed partnership with one of their partners and they are currently constructing that building. The property is a rateable one but the Council does not own it, it is the landowners. So it is a shopping complex with accommodation facility on top as well. It is one of the biggest investments. I do not have the full name of the partner, as we speak right now, but we can provide a brief to the Committee about that development.

DEPUTY CHAIRPERSON.- Thank you very much, CEO. I think we will move to the next part of the presentation. I thank all Members for their questions, we can now move on to Nasinu Town Council.

MS. A. BARI.- Mr. Deputy Chairman, we would just like to share about the Nasinu Town Council. The audited report that has been presented is for 2009 and 2010. For 2010 we would like to go through the clarifications that were sent to us by the Committee. Similar to Nausori, the 2010 was a disclaimer of opinion for the same reasons as Nausori. The key reason was, we were unable to obtain sufficient or appropriate audit evidence to provide a basis for the audit opinion on these financial statements. Going through the status of those seven issues of qualifications that are in the report.

Firstly, the Council used bank statement deposits instead of individual receipts as a source of recording cash in the general ledger and performing a bank reconciliation. Similar to Nausori Town Council, again this qualification would have not been appearing if the Council would have done this recording properly at that point in time. At this point in time, the Council have made a lot of changes in this particular process. The Council is currently, when they receive payments from the rate payers, for Nasinu Town Council we have a system with WinBIZ, but this system is still a very outdated one because it was initially implemented in 2005, and has never been upgraded since then. So the Council's receipts are generated from the WinBIZ system and directly paid by the cashier. Also the ratepayers are given the opportunity to do direct deposits through source deductions or M-PAiSA, et cetera. Bank reconciliation is now done on a monthly basis and cash verification is done by the cashier, the accounts officer and the senior accountant for accuracy and transparency reasons. As we speak right now, I think all cash receipts and payments are recorded in a cash book and reconciled on a monthly basis and this is also presented to the finance subcommittee.

Moving to qualification number two, included in trade and other receivables are advances and deposits of \$68,099 and \$5,702 respectively. Again the qualification issue, it is highlighted that they were not able to find the supporting documents to substantiate these balances. As we speak right now, the Council is unable to actually locate the supporting documents for these balances. One of the challenges, at that

point in time was the recordkeeping for the Council. One of the things we have also done in this regard, we actually went back to the person who prepared or the entity that prepared the financials for 2010, we still could not find those supporting source documents for this one. Going forward, we have definitely improved this area of filing and documentations.

Number three, the Council recorded a trade debtor amounting to \$8,510,981 after allowing a doubtful debt for \$47,930 and I think the question raised here is in terms of the percentage that is used for the doubtful debt calculation and whether this is adequate for assessing in terms of the rate debtors. So, for this one, I would just like to share the Council has actually prepared a policy paper regarding doubtful debts of 5 percent and as we speak right now, we are proposing to adopt 5 percent for consistency reasons. But currently, as I shared, I think the debt recovery policy would be the answer for this and also we tried to also do the aging analysis for the debtors but one thing we found, at this point in time is the system, we are not able to do that fully because of the limitations with the systems. So, for now the Council will adopt 5 percent for consistency reasons but once the debt recovery policy is in place then we will have a better understanding on how to treat the doubtful debts.

DEPUTY CHAIRPERSON.- CEO, can you just hold on. There is a question by the honourable Member.

HON. A.M. RADRODRO.- Thank you, Mr. Deputy Chairman. CEO, just a question regarding your policy on doubtful debts. Can you just enlighten the Committee on the boundary for Nasinu Town Council?

MS. A. BARI.- The boundary for Nasinu Town Council.

HON. A.M. RADRODRO.- Nasinu Town Council, where those ratepayers are?

MS. A. BARI.- So for Nasinu ratepayers, the boundary starts just after Cunningham, that bridge, four miles. That bridge then going towards Rup's Complex, Wainibuku Bridge. So, right from there. The area is divided into seven wards, I can provide the exact number but currently we have 11,252 rateable properties within Nasinu.

DEPUTY CHAIRPERSON.- Thank you. You may continue.

MS. A. BARI.- Number

HON. A.M. RADRODRO.- Can you provide the Committee as to how of those ratepayers are businesses and how many are homeowners?

MS. A. BARI.- Yes, we can provide that in writing.

HON. A.M. RADRODRO.- When you say 5 percent, are we relating to both- (business and residential) or only relating to specific ratepayers?

MS. A. BARI.- We are saying overall.

Moving to number four, again this is related to trade and other payables. Similar to Nausori, this should not have appeared, if at that point in time, a proper reconciliation was done. So currently, the Council carries out monthly creditors reconciliation and the reconciliation is supported by vendors statement to ensure the accuracy of these figures that we are reconciling.

I just like to share at this point in time, there was quite a long outstanding creditors listing and as we speak right now, we have managed to clear most of these debts and all the creditors are on the payment plan as well.

Number five, included a total revenue of the Council in general rates amounting to \$2,320.41 and the Council has not maintained rate invoice for ratepayers.

For this one, we think differently from OAG, the reason being because the Council has invoices for individual ratepayers and are of the view that this should not have been an audit issue as WinBIZ currently provides the invoice. We were a bit surprised because these issues did not appear in prior years OAG reports. As we speak right now, we do have all these invoices. I am not sure what happened but these invoices are available.

HON. A.M. RADRODRO.- Can OAG please advise the Committee on the basis of this qualification?

AUDIT REP.- Mr. Deputy Chairman, through you, probably just a point of clarification. Would the Council be in a position to confirm for that financial year 2010 from the WinBIZ that you are able to get the invoice that would add up to \$2.3 million?

MS. A. BARI.- We should be able to.

AUDIT REP.- Mr. Deputy Chairman, I think at the time of audit, we maintain that we did not get what we wanted that resulted in the qualification. However, if the Council would be able to submit to our office listing from the WinBIZ that reconciles, then I think we should be able to resolve this issue going forward.

HON. A.M. RADRODRO.- Just a note probably to OAG and Nasinu Town Council, while you are conducting your audit for Nasinu Town Council during this time, did you conduct exit interviews with Nasinu Town Council to resolve this issue?

AUDIT REP.- Yes, Mr. Deputy Chairman. I think we do conduct exit meetings and this issue would have been formally responded by way of management letter where the comments would have been provided. However, if the Council maintains that there is a listing available, then I think we should be looking forward to receive that and verify.

MS. A. BARI.- Honourable Member, just on that, definitely the exit meeting must have happened with the staff because we are new here, we were not part of that process, but definitely we can provide these invoices to OAG.

(Inaudible)

MS. A. BARI.- Yes.

Moving to number six, the qualification issue raised here it says included in the Property, Plant and Equipment (PPE) a balance of \$2,188,598 and Work in Progress (WIP) is \$431,660. They have noted that the Council has disposed of WIP PPE. We would like to share the WIP, there is a further question on this WIP project. At that point in time when we did our response to the Committee, whatever information that was on hand, we managed to share but after that we managed to gather a few more information on this capital WIP project.

Mr. Deputy Chairman, if we can provide a full brief on this to the Committee because one of the questions is actually on this. We agree with OAG that the property has not been disposed of, maybe there were a lot of developments in that particular project, if we can provide a full detail in writing to the Committee then the Committee will be in a better position to understand what happened in that particular case.

Question No. 7, payment vouchers totalling \$49,884 was not provided for verification at that point in time, these vouchers we are still not able to provide but we can just assure the Committee that at this point in time, like documentation is one of the areas that we have actually strengthened. One of the challenges, those staff who were in the finance team back then, none of them are with the Council so it is quite challenging to actually look for some of those 2010 vouchers.

Moving to emphasis of matter, the first one, the Council's WIN-biz rates system has not generated a separate report from 2005 and as a result separate loan rate and streetlight rate were not appropriately disclosed with their respective accounts and we fully agree with OAG's comments. The system has a limitation where it is not possible to separate special rates from general rates, it is all grouped together.

It is quite challenging to separate them but again as we shared for Nausori, the way forward for this is, we need a robust digital transformation so we are able to charge appropriately and raise correct invoices.

Secondly, the Council has recorded 361775 as commercial lot deposits and the Council has not maintained a separate bank account for this deposit and at the balance state the Council has insufficient funds to meet the refund to the customers should the need arise. The people who actually acquired these commercial lots back then did come back to the Council requesting for a refund but this was after a lapse of almost 10 years.

Our internal audit team also had a look at that whole transaction, in the books we could see the figures but there was not sufficient appropriate evidence to substantiate that particular amount. We also went for a legal opinion and again with the lack of information, we could not get a full sort of legal opinion on the way forward but the lawyers have recognised because of the lapse of time, the individuals who made those deposits are not taking the Council to Court. As we shared earlier, we will provide a full report on this which the Committee will be able to understand which particular case we are referring to here.

The value of road, footpath and drain have not been fully incorporated in the statement of financial position as at 31st December, 2010. That was the comment at that point in time but from 2013, Fiji Roads Authority have took over the Council roads, footpath and drain.

We looked at the MOU or MOA between the Council and FRA but we have not been able to obtain a signed copy. We managed to get a draft but not the signed copy. Just to understand when the transfer happened, how did it happen in terms of the book transfers.

Other matter, in terms of internal controls relating to cash receivables, revenue, payments, payroll, posting of journals, tender documentation and market revenue, the qualification raised that these controls need to be strengthened and we fully concur with the comments and we are working to strengthens these areas.

Similar improvements that we have shared in Nausori, we have done for Nasinu as well. So, we have a cash reconciliation, we are doing bank reconciliation now, we have a revenue stream reconciliation debtors and creditors, payroll and all these reports are presented to the finance subcommittee.

The recruitment of Senior Internal Auditors, we are further trying to strengthen this area and we are also looking into investing quality assurance checks in these areas to further strengthen the controls.

Risk Management Policy and Disaster Recovery Plan, same as Nausori. We have drafted and we are in the process of doing the final leg of review and we are aiming to adopt this in June 2022.

To conclude, the OAG have given a comment in terms of Council taking ownership and accountability of the financial reports that are presented and we fully concur with that. We are taking ownership and we are working to complete all our pending financial reports.

I just want to share that the Council as we have shared earlier, there are a number of changes we have done and of course with the adoption of the new financial manual, we are going to make further changes to strengthen these areas.

In terms of looking at the backlog of accounts, again we have done until 2019, we will end up with a qualification opinion with few qualifications but from 2020 onwards, I think we will have a minimum qualification or even an unqualified opinion.

DEPUTY CHAIRPERSON.- Thank you very much for your presentation. Honourable Members, any questions or comments?

HON. A.M. RADRODRO.- Thank you very much CEO for the responses given to the Committee. Just one clarification regarding the development of commercial lots. The questions that we had put out there is the status of the deposit amount of \$361,077 and the reasons the lots that were not developed, is that the one that you are referring to where you will come back to us in writing?

MS. A. BARI.- Yes. Mr. Deputy Chairman, because we managed to find some more information, facts on this and we would like to provide a full brief in terms of what happened in this case. But as we speak right now, the last facts we gathered was that the project have actually closed and both the lawyers have done some settlement outside Court. We managed to get the Deed of Settlement which we can share to the Committee.

HON. A.M. RADRODRO.- Okay.

HON. RO T.V. KEPA.- Mr. Deputy Chairman, just a question to the Chief Executive Officer. It is good that you have fresh female eyes looking at both Councils. How hopeful are you of the creditors payment plans that you have to collect the 81 percent of overdue rates? Is this with the business as well as residential ratepayers? The second question is, what is your budget for taking such people to Court because you said that you have been taking the overdue rates especially.

MS. A. BARI.- For Nasinu, it has quite a large number of outstanding rates which is currently amounting close to \$11 million.

HON. RO T.V. KEPA.- (Inaudible)

MS. A. BARI.- The ratepayers payment plan, are you referring to that?

Yes, they do know about the payment plan. I am just sharing some of the things we have done. We have done a massive awareness from that as well, also in terms of sharing the outdated assessment invoices and we have also shared with them that there is a payment plan in place. Honourable Members, what we have done is, we have made a resolution in the board, we would like to give them a two-year payment plan and the key reason being because there were a number of payment plans done earlier, but we saw that it was not honoured by the ratepayers. Therefore, we are putting our foot a bit strong in terms of giving them a two-year plan and we would just like to share, the case where we were referring to where one of the commercial customers owed a bigger amount. They asked us to remove the charges, we said, “okay, if you can share with us your payment plan, then we can look into it and if you honour that payment plan.” They did come back with a payment plan but it was a 25-year payment plan which we rejected because it was not a long-term loan that the Council was giving, so we went back to them and asked them in a meeting to bring a two-year payment plan and we also explained to them about the interest that the honourable Member asked.

As you know, currently the Council charges 11 percent interest, so from an investor’s perspective, I think it would make sense to probably take a loan of say, 5 percent or 6 percent and pay off this 11 percent interest. In that case, that particular ratepayer came back after two weeks with a full amount. They said, “we went through our board and we made the full amount.”

Madam, yes, we are putting our foot down a bit in terms of those ones. Nasinu is slightly different from other Councils because some of the ratepayers have challenging times as well, we recognise them and we have been asking them to come forward and a number of them actually came forward. But, yes, we do our due diligence before we submit to the Ministry of Local Government or the honourable Minister for a write-off. In the due diligence, we carry out the means test, we also do site inspections and everything. Once we are fully convinced that this particular repair requires a waiver then after that investigation then we forward it to the honourable Minister. We have done a quite a number. We were glad that some of them got approved but some are still in the process because there are a few things that the ratepayers are not able to provide us, the documents to sort of validate their claim. One of the challenges, I think the documentation side for the ratepayers. When we request for documents they are not able to provide them to us on time. So that sort of further delays that process.

To answer your question about how hopeful we are? We are hopeful but I would say we still have a bit of doubt because considering the amount of rates that are there and the challenges in contacting some of these ratepayers. We have also done a rate profiling, we have encouraged ratepayers to come forward and give their details and every interaction that the Council have with the ratepayer, we have shared to all our departments to please take the opportunity to ensure their data is up-to-date. So whether they bring their plans or wherever we interact, the team knows that they have to ensure that their data is up-to-date, so they take the opportunity to get the correct data to reflect. After taking those legal actions,

we can see the improvements that are happening and for Nasinu we have actually lodged quite a number of cases that we have already lodged with the Court, how much we anticipate to collect from there and how much we have collected. Again, as the Court was closed, we were not able to lodge a whole lot but we will soon be lodging those.

(Inaudible)

MS. A. BARI.- Sir, for the Court cases, currently we just looked at the number of cases and multiplied by the fees that we are currently paying. We have categorised like a different category, how many there are and based on that we have worked out a particular amount. But when talking about budget, I just want to share, Nasinu is actually a very challenging Council in terms when we talk about finances. Because I am from a finance background and immediately when I see the financials we can tell. If you are a financier, for example, I would like to share for Nasinu, the invoiced rate and garbage combined together is closed to \$3 million. The cost of just one service which is solid waste collection is costing the Council \$2.5 million. This is the invoiced rate we are talking about, \$3 million and these services is costing \$2.5 million. So from that invoice, that means we are left with only \$500,000 but then note “three point” is invoiced but we do not get 100 percent collection.

Sir, from my investor perspective if we are looking at a particular organisation, and Nasinu’s revenue base, the major revenue is actually rate and garbage. There is no other. There is markets but it is not much that we collect from markets, parking meters we do not have because Nasinu does not have like a fully-fledged central business district area unlike Nausori or Suva City Council or other Councils. We have decentralised towns and there is no other major sort of revenue apart from rates and garbage fees, so that is the challenge. We are thankful to the Government in providing the subsidy, I think without that subsidy, the Council would not be able to stand on its feet or be self-sufficient. The only way I see is to review these fees and charges but again, the current climate and environment is not the right time to review these fees and charges as well.

HON. V. LAL.- I understand, CEO, the Suva City Council is currently helping Nasinu Town Council to collect the garbage.

MS. A. BARI.- Yes, honourable Member.

HON. V. LAL.- Are you paying for the service?

MS. A. BARI.- Yes, we are paying Suva City Council. That service is costing us \$2.5 million. We are paying directly to the Suva City Council. As part of the arrangement, we have also provided the fleet that was used by Nasinu Town Council to be used by Suva City Council for that service.

HON. V. LAL.- In terms of roads in the municipality, just a particular road in Kinoya, there were some big pot holes. The residents complained to the Town Council and the Council is saying that that particular road is looked after by the FRA, and when they contacted FRA, they are saying that it is looked after by the Council. So, are trying to run away from their responsibility or all the roads come under FRA?

MS. A. BARI.- From our understanding, all roads come under FRA. I just would like to share, whilst working in the Council for the past year and a half, one thing I have found out working with FRA that there are some FRA roads and some non-FRA roads. I think FRA would be in a better position to comment on which are FRA roads. So, I am asking questions but I am not able to fully understand how they classify FRA and no-FRA roads. So I think FRA would be in a better position to answer that particular question. One thing I have found out during this term is, to vest the road to FRA, I think they have certain requirements. When a developer develops and when they surrender it to FRA, I think they have to meet those requirements in order to surrender. I think FRA would be in a better position to comment on how that works.

DEPUTY CHAIRPERSON.- Perhaps the Ministry of Local Government can shed some lights on this.

MR. N. CHANDRA.- Honourable Member, thank you for raising that question. In terms of the demarcation of the roads that belongs to FRA, currently all the roads belongs to FRA. As far as their maintenance is concerned, as discussed yesterday, the Ministry will provide an update on the expenses that Councils has incurred in previous years. There was a MOU signed in 2013 between the Councils and the FRA. We will provide an update to the Committee in terms of the questions raised at the earliest in terms of the demarcation of the road and the arrangements of the earlier MOU signed.

MS. A. BARI.- Mr. Deputy Chairman, I just would like to comment on that. Currently, we are very well connected to FRA, so we are trying to understand what their work programme is so that we can manage the ratepayers when we receive complaints. Do note that for any complaint, we are the first point of contact for the ratepayers and we have to work closely with these other agencies to resolve those complaints.

HON. V. LAL.- Just a final one from my side, I think Nasinu being the largest municipality in terms of population and there are a number of commercial centres, what is the development plan? I am talking from Valelevu, I stay in Valelevu, sometimes there is no parking beside the Max Value Supermarket then they book you when you park there. So, what are the development plans, and also developing Valelevu grounds, et cetera? Any plans for development in those areas?

MS. A. BARI.- Honourable Member, I would just like to share, we do not have a sort of fully documented development plan. Currently the developments are done, we do have an understanding of which are the areas that is under development right now and this is one of things we are working with the Ministry of Local Government and also Suva City Council. We would like to do this exercise collectively because within Suva, Nasinu and Nausori corridor, I think we could address each other's challenges. So, I am connected

with the Ministry of Local Government and with SCC to see how we can actually come up with one proper development plan. Maybe the Ministry of Local Government could share, there were some plans already done but we have not seen the outcome of that exercise that was done earlier.

MR. N. CHANDRA.- Currently, just to inform the honourable Members, there has been a study undertaken by (technical glitch) on the development of a master plan for the greater Suva, Nadi and Lautoka areas. We will provide an update to the Committee in terms of the development plans study that has been done by the consultant.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, just a question from my side regarding Nasinu as being alluded to, the biggest municipal council in Fiji, in terms of services provision by the Council. In most of the municipal councils, they provide sporting facilities. Nausori, we just talked about Ratu Cakobau Park. What about Nasinu? Does it have any plans to upkeep the playing facilities and provide swimming pools or multipurpose courts? What is the plan for Nasinu in providing those facilities?

MS. A. BARI.- Thank you for that question, honourable Member. This is the area (Nasinu) that we have to uplift the game in, in terms of sporting facilities. Yes, we do have a multipurpose court but it has not been maintained for a while. This is in Valelevu. Valelevu ground was there but then as you know, that ground will be converted into a satellite bus bay. Then we have in Nadera, there is a ground which is fully occupied. Currently if you see, I think every evening or morning, the ground is fully used by most of these sporting clubs. Narere, yes we have a ground and currently we are working with some sporting organisations in terms of how to develop that, so part of that has been actually sub-leased to one of the sporting organisations that is working on a plan but they did come back asking for some additional piece of land because they wanted to do a ground which is of international standard, so we are having discussions on that.

In terms of others, what I would like to share is that when we joined, we did a stock-take of all our open spaces and we have listed it, and we have also sort of seen the things that could be done in those open spaces. We did an expression of interest but I think because it was in the peak, when we did, soon after that we were hit by the pandemic and we did not get quite good response. But currently we are talking to a number of sporting organisations to see how we can partnership to develop some of these areas. Swimming pool, I think there were plans but it has been shelved.

MR. N. CHANDRA.- In terms of that swimming pool facility, consultancy work has progressed. We will discuss with the Construction Implementation Unit (CIU) in terms of the tender for the construction works and we can update the Committee on the tentative timeline for the completion.

DEPUTY CHAIRPERSON.- Thank you very much for your response. Any other questions, honourable Members? If there is none, then we would like to request you to give your concluding remarks before we end this session.

MS. A. BARI.- To conclude, we would just like to share about the financials that we discussed today. We actually concur with most of the qualifications that were raised in these financial reports and the Council have taken these recommendations seriously. We are committed to actually improve the recommendations that have been shared by OAG and of course under the guidance of the Ministry of Local Government. We have started with the transformation journey for the Council in terms of implementing the right structure in place and also recruiting the right people under the OMRS guidelines.

One of the things we believe is, we still have to do a lot of work in terms of strengthening our human resource which is an invaluable asset for the Council because if we have to change or deliver the results, we have to deliver through them. If we are able to strengthen that area, the Council will be able to uplift its service delivery. The processes as well, we are looking at all the processes, we have currently documented all the processes and the team leaders (HODs) have been asked to actually see how they can further streamline these processes because some of the processes we would say requires further streamlining and also the requirements should be in layman's language so that when a ratepayer comes, we could very easily explain to them what are the requirements for each of those requests.

Risks and controls within the process, we have actually looked at all the processes. We have also highlighted the risks that are there and looked at ways to mitigate these risks. As I shared, some of them need good solutions in place so that we are able to sort of further mitigate these risks. For example, the digital transformation is one that we need to invest in and we have already started the journey as I shared. We have already done an IT audit and the roadmap is there. We have done the first phase of it which was upgrading the hardware and the server side of it and now we will be working on the software applications.

Of course, ongoing learning and development, that culture we need to develop. Coming as a fresh pair of eyes in the Council, the existing staff are expecting that they will be provided a fully-fledged training on whatever they are doing. Yes, of course, we will be investing in the training but at the same time we have been sharing to the staff that they have to also take initiative to learn things because there are a lot of changes happening and as an individual, we need to be updated of these changes around us and see how we can adapt to these changes.

The other thing is, in terms of some critical roles. I think there are certain competencies that are required for certain roles so we have currently reviewed the job descriptions for all the roles under the new structure. We have placed careful thought in terms of what are the competencies that we are looking for in each of the roles. Just sharing, we did a restructure, we did advertise the roles but because some of the roles we managed to fill, some we were not able to find and one thing we have seen is, the Council is actually not the employer of the choice because definitely the pay structures and there is the private sector that we are competing with. So it is quite challenging to actually get the right skill but nevertheless I think we are working to see how best we can fill especially the critical roles, the leadership roles.

And with this support structure in place, I think the Council can easily sort of turn this opinion into an unqualified opinion. As I shared, there is a whole lot of legacy issues which we are currently working to sort of rectify and at the same time, we have our day to day operations.

So, we are trying to figure out how to bring these sort of legacies issues to past so that we can move forward. With our existing resources because they are caught up in their day-to-day operations, completing this backlog is actually quite challenging but nevertheless the board and the management team we are very well connected and we are trying to provide that enabling environment to our team or the leaders in the organisation so that they are able to sort of rectify this legacy issues.

So, we believe the Council is on the right track to transform and improve. I know the expectation is to expedite and get this done as soon as practical but it is quite challenging because there are quite a number of challenges but nevertheless we are committed in terms of improving and we will work towards improving the Council.

DEPUTY CHAIRPERSON.- Thank you very much. On behalf of the Chairman of the Public Accounts Committee and honourable Members, I thank you and your team for availing yourselves to this very important session and we really look forward to the written responses. At the same time, I would like to thank the officers from the Ministry of Local Government and the Office of the Auditor-General. Thank you very much.

The Committee adjourned at 11.55 a.m.

[VERBATIM REPORT]

STANDING COMMITTEE ON PUBLIC ACCOUNTS

2018-2019 AUDIT REPORT ON MUNICIPAL COUNCILS (PP NO. 161 OF 2020)

**SUBMITTEE: Tavua Town Council and Rakiraki Town
Council**

VENUE: Big Committee Room, Parliament

DATE: Thursday, 14th April, 2022

VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS HELD AT THE COMMITTEE ROOM (EAST/WEST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON FRIDAY, 14TH APRIL, 2022 AT 9.56 A.M.

Interviewee/Submittee: Tavua Town Council and Rakiraki Town Council

In Attendance:

- | | | |
|----|----------------------|-------------------------|
| 1. | Mr. Sailosi Sawana | Chief Executive Officer |
| 2. | Mr. Luke Mataciwa | Special Administrator |
| 3. | Mrs. Praveena Lal | Special Administrator |
| 4. | Mrs. Praveen Prakash | Corporate Manager |
| 5. | Ms. Deepika Gounder | Finance Manager |

Ministry of Local Government

- | | | |
|----|-------------------|---|
| 1. | Mr. Navin Chandra | Manager Finance – Ministry for Local Government |
| 2. | Ms. Shayla Rani | SAO |

Office of the Auditor-General

- | | | |
|----|----------------------|------------------------|
| 1. | Mr. Moshin Ali | Acting Auditor-General |
| 2. | Ms. Alani Draunidalo | Audit Manager |

DEPUTY CHAIRPERSON.- Honourable Members, members of the public, secretariat team, dear viewers, ladies and gentlemen, a very good morning to you all. It is a pleasure to welcome everyone, especially, the viewers who are watching this public hearing session. At the outset, for information purpose, pursuant to Standing Order 111 of Parliament, all Committee meetings are to be opened to the public, therefore, please note that the submission is open to the public and it is also being aired via the *Walesi* platform streamed live on Parliament's website and social media platforms.

For any sensitive information concerning the matter before us this morning that cannot be disclosed in public, this can be provided to the Committee either in writing or in private. However, please be advised that pursuant to Standing Order 111, there are a few specific circumstances that allow for non-disclosure of these items and this includes national security matters, third party confidential information, personnel or human resource matters, and Committee deliberation and development of Committee's recommendations and reports.

This is a Parliamentary meeting and all the information gathered is covered under the Parliamentary Powers and Privileges Act. However, please bear in mind that we do not condone slander or libel of any sort and any information brought before this Committee should be based on facts. In terms of the protocol of this Committee meeting, please minimise the usage of mobile phones and all mobile phones

to be in silent mode while the meeting is in progress. I also wish to remind the honourable Members and our guests that all questions asked are to be addressed through the Chair.

At this juncture I would like to introduce the Members of my Committee.

(Introduction of Committee Members by the Deputy Chairman)

DEPUTY CHAIRPERSON.- Today the Committee will be hearing submissions from the Chief Executive Officer who looks after the Tavua Town Council and Rakiraki Town Council. This is in relation to the 2018-2019 and 2019-2020 Municipal Councils Audit Report. For the purpose of the viewers who are joining us this morning, I would like to give a brief explanation on what the Municipal Council Audit Report is about.

The Audit Report summarises the audits that were undertaken on the 10 municipal councils and this includes Tavua and Rakiraki. In today's public hearing, we will review the Tavua Town Council's Audit Accounts of 2014- 2015 and the Rakiraki Town Council's 2018-2019 audited accounts.

Before us we have the representatives of the two municipal councils and I thank them for availing themselves to attend this hearing. I now also invite our guests to introduce themselves and begin the presentation on which after there will be a question and answer session. Please also note that if there are any questions by the Members of the Committee, they may interject or otherwise we will give the Members time to lead the presentation to ask questions.

May I request the Office of the Auditor-General followed by the Ministry of Local Government and then we will give the floor to the representatives.

(Introduction of Submittees and Government Officials)

MR. L. MATAICIWA.- Thank you for this opportunity to be called upon and summoned here to respond to the queries raised by the Committee. Hopefully, we will be able to clarify those matters that have been raised by the Committee but more importantly is the remedial measures undertaken to address those issues.

Perhaps I should mention, we ask the indulgence of the Committee for a few minutes to allow the CEO to make a presentation on the profile, the services provided, the challenges faced and the core projects of the Council that will give you a better perspective and, of course, a better understanding of the operations of the Council.

DEPUTY CHAIRPERSON.- Thank you very much for the introduction. You may begin your presentation now.

MR. S. SAWANA.- This is the profile and overview of Rakiraki Town Council.

Declaration was declared on Thursday, July 1st, 2010. The vision, a well-planned, healthy, safe and secure community with a strong community identity and sense of place. The mission, to create and sustain our community vitality and quality of life.

Rakiraki and Tavua both are small towns. The population for Rakiraki is 6,489 and the ratepayers is 527. The total number of businesses in Rakiraki municipal boundary is 211. The normal budget for Rakiraki Town Council is \$389,000. Those are the sources of income - rates, permits, market fees, market referral letters, women's accommodation, hire of conference room, car park, toiletries, PSV stand, rental and grants. The major expenditures are in the form of operational projects.

The economic activity of Rakiraki Town Council. Rakiraki is mainly an agricultural community. Along the coastal area of Rakiraki is called Sun Coast. It nestles the tourism activity of Ra Province. There are some hotels that are situated along that coastal area.

Hive of activity for Rakiraki is always business on Tuesday, Thursday and Saturdays. This is when the farmers are in town. Monday they will prepare their produce, come on Tuesday, go back on Wednesday, come on Thursday, go back on Friday and come on Saturday. Those are the three days when Rakiraki Town Council is busy.

We have got a total of 30 employees and only 2 vehicles which we use for our operations.

Gender equality, for Rakiraki and similar to Tavua, it is a rural town and it is a challenge to have gender equality within both the municipalities. For Rakiraki, we have got 50 percent ratio in the staff within the office but outside the office it is predominantly male dominated. Inside the market it is more females, there are 105. We have got lockup shops and also we have got women's accommodation with 30 beds. Usually it is two to three days per week they use the women's accommodation.

It is well-known that Rakiraki is in a flood prone area. Vaileka River runs beside the town which usually burst its river bank during heavy downpour.

Rakiraki Town Council activates its disaster management operation every November and deactivates in April. Our Police and National Fire Authority (NFA) are our first respondents. Police always ensures security of the town and NFA provides the rescue services.

Town clean up, NFA always assists the Council in the clean-up of Rakiraki Town Council every year and we always provide them with meals and refreshments. They provide equipments for cleaning up.

Current projects, we have got the two projects for Rakiraki Town Council:

1. Development of a new market (first floor); and
2. New bus terminal for Rakiraki Town Council.

The development project will be on the first floor. That is the plan that we have set up for the Rakiraki market. We have got six spaces for retail and office spaces; 11 spaces for SMEs; two spaces for restaurants and one for a cafeteria. We have also got two conference rooms in the new development and in total they have improvements in the women's accommodation. The other one is the new bus stand terminal, it will cover both current bus stand and the Rakiraki market taxi stand. That is the proposed Council. Currently only two buses can park in the bus bay, but when it is busy, around three or four buses are currently on the bus stand. Now, we have 13 bus bays, with also provision for a taxi stand.

In conclusion, Rakiraki is a farming community. There is no major employer however always relies on farming and rural communities for economic activities and the town is always active when the farmers are in town. It is also a flood prone area, maybe we can respectfully request in your recommendation to support the regularising of rivers to mitigate flooding in Rakiraki.

DEPUTY CHAIRPERSON.- Any comments honourable Members?

HON. G. VEGNATHAN.- I thought you already have a new market in Rakiraki?

MR. S. SAWANA.- Yes, we have got the market which is already in existence, the bottom floor is occupied by the farmers and vendors but the first floor is still vacant and we are planning to upgrade it.

DEPUTY CHAIRPERSON.- You may move on with your presentation.

HON. A.M. RADRODRO.- Just a question CEO regarding the presentation that you just made, you highlighted about Sun Coast earlier, how do you relate that to the boundaries or the operations of Rakiraki Town Council, those hotels and other developments that are happening in that area outside of Rakiraki Town Council?

MR. S. SAWANA.- The Sun Coast provides employment to their people staying around Rakiraki Town boundary and now when it is starting to recover, we can see an increase in activities within the town area and that is welcomed by the business community in Rakiraki.

MR. L. MATAICIWA.- May I add to that response, Sun Coast basically consists of Volivoli, Mokusiga and they employ locals. The multiplier-effect is there. They are locals and therefore employment and they shop in town and as for the hotels, they also buy local produce, therefore the chain reaction of the multiplier-effect comes in.

HON. A.M. RADRODRO.- Can you enlighten the Committee the town boundary for Rakiraki?

MR. S. SAWANA.- The town boundary of Rakiraki is just within the town area and right up to Tanoa Hotel, not covering Rakiraki Village, up to Rakiraki Hospital. If you are aware of those places, there is Korowaqa, the Rakiraki Hospital and around Rakiraki Town.

DEPUTY CHAIRPERSON.- You can begin your presentation by giving responses to the Public Accounts Committee questions that was sent to you.

MR. S. SAWANA.- Yes, will we begin with Tavua or Rakiraki?

DEPUTY CHAIRPERSON.- Rakiraki first and then Tavua later on.

MR. S. SAWANA.- Thank you, Sir.

For 2018, what is the status of seven issues noted as qualification? Have those issues been resolved?

The first issue, the Council was unable to provide payment vouchers to support transactions totalling \$168,697 recorded in various expenses accounts which make up expenditure totalling \$866,956 as disclosed in the Statement of Comprehensive Income for the year ended 31st December, 2018. In addition, the Council could not provide supporting records to support a credit adjustment of \$131,850 made in repairs and maintenance accounts which make up an administrative and operating expenses totalling \$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 adjustment might have been necessary. In respect of the various expenditure account at the end of the financial year and any corresponding adjustment to the elements making up the Statement of Comprehensive Income and Statement of Financial Position.

Sir, our response, all payment vouchers were provided to the auditors for verification purposes. However, some of the supporting documents such as Minutes and Agreements were not available. Hence, the Rakiraki Town Council is now improving on record keeping and the safe storage of accounting records.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, just note the comments made by CEO of Rakiraki Town Council that the vouchers were presented to the auditors. Sir, can we just get an update from the auditors whether they still stand by their qualifications, that total of \$168,697 supporting

documents of the expenditures were not provided as compared to what the CEO was highlighting on this morning?

AUDIT REP.- Mr. Deputy Chairman, through you, the update that we have from the subsequent audits we have done, I think we have not been provided the entire payment vouchers that is needed to resolve these issues. For 2019, there were some vouchers which were taken by the previous chairperson. We understand that it is a case before FICAC. There were some issues that were noted and together with that, some payment vouchers were there but the complete supporting documents that were provided to us were not there. So, as I have said, we were not in a position to fully complete resolving this issue in subsequent years.

HON. A.M. RADRODRO.- Sir, the Administrators at Rakiraki just confirmed to the Committee that all these things done were not during their time.

MR. S. SAWANA.— Mr. Deputy Chairman, from our side we have submitted all the payment vouchers but some of the supporting documents we were unable to provide such as Agreements and Minutes. Maybe the Office of the Auditor-General can supply us with a proper list then we can supply them with further requirements that they require.

AUDIT REP.- Mr. Deputy Chairman, probably I will ask the Manager to respond to that.

AUDIT REP (Ms. A. Draunidalo).- Mr. Deputy Chairman, through you, we provided a followup on 7th March, 2022 but we did not receive any response from the Council.

HON. A.M. RADRODRO.- What kind of follow-up?

AUDIT REP (Ms. A. Draunidalo).- Sir, through email and phone conversation.

DEPUTY CHAIRPERSON.- Which officer has the evidence?

AUDIT REP (Ms. A. Draunidalo).- Sir, the Manager Finance.

MR. S. SAWANA.- Mr. Deputy Chairman, through you, we will follow-up with the Office of the Auditor-General again and provide the necessary information.

DEPUTY CHAIRPERSON. - Thank you, that is noted.

HON. V. LAL. - Sir, one supplementary question. These vouchers went missing while you were in office, is it not or some other people were there?

MR. S. SAWANA. - Sir, it is a different set of management.

HON. A.M. RADRODRO.- Ministry of Local Government, do you have anything to say about the monitoring part in terms of making sure that the management of Rakiraki Town Council now and going forward do not allow this incident to be repeated into the future?

MR. N. CHANDRA.- Thank you honourable Member for the question. In terms of the monitoring role, for this particular issue in terms of the additional source documents not provided with the payment vouchers, so we will take that lead role to ensure the records are provided to OAG on a timely basis. For this particular issue, we take steps to ensure that it is submitted

(technical glitch) 7th March, so we will check and revert to the Committee on that so that it reaches OAG.

HON. A.M. RADRODRO.- We thank the Ministry for their reassurance, especially now with the new management at Rakiraki and Tavua Town Councils. Hopefully you will play a regular monitoring role, not only to Tavua and Rakiraki but other municipalities as well.

DEPUTY CHAIRPERSON.- You may resume with your presentation.

MR. S. SAWANA.- Number two, I was not provided with the monthly VAT reconciliation to support the VAT receivable as at 31st December, 2018 of \$238,099 as reported in Note 8 of the financial statement. 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 Council's VAT receivables balance at year end, and why any corresponding adjustments to the elements making up the statements of comprehensive income and statements of financial position. Our response, VAT return is carried out on a quarterly basis and the Council is preparing VAT reconciliations on an annual basis.

AUDIT REP.- Mr. Deputy Chairman, we note that the Council has indicated that reconciliation is being prepared, however, we still see that there is a variance appearing in the

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reconciliation. I think our issue is the variance which is appearing between the reconciliations which the Council has prepared and what is recorded in the financial statement. The update that we are giving to the Committee is based on our latest audits which we have done for 2019 and 2020. So we see that those issues are still there in those years. However, for the 2021 financial statement, it would have been corrected, so once we do the 2021 audit then we will be in a position to check that.

HON. A.M. RADRODRO.- A question to OAG. Knowing that Rakiraki is a newly declared township and the figures reported regarding VAT, can you just confirm to the Committee whether this is only for that particular year, 2018 or is it a carried forward year which is beyond this current management's time?

AUDIT REP.- Mr. Deputy Chairman, through you, yes, this is a carried forward balance, unreconciled balance from prior years. However, I think I must say that for both Tavua and Rakiraki, we see the effort that they are making in terms of getting things up to-date. Just for the Committee's information, Mr. Deputy Chairman, I think out of the 13 municipal councils, Rakiraki is the first to submit the 2021 accounts to our office for audit. So we see the effort is there, probably it is just the issues which has been there from prior years needs to be corrected. We assure that this will be corrected when we come to 2021. We are also ready to provide any other assistance to the Council to assist and get these issues resolved.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, just a question to the Ministry. In these kind of situation, carried forward balances which could not be supported with documents, what is your recommendation in terms of moving forward to address these accounting anomalies?

MR. N. CHANDRA.- Mr. Deputy Chairman, in terms of the recurring issues that has been there on the variances where accounting records cannot be obtained (physical documentations), what we have done for some Councils, we have informed them to actually obtain secondary form of information. Secondary form of evidence gathering, explore that option and other avenues, the confirmations before they can request for a book entry adjustment.

HON. MEMBER.- (Inaudible)

MR. N. CHANDRA.- That is what

HON. MEMBER.- (Inaudible)

MR. N. CHANDRA.- We have actually started with this exercise in terms of monitoring the qualification issues and one-to-one, we are now actually relaying this message.

HON. MEMBER.- (Inaudible)

MR. N. CHANDRA.- Yes.

HON. A.M. RADRODRO.- The Rakiraki Town Council - \$238,000; that is not a small amount. It is quite a big amount to be recorded as receivables for the Council but it would be just a paper recording if there are no supporting documents and also it is not relating to the current year of audit. It is relating to previous years so it would be best to address this issue and resolve it before the Council continues to record it as part of something that they expect to collect in future. Sir, \$238,000 is not a small amount compared to the ratepayers and the rate collection by the municipality.

MR. S. SAWANA.- Honourable Members, number three, the Council disclosed trade and other receivables as at 31st December, 2018 as \$380,214, out of which \$97,748 are long outstanding debts. Provision of doubtful debts has 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 trade and other 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 year.

Sir, this amount is in relation to the rates arrears. Section 75 of the Local Government Act states that rates assessed and recorded in a rate book together with the cost of proceedings, if any, for the recovery of such rates shall be a first charge on the land rate and shall be recovered by the Council. Under the Limitation Act, it clearly states that no action shall be brought to recover any principal sum of amount secured by a mortgagee or other charge on property to recover proceeds of the sale of land after the expiration of 20 years from the date when the right to receive money accrued. Since rates was a charge on the property, section 8 of the Limitation Act applies where rates can be recovered by way of court action. Therefore, we have not provided provision for doubtful debts for arrears of rates. However, the management of the Council agreed with the audit recommendation to take prudent approach and to make adequate provision for and other receivable balances.

HON. A.M. RADRODRO.- To Rakiraki and probably the OAG can also answer this in terms of the collectability of this \$97,000. Is the Rakiraki Town Council able to collect this \$97,000 which has been highlighted by the OAG in terms of rates collection?

MR. S. SAWANA.- Some we managed to collect. Those who I managed to identify, we have managed to collect but some we are not able to collect and we are liaising with the Ministry of Lands to conduct some sort of investigation. In that process we can identify the ownership of those properties.

HON. A.M. RADRODRO.- So, you have collected some of the \$97,000.

MR. S. SAWANA.- Yes, Sir. We managed to collect some of the \$97,000.

HON. A.M. RADRODRO.- OAG?

AUDIT REP.- Honourable Deputy Chairman, through you, I think the assessment on the ability to collect, we looked at the municipal council's and the place where they find that the ability to collect is limited, then that is where we come for them to at least provide a provision going forward. The provision is just an entry to the books of account just to provide a certain amount that might not be collectable but however it is not a write-off.

In subsequent years if the Council is able to collect by way of court action or other means, then they can always write back those provisions into the financial statement. However, the initial assessment on the ability to collect for a particular data would be the responsibility of the Council to determine.

HON.A.M. RADRODRO.- So your recommendation is based on the accounting standards, to provide a provision?

AUDIT REP.- Yes

HON. A.M. RADRODRO.- But according to the Ministry, to the Rakiraki Town Council, there are certain provisions in the Act that disallows following up on the outstanding ratepayers. So how do you marry the two?

AUDIT REP.- Honourable Member, I think that reference to section 75 with the Local Government Act which is being provided by the Council, we would need to perhaps seek advice on that from the Solicitor General's Office. We also note that the reference to the Limitation Act which has been brought by the CEO, I think it will be safer for us to seek legal advice on the interpretation of the provisions before we could see how the standard could be aligned with the requirements by the Local Government Act.

MR. S. SAWANA.- For number four, the Council did not disclose provision of employee benefits in the statement of financial position as at 31st December, 2018 which was a departure from the requirements of section 20 - Employee Benefits of the IFRS for SMEs. As a result, I was not able to determine whether any adjustment might have been necessary in respect of the provision of annual leave balance at the end of the financial year and in corresponding adjustment to the statements making up the statements of comprehension income and the statement of financial position.

Our comments, a list of annual leave balance was provided to OAG but provision for annual leave was not passed because the Council approves annual leave for staff upon application by staff and once approved, the leave was granted. The Council maintains a proper annual leave file for each staff and a provision of employee benefits are now disclosed in the financial statements.

DEPUTY CHAIRPERSON.- Can the OAG confirm this?

AUDIT REP.- Thank you, honourable Deputy Chairman, we can confirm that the provision has been booked in the 2021 financial statement, the draft that we have received.

MR. S. SAWANA.- Number five, the Council recorded a Government grant and UNDP grant totalling \$2,463,953 for the year ended 31st December, 2018, out of which \$1,896,642 was for the market project. The market project of \$1,896,642 was not recorded as a liability as required under section 24. The

Government grant of the IFRS SMEs 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 adjustment might have been necessary in respect of Government grant and UNDP grant balance at the end of the financial year. Any corresponding adjustment to the elements making up the statement of comprehensive income and statement of financial positions.

Sir, our response, we have already provided the agreement to OAG but were unsure on how to pass the adjustment entry to the grant receivable for the Government and UNDP. The Government grant income was only realised when it was received into the main account. The market project grant was received in May 2017 and it was the first time a grant was received that will roll over to the next financial year. The Council has no experience in handling such accounting requirements; it is a learning lesson to the Council.

Number six, the Council could not assist to facilitate for provision of solicitors confirmation at balance date consequently I was unable to determine whether any disclosure to the financial statement in respect of contingent liabilities were necessary.

There were no contingent liabilities for the Council, however the Council should have provided the disclosure. Now the Council is ensuring that a disclosure is provided in the financial statement.

Number seven, 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 was unable to satisfy myself concerning the opening balances disclosed in those statements or financial position of the Council and the impact it may have on the determination of the closing balances of the 2018 financial statements.

Our response, the opening balance of 2018 financial statement was brought forward from the 2017 closing balance which was not audited by OAG. Further to this, improvements have been made whereby the closing balance of the previous audited financial statement is carried forward to the current financial statement as an opening balance.

Number two, what has the Council done to ensure that issues noted as basis of disclaimer of opinion does not occur?

Sir, one of the most important process of audit is the verification of accounts. The process requires the availability of supporting documents. The Council is now ensuring that all documents are available and all the reconciliation of accounts are carried as required.

Number three, what has the Council done to improve the timeliness and the quality of the financial statements submitted for audit?

The Rakiraki Town Council is up to-date with the financial statement. The current financial statement prepared which will be forwarded OAG is for the 2021 financial year.

Number four, what is the status of investigation carried out in determining if there was any instance of conflict of interest which provided advantage to the contractor in the obtaining of contract for the construction of the Rakiraki Market?

Sir, there was an investigation ordered by the Ministry of Local Government however the Council is not privy to the report.

Number five, what has the Council done to improve timeliness, quality of the financial statements produced for audit?

Sir, there are three phases in the update of outstanding financial statements. The first phase is the submitting of all financial statements, the second phase is resolving qualification issues, the third phase is the addressing of audit recommendations. Phase one is nearly completed, we are commencing with phase two which is the resolving of qualification issues.

Number six, what has the Council done to improve the internal control functions?

What we have done, Sir:

- a. The Council has received a new Finance Manual from the Ministry of Local Government; b. Ensure segregation of duties;
- c. Working on risk management policy;
- d. Perform reconciliation;
- e. Provide training to staff;
- f. Proper documentation of transactions.

HON. V. LAL.- Mr. Deputy Chairman, in regards to the investigation by the Ministry of Local Government, can the Ministry provide an update on that, please?

MR. N. CHANDRA.- Thank you honourable Member for the issues raised. In terms of the update on the investigation report is concerned, the investigation was undertaken by independent members and the report is completed. We will provide the Committee on the findings and recommendations of the independent investigation.

MR. S. SAWANA.- Sir, we will go to the 2019 Audit Report. For question number one, can the Council update the Committee on the current status of the missing records?

The missing documents referred to are the records for Carnival accounts. We agree with the recommendation that all proceeds from future carnivals should be banked on a daily basis and proper records are maintained. The Rakiraki Town Council is now improving on record keeping and safe storage of accounting records.

Number two, what is the update on the case referred to FICAC on the missing accounts for carnival accounts and anomalies in cash and cash equivalents?

We have followed up with FICAC on 23rd December, 2021 on the referred case but have not received any feedback.

Why did the Council request \$40,000 for CEO's salary and only paid \$26,503.56? Why was there a difference? Has the Council taken any stringent disciplinary measures for the nonpayment of the full grant? Has the CEO produced the desired results of the Council as per the grant allocated? Who was the CEO who was paid \$26,503.56?

Rakiraki Town Council was funded with \$40,000 for CEO's salary in April 2019 whereby \$26,503.56 was reimbursed to Sigatoka Town Council as Mr. Tulsi Ram was the CEO for both Rakiraki Town Council and Sigatoka Town Council. The approval to utilize the CEO's salary as an operating expense was also directed by him due to unhealthy cash flow in our general account. Further, it was verified and endorsed by the former Special Administrator, Mr. Mark Hirst.

Sir, the management of the Council agreed with the audit recommendation to ensure compliance with the Grant Agreement and obtained the Minister's approval for utilization of Government grant other than the purpose stipulated in the Grant Agreement.

Number four, can the Council update the Committee on the strategy of collecting revenue for adequate cash flows?

Forms of revenue collection with Rakiraki Town Council are:

1. Market Fees;
2. Toilet Fees;
3. Car Park Fees;
4. Town Rates;
5. Garbage Fees;
6. Business License Fees;
7. Rental Charges;
8. Hire of tent;
9. Hire of conference room;
10. Permit Fees;
11. Market Referrals;

12. Commercial Vehicle Base Fees;
13. Illegal Parking; 14. Litter fines; and
15. Building Fees.

Our main strategies for collection are:

1. Issuing of invoice to clients;
2. Follow-up on payments;
3. Reminders on overdue accounts;
4. Encourage arrange payment system to those finding difficulty in meeting payments;
5. Ensure that undertaking from clients are honoured;
6. If continue to default, submit claims to Small Claim Tribunal; and
7. Failure to comply with the Small Claim Tribunal order, we proceed with a Judgment Debtors Summon.

Find below the procedures of collecting revenue;

1. A Council employee responsible for revenue collection ensures that all revenue receipted is properly recorded in their respective accounts classification.
2. A Council employee responsible for revenue collection ensures that all receipted revenue is deposited in official bank accounts.
3. Council employees responsible for revenue collection ensures that only authorized persons are collecting the revenue against issue of proper receipts;
4. All Council employees responsible for revenue collection ensure that only authorised persons are collecting the revenue against issue of proper receipts; and
5. All Council employees responsible for revenue collection ensure the proper custody and security of all receipt books and other accounting forms

DEPUTY CHAIRPERSON.- A question from the Honourable Member.

HON. A.M. RADRODRO.- Just a question to the CEO, we note the main strategy for collection that you have listed here. Can you just inform the Committee the success rate in terms of following these strategies in terms of those that you bring to the Small Claims Tribunal or with Judgement Debtors Summon? Can you just inform the Committee whether you have explored these options and what is the success rate?

MR. S. SAWANA.- Sir, through you, we have submitted 20 applications to the Small Claims Tribunal and two we have submitted to the Magistrate Court for Judgement Debtors Summon.

Sir, for the Small Claim Tribunal there is an agreement to pay and now the ratepayers and debtors are paying up their overdues.

(Inaudible)

MR. S. SAWANA.- Still before the court.

HON. A.M. RADRODRO.- Would the CEO be able to advise the Committee what is the cost involved in terms of exploring the options of Small Claims Tribunal and Magistrate Court cost to the Rakiraki Town Council?

MR. S. SAWANA,- Sir, there is not much cost as we just have to pay for the application cost to the Small Claims Tribunal. For the Judgement Debtors Summon, it is in the first stage now. We are just on the mentioning stage, we have not got into hearing where we will have to hire maybe a solicitor for the Council.

HON. A.M. RADRODRO.- Is the Ministry of Local Government assisting in terms of exploring this process (engagement of solicitors)?

MR. N. CHANDRA.- In terms of the Ministry's assistance, we are seeking a legal opinion from the Solicitor-General's Office in terms of this issue.

(Inaudible)

MR. N. CHANDRA.- There has been discussions done by our team. We have been having regular meetings on a weekly basis in terms of discussing on operational issues of the Councils.

HON. A.M. RADRODRO.- We raised this issue because we have had several discussions with the interviewees in the other municipalities in the previous three days and some have also explored these options. We were thinking if the Ministry could assist the municipalities to have a pool of legal experts and fight on behalf of the municipalities rather than them doing in their isolated cases which will be costly to the individual ministry themselves. Will you consider that going forward?

MR. N. CHANDRA.- Yes, we note the comments and we will advise the Committee on the decision made by the Ministry in terms of engaging a pool of legal experts to assist the municipalities.

DEPUTY CHAIRPERSON.- Noted and (technical glitch).

MR. S. SAWANA.- Sir, authority to collect revenue where officers are authorised to collect revenue, the CEO must ensure that they are provided with a letter of appointment as evidence of authority assigning them to this task. The letter of appointment shall include a copy of procedures in this manual that are applicable to them.

One copy of the signed letter should be retained by the cashier and the other copy filed away for audit and other purposes. Revenue received over the counter, receipts issued for any cash received as

HON. A.M. RADRODRO.- Just a question in terms of authority to collect revenue. We note there are some instances of people who turn up with letters but without IDs. Will the Council also consider issuing IDs to the letter so there is a face to a name rather than just the letter itself in your processes?

MR. S. SAWANA.- Yes, Sir, the Council will consider issuing IDs. We have already issued IDs to some of the Council staff but there are some new staff coming in, so we will also be issuing them with IDs.

In case of bank receipts, bank cheques are received, the cashier shall immediately issue an official receipt, no post-dated cheques are allowed to be received as revenue. The cashier must enter relevant details specified on the receipt before signing it, carbon copies on the receipts should be checked to ensure the details of original receipts are also visible on these copies. No amendments shall be made on the carbon copies, the original receipts should be detached from the receipt book and is issued to the payee, the cashier shall retain the book copy of the receipt for audit and verification purposes. If a receipt is spoilt, it shall be marked “cancelled” and retained in the receipt book. Receipt issued must be dated on the same day revenue is received and not post-dated.

Daily banking, the cashier shall bank money received on a daily basis. The lodgement form shall be prepared in duplicate detailing the deposits to be made. The lodgement form shall be checked and signed by the officer-in-charge of collecting revenue after cash to be deposited has been counted. When the cashier lodges the deposit with the bank, the bank will acknowledge the receipt of monies by stamping and signing all lodgement forms. It will retain one copy and return other copies to the cashier. The copy of the lodgement form retained with the cashier should be securely maintained for audit and other verification purposes. If it is not practical to bank money daily, if banking facilities are not accessible or, if money received is less than \$50, money may be kept under lock and key in a safe or strong box.

The officer-in-charge of accounts, in the presence of the cashier should count the money on hand before entering the amount into the safe register. Money shall only be removed from the safe when banking will be done. The officer-in-charge of accounts and the cashier must sign the safe register when cash is removed from the safe. Revenue cash collection must not be mixed with petty cash.

Accounting for revenue, the cashier shall maintain a cashbook and the following details shall be entered on a daily basis:

1. Date of receiving cash or cheques and name of payer;
2. Receipt number and amount received; and
3. Revenue account classification

The cashier must total the cashbook at the end of the day and give it to the officer-in-charge for checking. The officer in-charge must sign the cashbook after checking the details in the cash book against issued receipts, money on hand and bank lodgement forms.

After reconciling details in the cashbook, the officer-in-charge of accounts shall submit the cashbook, duplicate receipts and lodgement forms to the ledger clerk for posting to the general ledger.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, we just wanted to thank the CEO, this is a very detailed process that you have highlighted. Hopefully, it will improve on the operations of Rakiraki Town Council going forward with just a few amendments as recommended in terms of IDs, I think the Committee notes this process has been highlighted by the CEO of Rakiraki and Tavua Town Councils.

MR. S. SAWANA. - *Vinaka*, Sir.

Question number five, how does the Council plan to mitigate on the continuous flooding of Rakiraki Town, Nadovi Road and surrounding areas?

Sir, flooding occurs when there is continuous heavy rain in the Nakauvadra Range and its valleys. The Disaster Management Plan is always activated in November and deactivated in April after the cyclone season. During this period, the Council always ensures that the town's drains and chambers are cleared before the cyclone season. Ratepayers' house to house awareness and business houses were advised of the consequences of the cyclone season. We also requested Fiji Roads Authority to de-slit road drains especially for Qalau Road and Nadovi Flat and the Ministry of Waterways also desilted the drains in the cane farm areas.

Question number six, can the Council provide the Committee an update on the provision of doubtful debts not provided and the sexennial valuation not carried out?

Sir, under section 75 of the Local Government Act, rates assessed and recorded in a rate book together with the costs of proceedings, if any, of the recovery of such rates shall be a first charge on the land rated and shall be recovered by the Council.

The Limitation Act clearly states that no action shall be brought to recover any principal sum of money secured by mortgage or any other charge on property or to recover proceeds of the sale of land after the expiration of 20 years from the date when the right to receive money accrued.

Since rates are a charge on property, section 8 of the Limitation Act applies where rates can be recovered by way of court action. Therefore, there is no provision of doubtful debt for rates arrears. However, the management of the Council agreed with the audit recommendation to make prudent approach and make adequate provision for and other receivables balance.

Sir, as for the sexennial valuation, the last sexennial valuation was carried out in 2012 and the ratepayers' properties valuation is due after every six years. Rakiraki Town Council is liaising with the Ministry of Lands and Ministry of Local Government on the sexennial valuation.

Question number seven, can the Council provide an update on the actions taken on the anomalies noted in the audit report and the Office of the Auditor-General's recommendations?

Sir, maintaining of the vital accounting records are important to the Council and are being stored properly to ensure that information is readily available when demanded for audit.

The accounting system such as cash receipts and cash payments journals are being followed accurately and timely basis as detailed General Ledger, General Journal and Trial Balance are being prepared. The Chief Executive Officer checks and verifies the monthly report and reconciliations which are performed by the Council.

Question number eight, can the Council advice on who is now responsible for roads and drains, footpaths and how much does it cost the Council to maintain this on a monthly and annual basis?

Sir, roads and road drains are the responsibilities of Fiji Roads Authority. However, the Council usually takes the initiative to clean road drains and chambers to ensure that occurrence of flash floods are reduced during any heavy downpour. There are Council drains and footpaths which are the responsibility of the Council and is part of the operation of the Council. It cost the Council \$4,746.60 for the cleaning of drains and chambers by three workers in the financial year.

DEPUTY CHAIRPERSON. - Thank you very much. Honourable Members, are there any comments or questions?

HON. A.M. RADRODRO.- Mr. Deputy Chairman, just a question to the CEO and the administrators of Rakiraki Town Council, in terms of mitigation of flooding that has been addressed by the CEO, I just wanted to ask, how is the Council justifying collection of rates during these periods of flooding? Can you explain, are you going to also give review in terms of rates that is being levied to rate payers during this flooding time or you have not considered that?

MR. S. SAWANA.- Rates is required by law for all ratepayers to be paid. We have not considered those factors. Maybe the Council will discuss with the Ministry of Local Government to look into those factors.

HON. A.M. RADRODRO.- CEO, just another question in terms of sporting facilities. Rakiraki is also one of the areas where sporting stars of Fiji usually come from. Has the Rakiraki Town Council considered having proper sporting facilities for Rakiraki, Ra area?

MR. S. SAWANA.- Mr. Deputy Chairman, for Rakiraki, we have got a Fiji Sports Council ground that is used by the Ra Province. For the Town Council to own a ground, it is still in our process and we are still discussing and looking for areas for that purpose.

(Inaudible)

MR. S. SAWANA.- No, Sir, it is outside the town boundary.

HON. V. LAL.- Where is this sports facility?

MR. S. SAWANA.- Mr. Deputy Chairman, the Rakiraki Sports Council ground is just beside the main King's Highway, between the entrance of Rakiraki Town and Rakiraki Council. If you go through Rakiraki Village, it is on the left side.

HON. V. LAL.- (Inaudible)

MR. S. SAWANA.- No, the boundary is not straight, but

(Laughter)

HON. V. LAL.- Make it straight.

HON. RO T.V. KEPA.- Mr. Deputy Chairman, just a question for CEO, in terms of revenue generation on page 1, you have there about carnival accounts. Are there any plans by Rakiraki Town Council to have carnivals or musical festivals or something like that to generate some more revenue for Rakiraki Town? You have the Sun Coast, hotels and resorts there that can sponsor those festival candidates, because I see there is no other municipality that has these carnivals, like the Hibiscus Carnival. It is good that the Ministry of Local Government is here, maybe they can also respond to that.

MR. S. SAWANA.- Mr. Deputy Chairman, through you, since COVID-19 came in we had cancelled all those plans but now as we are recovering, we will look into that suggestion.

HON. V. LAL.- Mr. Deputy Chairman, through you, just going back to that Sports Council facility, who looks after or whenever there are any events, who collects the revenue? Is the Council in any way involved in that?

MR. S. SAWANA.- No, Sir. The Fiji Sports Council is responsible for that ground - collection and the maintenance of the ground.

DEPUTY CHAIRPERSON.- Are there any questions or comments, honourable Members? If none, then we can move on to the Tavua Town Council.

HON. A.M. RADRODRO.- CEO, for those businesses in the Sun Coast area, who looks after their garbage collection, et cetera? Is it the rural local authority?

MR. S. SAWANA.- Thank you, Sir, through you Mr. Deputy Chairman, the health inspector always visits all the hotels around Sun Coast and the Council usually collects the rubbish from those coastal areas twice a month.

(Inaudible)

MR. S. SAWANA.- Yes, we receive a grant from the Ministry that looks after the extended boundary collection.

HON. V. LAL.- Mr. Deputy Chairman, just one more question in regards to the garbage dump site at Naria, Rakiraki. I am originally from Rakiraki and I met some people from Naria who were complaining about the smell and they had some concerns. I think they have written to the Council in regards to moving the garbage site from there. Has there been any complaints or progress in that regard?

MR. S. SAWANA.- Thank you, Sir. Yes, we have been receiving complaints from the people staying within that vicinity. We have plans and identified places where we are going to move the rubbish dump. The board has decided that Tavua Town Council will be responsible because Tavua Town Council also does not have a rubbish dump at the moment. So, the next project for Tavua Town Council is to identify the area. We have identified an area but that is still under negotiation. We are requesting for other variations and EIA to be conducted on the area. Once that is completed then the acquisition will be done.

MR. V. LAL.- So, what you are saying is that there is going one site for both Tavua and Rakiraki?

MR. S. SAWANA.- Yes, when we come in, what we noted that the current dump, because it is on the foreshore (beside mangroves), we have decided to move the dump site out of there so both Rakiraki and Tavua can use the same rubbish dump.

DEPUTY CHAIRPERSON.- Thank you. You can begin your presentation on Tavua Town Council.

MR. S. SAWANA.- Sir, the overview of Tavua Town Council. Declaration, Tavua was declared a town on 27th April, 1992. Vision, the town of Tavua is dedicated to provide excellent municipal services and build a sustainable socio-economic environment that is safe, clean and friendly. Mission, to provide high quality municipal services, working in partnership with our diverse community and stakeholders.

Rates and businesses, ratepayers for Tavua Town Council, similar to Rakiraki, it is a small town where the population is 3,815, ratepayers is 311.

Business license, we have got 205 business licences in Tavua Town Council.

The budget is similar to Rakiraki. The budget for Tavua Town Council for 2021 is \$389,000. Sources of income, rates, permits, market, toilet fees, base/stand, rents, grants, hall hire, Garvey Park hire, multipurpose court hire and referral letters. Expenses, majority are just for operational and projects.

Human resource, Tavua Town Council staff and general workers – Established, there are five full-time staff. We have got three shared staff with Rakiraki, labourers are 15 and one vehicle.

Business units – finance and administration section, health section, building section, rates section, works section, market and enforcement unit.

The gender equality for Tavua Town Council, similar to Rakiraki – the market, we have got 52 women vendors in the market which is around 50.49 percent. Lockup shops, it is operated by more women, 69 percent. That are nine women out of the 13 lockup shops. Sweets carts, there are seven in total; four are operated by women and three operated by men with a percentage of 57.14 percent. Handicraft is 100 percent operated by women.

Challenges, Tavua is a small town with limited revenue sources resources. technical expertise where the Council lacks technical expertise, we have no dump site, currently we are using Rakiraki Town Council's dump site. It is not really a flood prone area, but just the east-end of Tavua Town is flood-prone as the Nasivi River always bursts its bank during any heavy rain. So that is the only place that is flooded in Tavua, the front of Shop n Save and the next picture is the end of the bridge.

Tavua is the only town between Ba to Korovou that has a multipurpose court which is used by most of the youths between Rakiraki, Tavua and Ba. We also have Garvey Park which has been upgraded and could also be playable at night.

(Inaudible)

MR. L. MATAICIWA.- ... the Tavua Hotel towards Tavua Primary School.

MR. S. SAWANA.- Our current project is a new car park, new rubbish dump and a new market land for Tavua Market.

(Inaudible)

MR. S. SAWANA.- Yes, Sir. That is rubbish collection in town, all the way to Rakiraki.
(Inaudible)

MR. S. SAWANA.- We used to dump in Ba before but now since I am responsible for both the Councils, so now they are dumping in Rakiraki.

Sir, that is the area for the new Tavua Car Park which is along Vatukoula Road, Nasivi River you can see flowing on the other side.

(Inaudible)

MR. S. SAWANA.- No, Sir. It is a cleared out land, we will do a land field on it and we will also do a river bank protection so that the river does not burst its bank along that place.

For the new Tavua Dump Site, we have identified this site which is about 30 minutes from Tavua Town, past Rabulu Village. We are currently doing an evaluation on the site, we have received an offer just to determine the cost that we can negotiate with the landowner. That is also the new Tavua Market land, we are also trying to secure this piece of land for the development of the new Tavua Market.

To conclude, Tavua is a small town with limited revenue sources and we respectfully request that in your recommendation to support the regular dredging of Nasivi River to mitigate flooding in Tavua.

DEPUTY CHAIRPERSON.- Thank you. It is noted, you can move on to the responses by the Committee.

MR. S. SAWANA.- For 2014, what is the status of the issue noted as qualification. Has those issues been resolved?

For issue number one, the Council recorded cash and cash equivalent of \$105,559 in the Statement of Financial Position as at 31st December, 2014. Included in the amount are Special Community Projects Account of \$8,287, Challenge Fund Account of \$72,341 and Citywide Project Account of \$24,478 without any bank reconciliation statement provided for audit review. A bank overdraft disclosed in No. 8 of the financial statements totalling \$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 I was unable to determine whether an adjustment might have been necessary in respect of the cash balance at the end of the financial year and any corresponding adjustment to the elements making up the statement of comprehensive income and statement of financial position.

Our response Sir, the reconciliation of the account was delayed by the Council due to the limited number of staff in the Council's office however the Council did perform checks and balance, and the bank statements and the Council records on a monthly basis.

The monthly reports are presented to the board for their analysis. The Council has now ensured that all accounts reconciliation is updated.

HON. A.M. RADRODRO.- A supplementary question to the CEO. Has these issues that has been highlighted by OAG been resolved?

MR. S. SAWANA.- Yes, Sir, we have engaged a Graduate Trainee whose main responsibility is to update the reconciliation for the Council.

HON. A.M. RADRODRO.- There is a Challenge Fund Account. This is the first such account in a municipality? What is this account relating to?

MR. S. SAWANA.- Sir, the Challenge Fund Account is for all capital projects. All the grants that we receive for capital projects, we receive it in the Challenge Fund Account.

HON. A.M. RADRODRO.- The Wide Project Account?

MR. S. SAWANA.- It is also a project account but it is for the settlement in Tavua. It is a squatter settlement located within the Tavua Town boundary called Bangladesh Settlement.

HON. V. LAL.- Pretty much up to date but in terms of Tavua Town Council, we are discussing 2014, it is 2022 now. Why is there a delay?

MR. S. SAWANA.- Yes, Sir. There was a bit of delay due to the limited number of staff in the office. Now we have a strategy, now we have a strategy in place to update all the financial statements and provide all the statements to OAG.

HON. A.M. RADRODRO.- What year are you up to now?

MR. S. SAWANA.- We are on 2019. The 2019 has already been submitted to OAG so we are working on the 2020-2021 financial year.

HON. A.M. RADRODRO.- Can that be confirmed by the OAG, Mr. Deputy Chairman?

AUDIT REP.- Thank you, Mr. Deputy Chairman. Yes, we confirm that the 2019 accounts has been provided to our office and we are currently finalising the 2016 and 2017 accounts, that should be finalised soon and then our next plan is to do 2018 and 2019 in the next cycle of audit. We have plan to do that in July 2022 then following that, once we have received the 2020-2021, then we will schedule that audit as well.

MR. S. SAWANA.- Number two, 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 the supporting documents 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 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. Our response is, the parking meter accounts include revenue from parking meters and also from businesses houses who have paid for parking reserves. The Council has ensured that supporting documents are properly kept as it is very important for verification and confirmation by auditors. The traffic infringement notices are now transferred to LTA after 30 days of issuance.

For number three, included in the trade and other payable balance of \$50,261 recorded in the statement of financial position in VAT payable of \$23,880 and trade and other payable parking meters 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 was not able to ascertain whether the trade and other payables balance of \$23,880 has been fairly stated in the financial statement.

VAT return is carried out on a quarterly basis and the Council is preparing VAT reconciliation on an annual basis.

The Council has updated VAT reconciliation on an annual basis to substantiate outstanding tax refund or payable.

Number four, the Council was unable to provide me any documentation 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 an adjustment might have been necessary in respect of deferred income balance at the end of the financial year.

Any corresponding adjustment to the elements making up the statement of comprehensive income and statement of financial position.

Our response, Sir, deferred income is the balance from the Government grant for capital projects. These funds are deposited in the Challenge Fund Account which is a separate account. The total of \$98,775 includes \$60,315 for Garvey Park Rehabilitation Fund; \$24,266.16 for City Wide Project and \$14,193.82 for footpaths and drains. These funds are all kept in separate project accounts, that is, Challenge Fund Accounts and City Wide Project Fund. The balance of these bank accounts are treated as deferred income as the funds are for special projects.

Number five, there was an unreconciled variance of \$6,389 between the rates income listing provided by the Council and the amount reflected in the financial statement. The Council was unable to provide satisfactory evidence to substantiate the variance. As a result, I was unable to ascertain whether the general rates of \$49,233 is fairly stated in the financial statements.

The Council is now ensuring the reconciliation of rates on a monthly basis so that it will reflect the true record of rates received.

Number six, the Council was unable to provide me the IFRS transition report to support the transition to IFRS for SMEs for the year 2014.

In addition, the Council did not disclose the 2014 financial statements are its first annual financial statements prepared under IFRS for SMEs. Consequently, I was unable to determine whether any adjustment to the financial statements in respect of the transition of IFRS for SMEs were necessary.

Sir, the IFRS transition was done in 2014. The IFRS transition report provided later by the accountants and was forwarded to OAG.

Number two, what has the Council done to ensure that the issues noted as basis of qualified opinion does not reoccur?

The Council is now working on reducing issues which resulted in a qualified opinion. Most issues raised was due to the delay of accounts reconciliation. Accounts are ensuring that reconciliation are carried out on a regular basis.

Number three, what is the status of the audit for rest of the financial years (2014 to 2019)?

Sir, 2016 to 2019 are submitted to the OAG. There are three phases in the update of outstanding financial statements. The first phase is the submitting of all financial statements. The second phase is the resolving of qualification issues. The third phase is addressing of the audit recommendations.

Question number four, what were the reasons the Council was unable to produce financial statements for audit in a timely manner?

The preparation of financial statements were delayed due to the limited number of staff. It is now part of the KPI of the board including the CEO's.

Question number five, advise the Committee when will Tavua Town Council update its audited accounts?

The Council has submitted the financial year 2019 to OAG. The audit of 2017 financial statement is in progress.

Question six, what changes, processes and procedures improvement have the Council

HON. A.M. RADRODRO.- I seek endorsement from the Auditor-General that 2019 is being submitted and 2017 audit is in progress as being highlighted by the CEO of Tavua Town Council?

AUDIT REP.- Yes, Mr. Deputy Chairman, we confirm that 2019 is with us and 2017 audit is in progress. As I have mentioned earlier, 2018 and 2019 is scheduled to be done in July 2022 and then following that once we complete then 2020 – 2021 will be performed.

MR. S. SAWANA.- Number six, what changes/processes and procedures improvement have the Council put in place to correct failures and weaknesses and prevent any recurrence? How will the Council ensure that these changes/processes and procedures are strictly followed?

The Council has received the new financial manual that will improve the accounting process of the Council.

Number seven, what has the Council done to improve timeliness and quality of the financial statements produced for audit.

The Council has introduced MYOB Accounting software to assist in the recording of revenue, expenditures and printing of monthly and annual reports.

Number eight, what has the Council done to improve the internal control functions?

1. The Council is using the newly formulated finance manual issued from the Ministry of Local Government;
2. Ensure segregation of duties;
3. Working on Risk Management Policy;
4. Perform reconciliations;
5. Provide training to staff; and
6. Provide documentation of transactions.

Number nine, does Tavua Town Council have a valid road and drainage infrastructure plan? If not, why not?

Sir, the Council has an approved Town Planning Scheme which shows roads and drainage.

Number ten, what arrangements or measures have been put in place to collect the rate arrears and whether this is working?

1. Continuous follow-up with ratepayers who have arrears;
2. Ratepayers making payment arrangement with the Council;
3. Ratepayers should honour the agreed payment arrangement; and
4. Submitting claims to Small Claim Tribunal.

Sir, for the 2015 Auditor-General's Report:

Number one, before responding to each audit query based on the audit anomalies highlighted below by the Auditor-General listed, please advise whether there was any disciplinary action taken against the responsible staff officer? If not, why not?

Sir, there was an investigation conducted by the Ministry of Local Government and the former CEO of Tavua Town Council's appointment was terminated.

Number two, anomalies in the construction of the multi-purpose hall?

There was a bit of delay caused in the works due to weather conditions and the contractor was also facing difficulties in purchasing of materials for the project. During the construction, the Council does not have a building surveyor and relied on the building surveyor for Rakiraki Town Council. The Council has appointed a qualified building surveyor who assisted with the drafting of the Council's Project Review and monitoring process. The management of the Council agreed with the audit recommendation to be more vigilant in reviewing/monitoring the progress, and the completion of the project on a regular basis. In

addition, the Council will be more aware of the requirements of the contract in such instances to take appropriate action against parties in breach of the agreement.

Number three, business licences – no proper records.

The management of the Council agreed with the audit recommendation to ensure that trading and license fees listings for the businesses that were operating within the municipality are prepared. The Council has created an electronic register (Excel) for all business operators in Tavua Town.

Number four, anomalies in Property, Plant and Equipment.

The management of the Council agreed with the audit recommendation to correctly record all assets in the fixed assets schedule, and to disclose policy on amortisation rate or the useful life of the intangible asset in the financial statements. The Property, Plant and Equipment are correctly recorded now in the Financial Statement as per the requirement of IFRS SMEs.

Number five, building fees register not updated. Has the Council updated the Building Fees Register? T

The management of the Council agreed with the audit findings and has engaged the services of a building inspector who updates the building register and processes the applications accordingly. The building inspector is now updating the building register when an application has been received.

Number six, anomalies in cash and cash equivalent?

Sir, our response is, the Council has improved on its financial oversight. We have closed an unused bank account and ensure that the Council operates within the approved budget. The Council has engaged a qualified assistant to assist in updating of reconciliation, revenue, expenditure and the usage of MYOB accounting software to assist in its accounting transactions.

The Council agreed with the following audit recommendations:

1. All cheques that remain unpresented for more than six months will be written back to the cash ledger and respective expenses or liability accounts;
2. Unused bank accounts are closed;
3. Reimbursement of petty cash with more than the approved amount are appropriately supported; and
4. Cash balances that are not available for use except for certain purpose are appropriately disclosed in the notes to the financial statements.

Number seven, Approved Budget not maintained.

Sir, our response is, the management of the Council agreed with the audit recommendation to ensure annual budgets are reviewed and approved by the Council, with approval supported by documentary evidence and are properly maintained. Budget was compiled by the Finance Team with the assistance of Heads of Departments and approved by the CEO. There was no minute available to confirm that it was approved, however, the budget was sent to the Ministry of Local Government as was the requirement. We have included a new process whereby the Special Administrators will be required to pass the budget before implemented by the Council.

Number eight, can the Council advise who is now responsible for roads, drains, footpaths and how much does it cost the Council to maintain this on a monthly and annual basis?

Sir, our response is, the roads, roadside drains and footpaths are the responsibility of the Fiji Roads Authority. However, the Council is assisting FRA by ensuring that the roadside drains in towns are clear from mud and silts. The Council budgets \$5,000 to maintain the drains on need basis. The Council will also upgrade some of the existing stormwater drains.

Number nine, can the Council update the Committee on the plans in place to mitigate flooding in your municipality?

Sir, our response is, flooding occurs when there is continuous heavy drain in Nadarivatu and the surrounding valleys in Yaladro, Nabuna and Korovou. This resulted in the Nasivi River bursting its banks and flood the Rakiraki end of Tavua Town besides Shop N Save Supermarket.

The Disaster Management Plan is always activated in November and deactivated in April. The Council always ensures that the town drains and chambers are cleared before the cyclone season. The Council also appreciates the annual desilting of road drains by FRA. In addition, we have been advised that the Nasivi River mouth will be included in the dredging plan to mitigate the flooding of Tavua Town and the surrounding areas.

Question number ten, can the Council provide its revenue collection strategy?

Sir, our response, forms of revenue collection with Tavua Town Council are:

1. Market fees;
2. Car park fees;
3. Town rates;

4. Garbage fees;
5. Business license fees;
6. Rental charges;
7. Permit fees;
8. Referral letter;
9. Public service vehicle fees;
10. Illegal parking;
11. Litter fines; and
12. Building fees.

Main strategy for collection:

1. Issuing invoice to clients;
2. Follow-up on payments;
3. Reminders on overdue accounts;
4. Encourage arrange payments, system to those finding difficulty in meeting payments;
5. Ensure that undertaking from clients are honoured;
6. If continue to default submit claim to Small Claim Tribunal; and
7. Failure with Small Claim Tribunal order, proceed with Judgment Debtors Summon.

Find below the procedures for collecting revenue:

A Council employee responsible for revenue collection ensures that all revenue receipted is properly recorded in their respective accounts classification.

1. Council employees responsible for revenue collection ensures that only authorised persons are collecting the revenue against issue of proper receipts.
2. All Council employees responsible for revenue collection ensure the proper custody and security of all receipt books and other accounting forms.
3. All receipted revenue is deposited in official bank accounts.

Authority to collect revenue:

Where officers are authorised to collect revenue, the CEO must ensure that they are provided with a letter of appointment as evidence of authority assigning them to this task.

Revenue received over the counter:

1. Receipts issued for any cash received as revenue must be issued in sequential order.

2. When cash or bank cheques are received, the cashier shall immediately issue an official receipt.
3. No post-dated cheques are allowed to be receipted as revenue.
4. The cashier must enter relevant details specified on the receipt before signing it. Carbon copies on the receipt should be checked to ensure that details on the original receipts are also eligible for these copies.
5. No amendment shall be made on the carbon copies.
6. The original receipt should be detached from the receipt book and issued to the payer.
7. The cashier shall retain the book copy of the receipt for audit and verification purposes.
8. If a receipt is spoilt, it shall be marked “cancelled” and retained in the receipt book.
9. Receipts issued must be dated on the same day revenues are received and not postdated.

Daily Banking:

1. The cashier shall bank the money received on a daily basis. The lodgement form shall be prepared in duplicated detailing the deposits to be made.
2. The lodgement forms shall be checked and signed by the officer in charge of collecting revenue after the cash to be deposited has been counted.
3. When the cashier lodges the deposit with the bank, the bank will acknowledge receipt of monies by stamping and signing all lodgement forms. It will retain one copy and return the other copies to the cashier.
4. The copy of the lodgement form retained with the cashier should be securely maintained for audit and other verification purposes.
5. Revenue cash collections must not be mixed with petty cash.

Accounting for Revenue:

The cashier shall maintain a cashbook in which the following details shall be entered on a daily basis:

1. Date of receiving cash or cheques and name of payer; 2. Receipt number and amount received; and
3. The revenue account classification.

The cashier must total the cashbook at the end of the day and give it to the officer in charge for checking. The officer in charge must sign the cashbook after checking the details in the cashbook against issued receipts, money on hand and the bank lodgement forms.

After reconciling details in the cashbook, the officer in charge of accounts shall submit the cashbook, duplicate receipts and lodgement forms to the ledger clerk for posting to the general ledger.

Number eleven, please provide in details the actions taken by the Council on the anomalies that were highlighted by the Office of the Auditor-General and the audit recommendations?

Outlined below are the major issues addressed by the Council:

1. There is a tenancy agreement in place for its lockup shop. We have conducted interviews on a new tenancy and contracts signed by the tenants.
2. The Council has prepared a Risk Management Plan, Disaster Management Plan, OHS Policy, Asset Management Policy. The new Finance Manual and the HR Manual and has been endorsed and now used by the Council.
3. The annual report narration 2019 is completed; Financial Statement audits for 2017 is completed; Financial Statement from January to July 2020 is in progress;
4. Council now complies with IFRS SME's disclosure requirements;
5. Council has installed MYOB accounting software which will eliminate trade and other receivables balance. It will also address tax compliance by the Council;
6. Council has also engaged a qualified individual to assist the Council in updating all reconciliations;
7. Council conducted ratepayer profiling from 2020. Rates invoice are issues at the beginning of every financial year and a 7 percent discount is given as an incentive to those who have fully paid current rates;
8. Council has the rates arrears aging of debtors listing. It assists in the categorising of rates arrears according to age. The total rates arrears for Tavua Town Council is \$29,437.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, thank you CEO for the very comprehensive answers that you provided to the Committee. Just on the financial positions of the Councils, I know that for both, Tavua and Rakiraki, there has been a limited position in terms of the financial positions of the Council. Does the Council have any business plans or any other plans for the Councils to improve its financial positions?

MR. L. MATAICIWA.- Mr. Deputy Chairman, at the time being, I must mention that Tavua is basically native owned lands. So we have been struggling to obtain a lease for Tavua Market, which is native owned. It has taken more than 10 years now. Acquiring building properties, that is in our profile. We had already identified three areas- one is the new car park we are proposing which will require land filling; the other is just beside Tavua Hotel where we have a multi-purpose court. We are now at the first phase of designing a two-storey building and hopefully that can be done, now that COVID-19 is over, that will be for rental. Others, as I said, there are Government-owned vacant lands there that we have applied for. If given the opportunity we would develop that, turn that into development of properties.

HON. A.M. RADRODRO.- Can the Committee be informed on the town boundary of Tavua? Where does it start from and where does it end?

MR. S. SAWANA.- The Tavua town boundary is just from Shop N Save Supermarket to Tavua College. The Tavualevu Village is excluded from the Tavua boundary and up to Vatukoula Road before the depot.

HON. RO T.V. KEPA.- To CEO, you have flooding issues for both towns, Rakiraki and Tavua. How do you budget for the flooding? What type of assistance would you need or have you already been getting from the Ministry of Local Government in that regard?

MR. S. SAWANA.- Mr. Deputy Chairman through you, the Ministry has always assisted the Council through advice and grants provided from the Council. Also, we always set up our budget for this disaster, especially when we start to activate our disaster management plan where we allocate two officers with a driver to make house-to-house visits, advising all ratepayers on the cyclone season and the effects of a cyclone, that is including the health concerns, the types of diseases like dengue, typhoid, et cetera. That is usually conducted in November. Also, we advise the businesses in Rakiraki of the flood. They should be aware of the advice from our weather forecast officers. As Rakiraki Town is usually flooded, now they know what to do during a flood. Before any flood comes in, they always put up all the stocks and everything.

The economic effect on both the Councils, there is no damage to the goods but only when the power is off then they will have to declare some frozen goods that is not good to be sold. Other than that, the business communities and the ratepayers are usually ready when the flood comes in. For assistance, we are always assisted by the National Fire Authority with the cleaning up. In that, we always incur a small expense just by buying food, petrol and refreshments and the rest is taken care of by National Fire Authority.

HON. V. LAL.- Sir, I can see in the report, the finance manual is being provided by the Ministry of Local Government to this Council. Is it to this Council only or to all the Councils for the purpose of uniformity?

MR. N. CHANDRA.- Sir, it has been provided to all the municipal councils. Consistent across the board.

HON. V. LAL.- I think this is very good because this is for bringing uniformity in the way they do their accounts and this will also help the OAG. It is good.

MR. N. CHANDRA.- Totally agree, Sir.

HON. A.M. RADRODRO.- Another question to the CEO. In terms of your revenue generation, part of it is business licences which carries a major portion of your revenue, so what are the other options that you have now, now that there is no more business licence to be paid by business owners.

MR. N. CHANDRA.- Sir, just to add onto that, there has been a waiver on business licence granted from the last financial year by the Government, so there has been a budget allocated under Head 50 that will provide grants to Rakiraki and Tavua Town Councils to support their operations.

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

MR. N. CHANDRA.- For five small councils. So five small councils include Rakiraki, Tavua, Sigatoka, Savusavu and Levuka.

MR. L. MATAICIWA.- Mr. Deputy Chairman, Tavua is unfortunate that the garbage collection is done free so far. We are providing the truck, fuel for the truck and three or four employees to do the collection unlike the other towns, they have managed to gazette the collection of garbage fees. But as for Tavua, we are yet to collect the fees. At the moment, quite a chunk our budget goes for garbage collection, out of the \$91,000 that we received for focussed income.

HON. A. M. RADRODRO.- Mr. Deputy Chairman, just a supplementary question to that. Have you also informed Government on those status that you have in terms of free garbage collections?

MR. N. CHANDRA.- In terms of garbage collection is concerned, the Government provides the waste collection subsidy to thirteen municipal councils that have started a few years back.

(Inaudible)

MR. N. CHANDRA.- So for rural local authority, we have actually taken into consideration the proposal from the Councils that are trying to do garbage collection outside the boundary. We are also trying to assist those Councils with the grant. So we will look into it and revert.

(Inaudible)

MR. N. CHANDRA.- We have actually circulated it as part of the budget preparation for the next financial year. We have requested the Councils to submit their budget proposals.

DEPUTY CHAIRPERSON.- It is good to see the honourable Member dreaming. It is good to dream

(Laughter)

DEPUTY CHAIRPERSON.- Just one question, the Committee noted that there so many records are missing. Has the Council made any assessment on how those records went missing and why some of the

statements were not posted? What are the key reasons that many records are still missing? Has there been any assessment done on that yet?

MR. S. SAWANA.- Yes, we agree that some of the records were missing in the past years but now the Council is improving on the safekeeping of all the records. We are ensuring that all records when required, we are submitting them on time to the OAG.

DEPUTY CHAIRPERSON.- Any comments from OAG?

AUDIT REP.- Mr. Deputy Chairman, we have seen with the set of management coming in from municipal councils, we have seen improvement in recordkeeping. From our experience, there have been issues where there were pretty much manual record keeping in prior years, however we see that there are improvements now made to keep records, be up-to-date with reconciliations and keep all the postings correct. Also, there has been turnover of staff in municipal councils that have also contributed to these issues, but as we speak, we have seen improvements, general speaking, for municipal councils recordkeeping.

DEPUTY CHAIRPERSON.- Thank you OAG. Any other questions or comments?

MR. N. CHANDRA.- Just to add on the recordkeeping, as part of the release of grant, we are monitoring the payment vouchers. So far, for the past two years, we have not found any issues in terms of the record management is concerned and the Councils providing the evidence of payments. These areas actually have been strengthened.

HON. A.M. RADRODRO.- Sir, just a supplementary question on that. Has the Council considered having a centralised accounting system for all the municipalities rather than each and every one having their own independent system which somehow leads to all these different reporting submission to OAG? Have you considered that going into the future?

MR. N. CHANDRA.- Yes, from the Ministry's point of view, we have discussed this procurement of a software that shall be consistent with all the Municipal Councils so that we have consistency in reporting. We are actually doing our market research on that and we will get that on board. We are planning to have it on board from the next financial year, that is, after July.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, to the Ministry, in terms of reporting timelines for the municipalities. We have Government which have a different fiscal year while the municipalities are still reporting on that calendar year? Are there any plans to synchronise the two reporting timelines from the municipalities to be in line with the Government fiscal year?

MR. N. CHANDRA.- Sir, in terms of the submission of the financial report is concerned to OAG, they are now inconsistent with the Ministry since the calendar year has changed. So, that has been incorporated as part of the Finance Manual.

HON. A.M. RADRODRO.- Is that confirmed by CEO?

MR. S. SAWANA.- Yes, Sir, that is confirmed. Our financial year is from August to July the following year.

HON A.M. RADRODRO.- (Inaudible)

MR. S. SAWANA.- 2020

HON. RO T.V. KEPA.- Mr. Deputy Chairman, just a question to the Ministry of Local Government, this is in terms of staff turnover. We have been hearing that from the few municipal councils that have come this week on staff turnover and we only heard from the Nausori Town and Nasinu Town Council that came two days ago that because of the restructure, two of them that were here were no longer employed. What is causing the high turnover of staff and why is it through this restructure you are losing highly qualified staff?

MR. N. CHANDRA.- Just to comment on that, we will check with the municipal councils and revert to the Committee in writing.

HON. RO T.V. KEPA.- (Inaudible)

MR. N. CHANDRA.- Mr. Deputy Chairman, we will revert to the Committee in writing on the restructure.

HON. A.M. RADRODRO.- Most of the restructure, is it the decision of the Ministry or is this the decision of the individual municipalities?

MR. N. CHANDRA.- Actually, it is the Council's decision

DEPUTY CHAIRPERSON.- That is noted.

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

HON. V. LAL.- But if there is any restructure, I think it should be approved by the Local Government, is it not, then it should be implemented.

MR. N. CHANDRA.- The restructure is where the Councils look at their operations and the need of the staff, streamlined processes for effective service delivery and the restructure is being submitted to the board for approval before it is being implemented.

HON. A.M. RADRODRO.- Does the Ministry have a standard staff structure that the individual municipalities must adhere to rather than them creating their own individual staff structure in their own respective municipalities?

MR. N. CHANDRA.- There is no standard structure, as the size of the Council differs. So considering their operations, they set up the structure to actually suit the need of the municipality.

HON. A.M. RADRODRO.- (Inaudible) Rakiraki is a newly declared town but it is the only Council that is up to-date in terms of their submission of Annual Financial Statements for auditing as confirmed by OAG. So, that is because of probably the new management.

MR. N. CHANDRA.- Yes, I noted. This has been an issue in terms of change in management and also the staff turnover. The records management has been an issue for a few Councils, and now they are catching up with their Annual Financial Statements.

HON. A.M. RADRODRO.- What we would like to see is there bit of consistency in terms of maintaining the people who are employed in the respective municipalities. Of course, opportunities will always come but we would like to see consistency so this sort of outstanding issues that have been highlighted by the respective municipalities do not reoccur. I mean, we are talking about 2014 and now we are in 2022 and for other municipalities also lagging behind in terms of submission basically because of change in staff, staff turnover or unqualified staff, so to speak. We need to bring to the attention of the Ministry the need for consistency in terms of staffing needs in the respective municipalities. That is why the question of whether you have a standard staffing structure, that is basic for each individual municipality to adopt and they can play around with their own as the need arises.

MR. N. CHANDRA.- Comments are noted. We will need to look into it and in terms of the restructure is concerned, the Councils do submit their proposals to the Ministry once they have elaborated on the structure in-house. In terms of the standard structure is concerned, we will look into it and we will revert it back to you, Sir.

HON. A.M. RADRODRO.- One thing is the consistency in staffing operations but the other important thing is a service delivery to the ratepayers. As being alluded to by the honourable Member, some concerns regarding the rubbish dump in Rakiraki. These are the important issues that the Ministry should also consider while we have consistency in staffing, it should not disturb the operations of the Council in terms of service delivery to the ratepayers.

MR. N. CHANDRA.- I totally agree. In terms of acquiring the land for the landfill, we are in discussion with the Council in terms of acquiring land and certain conditions to be met prior to procurement like the feasibility study of the site, evaluation of the land and other aspects of submissions before we can go ahead to procure land. So, we are in discussion with the municipalities to have the landfill

DEPUTY CHAIRPERSON.- Any other comments or questions, honourable Members?

HON. MEMBERS.- Thank you Mr. Deputy Chairman.

DEPUTY CHAIRPERSON.- On behalf of the Chairman, honourable Maharaj and the Committee Members, thank you very much for your hard work so far. We have notice that there has been vast improvement. We look forward to future collaboration and your timely reports.

To the Ministry of Local Government, we will look forward to your response later on.

Thank you very much. We now close this session. Have a nice day and best wishes.

The Committee adjourned at 11.51 a.m.

[VERBATIM REPORT]

STANDING COMMITTEE ON PUBLIC ACCOUNTS

2018-2019 AUDIT REPORT ON MUNICIPAL COUNCILS (PP NO. 161 OF 2020)

SUBMITTEE: **Nadi Town Council**

VENUE: **Big Committee Room, Parliament**

DATE: **Tuesday, 19th April, 2022**

VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS HELD AT THE BIG COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS, ON TUESDAY, 19TH APRIL, 2022 AT 10.01 A.M.

Interviewee/Submittee: Nadi Town Council

In Attendance:

1. Mr. Muni Gopal Reddy Acting Chief Executive Officer
2. Mr. Ameet Narayan Acting Manager Finance
3. Ms. Mere Vatucava Senior Rates Officer
4. Mr. Adish V Naidu Special Administrator
5. Mr. Anil Chandra Special Administrator

Ministry of Local Government

1. Ms. B. Devi Director
2. Mr. Navin Chandra Manager Finance
3. Ms. Shayla Rani Senior Accountant

Office of the Auditor-General

1. Mr. Moshin Ali Assistant Auditor-General
 2. Ms. Alani Draunidalo Audit Manager, Nadi Office
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MR. CHAIRMAN.- Good morning everyone. I would like to welcome the submittees, members from OAG and staff of Ministry of Local Government along with the honourable Members who are present this morning for the public submission on the 2018-2019 Municipal Councils Audit Report.

Today, we will be focussing on Nadi Town Council. Before us, we have the Chief Executive Officer and other representatives from Nadi Town Council. Thank you very much for availing yourself this morning. Before we proceed with the presentation, I would like to welcome all our viewers who are watching from the comfort of their homes.

Just be mindful and for information purpose under Standing Order 111, all Committee meetings are to be open to the public, so as we speak, we are being aired on the *Walesi* platform and streamed live on *Facebook* and parliamentary website.

For information purposes, there are only few specific circumstances whereby information cannot be given in public and that will include information regarding:

1. National Security matters;
2. Third party confidential information;
3. Personnel or human resource matters; and
4. Committee deliberation which actually happens behind closed doors.

While the Committee meeting is in progress, I will request everyone to have their mobile phones on silent and if there can be little or no movement during the meeting.

For the viewer's today, we will be hearing the submission from the CEO who looks after Nadi Town Council in relation to the 2018-2019 Municipal Council Audit Report (Parliamentary Paper No. 161 of 2020).

The Audit Report summarises the audit that was undertaken on 10 Municipal Councils and this includes Nadi Town Council who are in today's public hearing. We will review Nadi Town Council's Audited Accounts of 2015-2016.

Before us we have the representatives from the Municipal Council but before we do that, I will actually request the Members to introduce themselves to the submittees and then we will get the submittees to introduce themselves and then we will start with the presentation.

(Introduction of Committee Members)

MR. CHAIRMAN.- Now we will have submittees from Nadi Town Council if they can introduce themselves.

(Introduction of Submittees and Government Officials)

MR. M.G. REDDY.- Sir, we have got a small presentation that if the Committee permits, we can go through that and then on to the question and answer session.

MR. CHAIRMAN.- Thank you Acting Chief Executive Officer, you can start.

MR. M.G. REDDY.- Mr. Chairman, I have much pleasure in presenting a very brief overview of some of the works that are ongoing at the Nadi Town Council. As we all are aware, Nadi was one of the hardest hit in

terms of the pandemic, but that has not weakened us. That has actually provided and strengthened us to move forward. With that, I would like to present the Nadi Town Council organisation structure.

We had a review done in terms of the existing structure that we had and then whilst the audit was ongoing, we came to recognise that there were quite a lot of issues within the structure that prevented us to move forward with addressing the audit qualifications, et cetera. So with that, we had to go ahead and revise our structure. What we did was, we focused in terms of the finance team but at the same time, we thought it best to go ahead and review the whole organisation structure for Nadi Town Council. This has already been endorsed by the board of Special Administrators and we have just commenced with the recruitment as well.

These were some of the ongoing projects that we managed to complete while we were in pandemic. These are some of the seatings on the main street of Nadi Town, just in front of Nadi Town Council complex, and then we have also started with tree planting along the roads, the palm trees.

These are some of the beautification projects that we have embarked on. We have started with the gardens, et cetera. The reason we are doing this is because we recognise that people were really sort of discouraged, down and not really cheerful as to the situation that they were going through, so we thought was by creating these type of gardens, this beautification project, at least it will bring in interest for people to come into town. With that view, we had managed to work on some of these projects.

Some of the projects that we have completed are the:

- extension of canopy over juice vendors;
- construction of new juice stalls near the Nadi Market;
- beautification along Koroivolu Park;
- new gardens opposite Nadi Bus Station;
- new gardens after Nadi bridge;
- new signs and installation of seatings near Nadi Town Council;
- installation of CCTV cameras at Nadi Market; and
- palms being planted along main street and Namaka/ Martintar corridor.

Some of the restructuring of services that we carried out whilst we were in pandemic. We managed to review our grass cutting contracts which we had to reduce from two cycles to one cycle per month. We achieved approximately \$14,000 worth of savings during a month but this was a primary concern during the dry season that we are having.

Waste management for extended boundary, before it was contracted out, we did our cost benefit analysis and managed to get the services in-house and then achieved a saving of around \$10,000 per month. Our insurance services too, previously we used to advertise the services on a yearly basis and then once we

thought that this time we will advertise it for a three-year term but we will have a yearly contract, that was advertised as per the Terms of Reference (TOR). And then we managed to get a savings of about \$833 a month. Also the restructuring of our air condition contract and then we achieved a savings of about \$667 a month. So these were some of the savings that we achieved.

MR. CHAIRMAN.- Thank you, CEO. Can you actually just explain a bit more about the insurance?

MR. M.G. REDDY.- Yes, Sir. This insurance is the general insurance that the Council pays in terms of our property fleet, et cetera. Before it was advertised on a yearly basis so we thought that we might give it out for three years and see the savings that is involved there. So whilst we did that we achieved a good amount of savings.

MR. CHAIRMAN.- So the premium went down actually by increasing the number?

MR. M.G. REDDY.- Yes.

MR. CHAIRMAN.- Honourable Members, any questions with regards to the presentation?

HON. A.M. RADRODRO.- Mr. Chairman, just a question regarding these contracts that has been undertaken regarding grass cutting and waste management. In your presentation, you had mentioned it has reduced from two cycles to one cycle per month. Just questioning the motive behind this arrangement in terms of the cleanliness of the town boundary areas. Can you just inform the Committee how has that impacted in terms of the two cycles in terms of the cleanliness of the town boundaries?

MR. M.G. REDDY.- Honourable Member, in fact this reduction came into place during the dry season that we are having. Because we have two cycles, one is the wet season which is the cyclone season from November to April and then the balance of the months it is dry. As per our contract, what we have with grass cutting, we have a different contract and then street sweeping and cleaning which is needed almost every week, every day is separate. So with that, we saw that during the dry spell, the grass cutting cycle once we reduced it, it was again effective. It was not that the grass was growing too fast, so whilst we had done that, then we realized that during dry spells we can reduce because the growth of the grass was not much. And then that in fact helped us to save a lot but at the same time, the cleanliness and all these things were also taken into account.

HON. A.M RADRODRO.- Mr. Chairman, in relation to that, looking at your 2015 accounts, where does that expenditure appear in terms of your 2015 accounts?

MR. CHAIRMAN.- Honourable Member, you are asking about the reduction in

HON. A.M. RADRODRO.- No, in terms of the expenditures in 2015, where would that be Auditor-General - cleaning grass cutting expenditures? Mr. Chairman, maybe the Auditor-General can inform us later, to direct us to where the grass cutting expenditures in the 2015 accounts. The second question is this waste management for extended boundaries from contracted to in-house with a saving of approximately \$10,000 per month. Can you just elaborate to the Committee what does this involve and how does that result in the \$10,000 savings?

MR. M. G. REDDY.- Mr. Chairman, whilst the services were contracted out, these services is not for the existing Town boundary but part of the peripheral areas that we are getting the grant to carry out the works. This is inclusive of the informal settlements, villages around the town and the other developed areas that we propose to include into our town boundary extension. Whilst this was on a contracted basis, because it was given out as contract to one of the contractors

HON. A.M. RADRODRO.- Who was doing these services before?

MR. M. G. REDDY.- This was one of the contractors - M.Y. Azad.

HON. A.M. RADRODRO.- Was Nadi Town Council involved in this waste management collection prior to

MR. M. G. REDDY.- No, the Council was doing it in-house. The Council was only collecting for areas within the Nadi Town boundary and this area includes the boundary which is not part of the Nadi Town Council.

HON. A.M. RADRODRO.- The Nadi Town, where does it start and where does it end?

MR. M. G. REDDY.- Very briefly, Nadi Town boundary starts from Navo Bridge and then it goes right to the Votualevu Roundabout and then further towards Shop N Save Supermarket at Votualevu. That is part of the existing boundary. The extension boundary extends further where the Matavou Bridge is, that is going towards Sigatoka, that is where the G.D.R. Commercial Complex is - Superfoods, et cetera, and then it briefly includes the areas at Malolo, Navo, and then further extends towards Enamanu and then goes further towards Nasoso till Waimalika, and it also includes areas in Votualevu and Legalega.

HON. A.M. RADRODRO.- So this is where the services are?

MR. M. G. REDDY.- Yes. Because we also got the garbage compactor trucks, that is when we went ahead and did a cost benefit analysis. Since we had the trucks, we were ready to take in those areas, and that is when we realised that we had achieved a savings.

HON. J.N. NAND.- In the last bullet point, the restructuring of air-conditioning contract achieved a savings of the set figures, can you (Inaudible) for the information of the Committee.

MR. M. G. REDDY.- Mr. Chairman, for this air-conditioning contract, what we actually did was, this contract was designed in such a way that we were going ahead and doing monthly servicing. This was done by the contractor. Then there were strip servicing which was done basically twice a year. We saw that in terms of the monthly servicing, the work that was involved was, minor works that were involved and we have an in-house electrician as well. We realized that that work can be undertaken by our electrician. So, when we re-advertised the tender, we removed the monthly servicing and just concentrated on strip servicing, because strip servicing, like the air- conditioning people they had to be registered, so we could not do that. Whilst we removed that, then we achieved these savings.

HON. V. LAL.- Just wondering, you had said that the grass cutting cycle had reduced to one. You said that there were tens of thousands of dollars. That is good enough when there is dry season. What about the wet season? Is it going to remain the same or will it change?

MR. M.G. REDDY.- No, Sir. The cycle for the wet season increases to normally two cycles because with the amount of rainfall that we are having, it is not manageable just for one cycle.

HON. RO T.V. KEPA.- Mr. Chairman, just a question to the Acting CEO. This is I think on the first slide, on the restructure, this is in terms of the staff, how are you recruiting the staff in terms of OMRS because I am looking here at your response to the questions where you were talking about the management staff? Can you just explain how are you recruiting your staff in terms of the OMRS?

MR. M.G. REDDY.- Madam, we are following the Open Merit Base Recruitment and Selection system in all our recruitments. So basically what we have done for this is, we are actually carrying out a recruitment process now whereby the heads of departments that we have here are all in the acting positions. So what we have basically done is, the positions have been advertised and then it closed on 9th April and then we have got a panel which also comprises of a representative from the Ministry of Local Government. So that is for the top management staff. The panel then does the longlisting and the shortlisting and then the interviews. So that is the process that we follow Madam for the recruitment.

HON. RO T.V. KEPA.- Mr. Chairman, just a follow-up question on that, what is your savings in terms of the restructure that you are doing?

MR. M.G. REDDY.- Madam, in terms of the savings, the restructure that we have designed, whilst we are doing the town boundary extension, what we have seen is that currently we have around 3,200 ratepayers within the boundary and then part of the extended boundary, there is an additional increase in the ratepayers of approximately 5,900 ratepayers. So whilst we did the restructure, we took into account the town boundary extension as well. So, the restructure from the previous restructure, the cost is increasing by around 15 percent, but at the end of the day when we do our comparison in terms of the existing

boundary, the number of ratepayers and the extended, which is almost double, then we will be achieving savings in the long run.

HON. V. LAL.- One supplementary question, Sir. This restructure, was it done in consultation with the Ministry of Local Government?

MR. M.G. REDDY.- Yes, Sir. It was endorsed by our board of Special Administrators, that was an ongoing process that we had with the Ministry of Local Government.

HON. V. LAL.- Does the Ministry of Local Government want to comment on the restructure? Is it working well in comparison with past restructures?

MR. N. CHANDRA.- Mr. Chairman, in terms of the restructure for Nadi Town Council, a clear restructure has been approved by the board and also submitted to the Ministry for information. That is in line with the services they perform and they are considering the extended boundary so that the structure best suits for the effective service delivery of the ratepayers within the boundary and also the people from outside the boundary. So, in terms of the recruitment process is concerned, there are positions that have been advertised and currently, the recruitment process is in progress.

HON. A.M. RADRODRO.- Which is endorsed by the Ministry?

MR. N. CHANDRA.- It is endorsed by the board, submitted to the Ministry for its information.

MR. CHAIRMAN.- Do you people have any standard structure for all the Municipal Councils or do they come up with their own structures?

MR. N. CHANDRA.- Sir, there is a standard structure set but it differs with Councils as the size of the Councils differ - some are small, medium and large ones.

MR. CHAIRMAN.- So some of the Councils we have seen they have Directors while in other there are Managers. Is it the same people doing the same work with different positions or is it just interchangeably used? For example, if you see Manager Finance and Corporate Services, I think in one or two Municipal Councils, they have Director Finance and Corporate Services.

MR. N. CHANDRA.- Sir, that is applicable for the large Councils like Suva, they have Director Finance, they also have a Financial Controller.

MR. CHAIRMAN.- Okay.

HON. J.N. NAND.- Through you, I think what the Chairman is seeking, to my understanding, is there a standard restructure in place or if there is a restructure there then you can make your own restructure?

MR. N. CHANDRA.- There is a standard structure that municipal councils can follow.

MR. CHAIRMAN.- So one of the interesting things we are seeing here is the Internal Auditor. Do other municipal councils have their own internal auditors?.

MR. N. CHANDRA.- Yes, Sir.

MR. CHAIRMAN.- All the municipal councils?

MR. N. CHANDRA.- Suva has a team of Risk Management Officers recruited and they will be recruiting other additional internal auditors to strengthen the internal control.

MR. CHAIRMAN.- So the other thing, will that Internal Auditor be reporting to the CEO or the Special Administrators?

MR. M.G. REDDY.- Sir, if I may, it is just an error, it is supposed to report directly to the board of Special Administrators.

MR. CHAIRMAN.- Thank you for that clarification.

HON. A.M. RADRODRO.- So what does it mean to this structure? Is it a draft structure?

MR. M.G. REDDY.- No, Sir, it is an approved structure. It is just an error that I have made.

HON. J. N. NAND.- Mr. Chairman, Sir, through you, in regards Complaints Management Officer, how many officers do you think are there? As you can see, there is only one officer. Will he be able to attend all these?

MR. M.G. REDDY.- Sir, what we have done is, they are specifically involved with the complaints management. We have got a complaints management process that we have done. What the Complaints Management Officer does is, that is the main focal point for all complaints received and that is directed to the individual department. Then individual departments are given three days to respond to the complaint and also provide an update as to what has happened. By doing this, we are seeing that we have

been able to resolve complaints and then there are certain instances whereby the complaints are resolved but it takes a couple of months or so.

There are some instances whereby we have to take them to court but in the meantime what this Complaints Officer is doing is, he is constantly updating the complainants. In doing that, we have seen that it has made a lot of improvements in terms of complaints handling that we had. Before we did not have a dedicated complaints officer and then what used to happen was, it used to go to the Heads of Departments and then at times we saw that there was a break in the communication and then complainants were not informed. So, we realised that if we update the complainants on a continuous basis, they will be comfortable and happy with the response and they are satisfied.

HON. A.M. RADRODRO.- Mr. Chairman, another question to the CEO. From the slides you have been mentioning about the strategy in terms of cost savings. Any strategies in terms of income generation for the Council or is it just relying on the rates and the current existing

MR. M. REDDY.- Sir, we have also commenced in terms of the income strengthening. Some of the things that we are working on is the creation of additional commercial space. With that, what we are doing is we have made applications with the Ministry of Lands in terms of acquiring more land and then in principal we have been able to get some endorsement which we are working on with the Ministry of Lands and then we have got a couple of other properties that we are almost about to get the final leases, then we plan to carry out expressions of interest in terms of development of industrial and commercial centres.

HON. A.M. RADRODRO.- Are these within the town boundary?

MR. M. REDDY.- Yes, this is within the existing town boundary.

MR. CHAIRMAN.- Thank you Members. Just a clarification, this is not specifically to Nadi Town Council but to OAG and the Ministry of Local Government. If you look at pages 4950 of the Statement of Financial Performance, why a different format for each Council especially when it comes to expenditures? Can we not have a set standard for revenue and expenses?

Like if we compare Suva City Council with Nadi Town Council on pages 49 and 50, under the expenditure of Nadi Town Council we have at least 11 rows and Suva City Council has 6 rows. I think that is where honourable Aseri Radrodro was coming from in terms of grass cutting, where do we actually place it? Local Government? Suva City Council's Statement of Financial Performance and not just comparing these two, others as well, for example, if you look at Suva City Council, there is no depreciation, others have depreciation.

AUDIT REP.- Mr. Chairman, I think the presentation of the Financial Statements depends on how the individual municipal council's structure and present their financial statements. So, based on their presentation then we draw our Abridged Financial statement.

Basically an Abridged Financial Statement is a summary of the full financial statement which is being prepared by the municipal councils and what we do for the purpose of tabling the OAG Report, we summarise the expenditure into categories as presented. So, as you have highlighted, the comparison in terms of how Suva City and others compared to Nadi, it is all because of the presentation done by the respective municipal councils.

Just coming back to the initial comment by the honourable Member in terms of where the grass cutting is placed. For Nadi Town Council, it appears under cleaning contracts and materials, and when we see the Abridged Financial Statement, it would appear under Others.

MR. CHAIRMAN.- So, I believe for the purpose of the Public Accounts Committee scrutinising financial reports and comparing, especially when you give us five or six municipal councils for us to compare, we would like to compare "A" with "A" not "A" with "A, B, C, D".

Like for example, if I want to see depreciation, there is no depreciation under Suva City Council, why can we not have a set standard that will actually make the work of PAC even more easier to compare municipal councils.

For example, for the ease of PAC, if we are actually looking at the garbage collection expense, Suva City, Council is giving us \$1 million and in comparison Lami Town Council gives us \$2.5 million, it will be easier for us to compare especially when you are getting consolidated reports like this. If it is for one individual, we can actually dig in with that particular municipal council but when it is a consolidated report, it should come as a standard report. These are some of the things that we have been raising with OAG for a while now.

AUDIT REP.- Thank you for your remarks, Mr. Chairman. We will consider that.

However, for us to do that, that will also will require the Ministry of Local Government to have a standard presentation for all the Municipal Councils so that there is one structure and the reference to expenditure line items. For example, as you have said grass cutting and garbage services. So, it depends on how the individual municipal council structures their income statement then we could take it from there.

Even if we take to the extent of presenting a full scale statement into our report, still it will be difficult for the municipal council to make their comparison because individual municipal councils have different line item descriptions of expenditure. So, to enable to fulfill the objectives of PAC, I think we will require that the entire municipal council financial statement be restructured.

MR. CHAIRMAN.- Ministry of Local Government.

MR. N. CHANDRA.- Mr. Chairman, in terms of the presentation of the financial performance as well as the other items that is part of the financial statement, we actually did a Chart of Accounts for all municipal councils attached with the revised finance manual that we had issued, so that the Councils can align to the Chart of Accounts.

MR. CHAIRMAN.- I think that will be the responsibility of the Ministry of Local Government to see that Councils abide by the structure that is set by the Financial Management Act. These kind of things is making our work very hard and difficult compare what we are comparing.

HON. A.M. RADRODRO.- Mr. Chairman, just a question to the Ministry of Local Government. It is good to know that the Ministry has conducted a process of exercise of having a Chart of Accounts for all municipalities. But the question is, as this been implemented through the individual municipalities? And if it is, how effective is the monitoring process by the Ministry in terms of making sure that all accounts are up to-date and there is consistency in reporting. If it is not, why is the Ministry lagging in terms of monitoring to ensure that all municipalities adhere to your Ministry's Chart of Accounts and financial regulations and manuals?

MR. N. CHANDRA.- Honourable Member, in terms of the Revised Finance Manual is concerned, which was done just in March

HON. A.M. RADRODRO.- March this year?

MR. N. CHANDRA.- Yes, the revised Financial Manual. There was an existing Financial Manual that existed from the 1980s.

HON. A.M. RADRODRO.- So, what were the municipalities using? Are they using that same financial manual or there is a different one?

MR. N. CHANDRA.- Effective from this financial year (2021-2022), they will adhere to that Finance Manual.

HON. A.M. RADRODRO.- Has it been communicated to them?

MR. N. CHANDRA.- Yes, this has been communicated to them and there will be training conducted in the fourth quarter for all Finance Managers and Accountants in terms of the processes.

HON. A.M. RADRODRO.- The Chart of Accounts?

MR. N. CHANDRA.- As well as the Chart of Accounts.

HON. A.M. RADRODRO.- When was this introduced?

MR. N. CHANDRA.- This was done with the revised finance manual.

HON. A.M. RADRODRO.- Because I thought there was a Chart of Accounts that in previous Public Accounts Committee, the Ministry officials had informed the Committee then that there was an existing Chart of Accounts and Financial Regulations that the municipalities were expected to adopt and adhere to. Now, you are saying that this is just recently reviewed.

MR. N. CHANDRA.- There was an existing Finance Manual that existed in municipalities way back in 1980s. There was a review done just recently in line with the Chart of Accounts that we have attached together and that has been rolled out to all municipal councils.

HON. A.M. RADRODRO.- Is it concurred by the Nadi Town Council, CEO?

MR. M.G. REDDY.- Yes, Mr. Chairman. We have in fact, after getting the Manual of Accounts and as per our legislation, we have to endorse it within the Council meeting, so that has also been done by the Board of Special Administrators.

MR. CHAIRMAN.- Acting CEO, I believe you were not there in 2015 and 2016 during the time of audit? Moving forward, there were 13 basis on which disclaimer of opinion was issued for 2015 and 10 basis for 2016. Under your management, what is the status of these issues that actually noted these financial opinions to be disclaimer of opinions? Has those issues been resolved? What are you doing with those that have not been resolved at this stage?

MR. M.G. REDDY.- Thank you, Mr. Chairman. Sir, just to bring this to the information of the Committee, we have not been able to resolve the issues completely. Some of the reasons being that it is quite difficult to get the information from the past years, but whilst we saw that there were these many qualifications raised, one of the priorities that we had was to actually initiate ways and measures that will prevent the qualifications to be repeated.

As a way forward, that is what we thought of doing was to review the current capacity of the Finance Department that we have, because once we had a look at the qualifications, we saw that there were

something on that, that is what brought about these structural change. From the previous to the current structure, we noted that some of the key positions were missing which was creating these issues.

In the new structure, include a Accounts Payable Officer, Debt Collection Officer, Reconciliation Officer, Procurement Officer and a Legal Officer. We did not have these in the previous structures and also include the Internal Auditor who will directly report to the Board of Special Administrators. After the structure was finalised, we recruited a qualified Manager Finance and Corporate Services so that we could go ahead and form a team and address the qualifications, but unfortunately he resigned before we could confirm.

This pushed us back and then we had to re-advertise for the position which just recently closed on 9th April. We are within the interview process and then by mid-May, we wish to get that filled and then recommence with resolving of the issues. What we have seen is that these recruitments once completed will definitely be able to get this addressed and disqualify the qualifications completely that were raised. So some of the things that we have noted is, we really need a qualified Manager Finance in terms of a CPA Graduate. In the qualifications raised, we noted that the issues that have come in terms of not following IFRS for SMEs and so forth, once we have CPA qualified Manager Finance, he will be able to update the Council in terms of all the current updates that are happening within the accounting fraternity and then we will be able to implement that and disqualify the qualifications that we have. So we are actively working on that. We have also been able to identify the weaknesses and rectify quite a lot of weaknesses. I will thoroughly discuss the weaknesses that we have identified and rectified in Question No. 5 where it has been raised in terms of all that we have done.

MR. CHAIRMAN.- Thank you for that answer. I think I have a follow-up question after Honourable Radrodro and then I will ask my question.

HON. A.M. RADRODRO.- Thank you CEO for the answers you have given to the Committee in terms of trying to address the anomalies that has been highlighted in 2015. According to the accounts, there are about \$1.3 million in terms of salaries and wages. So in your process of revising the recruitment process, how much more in terms of expenditures will increase in terms of salaries and wages?

MR. M.G. REDDY.- Sir, in terms of the new structure?

HON. A.M. RADRODRO.- Yes.

MR. M.G. REDDY.- Sir, that is what we are looking at, an increase of about 15 percent.

HON. A.M. RADRODRO.- On this \$1.3 million?

MR. M.G. REDDY.- Yes. But that will depend, like for instance, as I have highlighted to the Committee, we are also doing a town boundary extension exercise. So that is what is going to complement this and then the other thing, our structure has been endorsed. We have done salary tagging to the top three positions and then for the other new positions, we are also checking in the market as to the current salaries that are being given because what we realised when we recruited our Manager Finance recently, he was a CPA professional. We had actually given him a salary but then just within five months the salary that was offered to him was much higher than what we had offered, and then when he brought it to our attention because we have already got a tagging within the Council salary structure, we were not able to address his demands and then unfortunately he had to leave. So that is one of the factors that we saw that urgently needs to be reviewed so that we can get those professionals who can really come in and address these issues.

HON. A.M. RADRODRO.- Sir, a supplementary question. We note that the explanation that has been given. The operations of the Council is basically funded by the ratepayers. So in your quest to get in the most qualified person, I am just asking the Ministry of Local Government, what is your view in terms of individual municipalities having their own plans to get in the best to address the issues that they have? Do you have any plans to try to have a pool of professionals within the Ministry to assist the municipalities especially the smaller ones in terms of bringing their accounts up to-date?

MR. N. CHANDRA.- Honourable Member, the Councils now have a succession plan in place within municipal councils to ensure that the service is not disrupted.

In terms of getting the right person for the job, in terms of the salary scale is concerned, the Councils have a budget allocated for that position, so based on the budget allocated, they advertise the position. They have steps set aside for each particular position, so as far as the advertisement is concerned, it is done in a transparent way - advertised in the *Fiji Sun*, through the social media or website.

In terms of getting the right person for the job, looking at the qualification and experience, at times when the existing staff gets an offer from outside, there is a situation where the Councils cannot offer the same to some because the budget set aside is not sufficient. Those are some of the challenges faced by the Councils. As for the assistance to Municipal Councils in terms of the Ministry staff, we also assist the Councils in terms of audit implementations. Like considering the report for 2015 and 2016, many issues were relating to records management. The Councils are not able to provide sufficient appropriate audit evidence to the auditors during their conduct, and in that process, the auditors are not able to ascertain the accuracy of the figures that are stated as per the financial statements. In terms of the Ministry's monitoring role is concerned, we have been liaising with the Councils to ascertain the secondary form of information, since these records were not provided to audit then, so that we are able to substantiate some form of evidence to support the figures, like for trade debtors, et cetera.

HON. A.M. RADRODRO.- Thank you, Mr. Chairman. Just a question to the CEO for Nadi, your answer to Question No. 3, where the outstanding audits have been timetabled to be presented to OAG. Is this still in line based on your revised plan, or is this on the existing staffing structure that you have?

MR. M.G. REDDY.- In terms of the status of the audit, there have been a bit of updates and changes done. For instance, the 2017 audited financial statements, that has been released by OAG, so we are working with our team to prepare a report on the qualifications that we have received and our responses. We would be able to get it endorsed by our own management and submit it to OAG as a final report by 30th of this month.

HON. A.M. RADRODRO.- Is this date correct where it was given by OAG to Nadi Town Council on 10th May, 2021, now it is 2022? Why is it taking long to endorse this 2017 Report?

MR. M.G. REDDY.- Mr. Chairman, that was the update that we did the last time, but we received the report a bit later, and then with our Manager Finance leaving, we were pushed back a bit in terms of the actual accounts, because he was the one who was handling on our behalf.

HON. A.M. RADRODRO.- What is the status of this 2017 account?

AUDIT REP.- Thank you, honourable Chair, through you. The 2017 audit was completed and sent for management's signing on 29th August, 2021. We have not received the 2017 accounts back from the Council for the issue of audit opinion.

HON. A.M. RADRODRO.- 29th August?

AUDIT REP.- Sorry, 29th September, 2021.

HON. A.M. RADRODRO.- That is two months now, August and September. Which one is the right one?

AUDIT REP.- September. Yes, 29th September, 2021.

HON. A.M. RADRODRO.- So just a question to the CEO, Mr. Chairman. How long does it take the Nadi Town Council to finalise these audited accounts?

MR. M.G. REDDY.- Sir, usually it was done within a month but unfortunately as I have raised, because of the resignation of the Manager Finance who was involved with this, it took our team quite a while and

then now we are almost there. I would like to assure the honourable Members that it will be submitted before the end of the month to OAG.

HON. A.M. RADRODRO.- Did you ask for assistance of the OAG, even though with the absence of the Manager Finance, did you ask for assistance of the OAG in terms of trying to making sure that you submit the reports on time. It is nearly one year now.

MR. M.G. REDDY.- Yes, Sir. We had a discussion with OAG and they had also raised their concern on the time that it was taking but with our discussions we have managed to work on that

HON. A.M. RADRODRO.- Is it signed? Has it been approved?

MR. M.G. REDDY.- No, Sir. It will be signed before the 30th and submitted to OAG.

HON. A.M. RADRODRO.- OAG, do you have any timeline to ensure that there is no continuous delay by other municipalities including Nadi?

AUDIT REP.- Thank you, honourable Member, Mr. Chairman, through you, I think once we issue the accounts for signing, then it is a bit out of our control when the Council actually wants to sign the accounts and send it back to OAG to issue the final audit opinion. While we would be happy to see its turnaround, normally it is a month because sometimes when the board meets, it is on a monthly basis when the board meets and then they have to present it to the board, so ideally one month is a good turnaround time for accounts to be signed. That will also give us the opportunity to speed up and complete the audits, Mr. Chairman.

HON. A.M. RADRODRO.- Mr. Chairman, I am just raising a question to the Ministry of Local Government in terms of your role in monitoring these situations where audited accounts are ready but it is just taking time. It is nearly one year now for the municipality to endorse the already audited accounts. What is the role that the Ministry of Local Government plays in making sure that these things does not continue going forward?

MR. N. CHANDRA.- Thank you, honourable Member. In terms of response to that, when audited financial statements were submitted to the Council, a number of qualification issues relating to that financial year, audit was concerned. The council was trying to actually resolve it prior to signing and provide a response to OAG on the issues raised.

In terms of our monitoring is concerned, we also monitor on a monthly basis in terms of ensuring annual reports are completed and the pending financial statements are completed and submitted to OAG for

auditing. That is actually done on a monthly basis. Unfortunately in this case, the Council was trying to resolve the audit qualifications, trying to gather information and submit to OAG for on the qualifications.

Moving forward, as part of our monitoring role, we have issued instructions to the SA board in terms of the timely submission of the Reports to the Ministry and updates on the Annual Accounts.

HON. A.M RADRODRO.- Does the Ministry of Local Government have a monitoring team that monitors municipalities?

MR. N. CHANDRA.- Yes, Sir. We have a monitoring team comprising of a Senior Accounts Officer and a Senior Administrative Officer with a Technical Assistant (TA).

MR. CHAIRMAN.- Thank you, we will move on.

HON. J.N. NAND.- We are at No.4

HON. A.M. RADRODRO.- Mr. Chairman, can we request the Nadi Town Council to go through questions for recording keeping – starting with Question No. 1.

MR. M.G. REDDY.- As raised, I had answered Question No. 1 in terms of the works that we are doing and then I will move onto Question No. 2 which reads as follows:

What has the Council done to ensure that these issues noted as basis of disclaimer of opinion does not reoccur?

As I have already raised, we have done our advertisement for a qualified Manager Finance and Internal Auditor and then the other thing that we are trying to do is because we are having a manual accounting system, we have seen a lot discrepancies in records being misplaced, et cetera. We are also in the process of trying to recognize an accounting software that we could use and then we are trialling with Xero Accounting Software at the moment to see if we can cater for the accounting needs that we have.

We are also liaising with the other Councils on the software that they are using and the works they are trying to do in terms of getting a software. This is something that most of the Councils are trying to look at. So we are actively liaising with the other Councils in terms of getting softwares for accounting purposes.

HON. A.M RADRODRO.- Just a supplementary question on this? Can you confirm that the Council has already implemented this Xero Accounting Software?

MR. M.G. REDDY.- Yes, Sir. We implemented the software from last year, which is on a

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HON. A.M RADRODRO.- 2021?

MR. M.G. REDDY.- Mr. Chairman, 2021 and which is on a trial basis. What we are seeing is the effectiveness of this software because we are also continuing with the cashbooks that we are doing. So what we are seeing is, how best we can get all the information into one software.

HON. A.M. RADRODRO.- Just a supplementary question. Since the CEO has advised that it is on the trial basis, can you just inform the Committee whether there was a fee involved in the implementation of this accounting system and how was this accounting system selected? Was it selected through a proper tender process and through the endorsement of the Ministry? Because this is a new accounting system that I have seen as compared to the previous municipalities that have appeared before the Committee.

MR. M.G. REDDY.- Sir, the software was selected by the previous management that we had but because it was on a trial basis, it cost the Council around \$70 a month on a trial basis. There was no need for a tender for that so that is how they had selected and then what we had done was we went through the modules

HON. A.M. RADRODRO.- So the selection proper tendering process was not undertaken in the selection of this software. Can you confirm that? We are not talking about the fee, we are talking about the selection of this, making sure that this is the best software that the Nadi Town Council can utilise in terms of proper accounting management.

MR. M.G. REDDY.- Sir, in fact there were a couple of softwares that were looked at. I will be able to update the Committee on all the softwares that were looked at before they selected Xero Accounting Software.

MR. CHAIRMAN.- Just a question to the Ministry of Local Government, have you authorised this particular use of software through the Ministry of Information?

MR. N. CHANDRA.- Mr. Chairman, in terms of this accounting package is concerned, just to update the Committee that the 13 municipal councils use different, some use the MYOB, some they use Navision Software while some are still on manual.

This package was also discussed in the CEOs Forum. We had a CEOs Forum on a quarterly basis and this software was actually discussed during the Forum. So, on that note, the Councils actually explored this

option and implemented Xero Accounting Software which is a cloud-based backup software to ensure that the data they have is captured and also for reporting purpose in terms of reporting to management.

We are also considering to have a consistent, one software that is actually rolled out to the 13 municipal councils. The Ministry is working on that and we are planning to submit as part of our budget proposal for the next financial year so that we have one software consistent to roll out for the 13 municipal councils.

MR. CHAIRMAN.- I think what you are saying now, that was confirmed before to the Public Accounts Committee by the Permanent Secretary when she presented herself before the Committee to discuss on the discrepancies in the accounting management in the municipal councils. She did confirm to the Committee that there will be one software rolled out to all the municipal councils. So, we can take it that this one is on a temporary basis even for Nadi Town Council at this point in time.

MR. M. REDDY.- Yes, Sir.

HON. A.M. RADRODRO.- Mr. Chairman, just a question for the Nadi Town Council. Even though this software is on a temporary basis, can you just assure the Committee that this would not become a part of the permanent solution for Nadi Town Council where you will have to be levied a fee or purchase price in terms of acquiring the Xero Accounting system?

MR. M. REDDY.- Yes, Sir, at the moment as I have assured the Committee that it is on a trial basis. We are trying to explore in terms of how best our manual system integrated into the software. So, if we are to pursue further on this, then we will go through the tender process, et cetera to get this accomplished. But, of course, we will liaise through our Ministry and then works will continue. We would not do anything in isolation.

MR. CHAIRMAN.- I think the main reason of having one software to all the municipal councils was because the Government policy is that all the softwares need to be talking to each other. So bringing in a couple of softwares, some of those softwares are not compatible with the software that the Ministry of Information is trying to bring in.

The gist of it is actually, it has to be approved by the Ministry of Information that whichever software is being used should communicate with other softwares that Ministry of Information is implementing with other ministries and relevant agencies.

HON. A.M. RADRODRO.- Sir, another supplementary question, Mr. Chairman in terms

of the software, who is undertaking the process of looking after the software? I see that you have recruited a Reconciliation Officer as part of your strategy to avoid the future disclaimers. So, can you just inform the Committee in terms of who is operation this software?

MR. M.G. REDDY.- Sir, that is been overseen by our Acting Manager Finance at the moment and then we have got our whole team in terms of the person doing the purchasing and all these separate teams who are trained to handle individual modules that are there in terms of invoicing, et cetera.

HON. A.M. RADRODRO.- So, you have your training personnel in your finance department?

MR. M.G. REDDY.- Yes.

HON. A.M. RADRODRO.- Thank you, Mr. Chairman.

MR. CHAIRMAN.- You can move on.

MR. M.G. REDDY.- Thank you, Mr. Chairman.

Question No. 3: What is the status of the audit for rest of the financial years?

We have already discussed in terms of the 2017 accounts. So, I will move onto the 2018 accounts, the draft financial statements have been prepared by our internal auditors and will be released to OAG once 2017 has been finalised.

We are targeting to submit the 2018 after 13th May by which we will be able to readjust if there are any adjustments to be carried out to our 2018 accounts after finalizing 2017.

In 2018, the draft financials are complete, about 90 percent. To fast track these, what we have started with is weekly meetings with our auditors so that we could iron out issues that are there and get this resolved and submitted to OAG at the earliest. So, the tentative timeline that we are following is by the end of this month for them to complete.

For the 2020 financials, we had intended for this to be completed by our Manager Finance that we had recruited but unfortunately with his resignation, we have not been able to decide on it. There are two options that we are looking at. Since the recruitment is already ongoing and then we will need about one to two months to finalise 2018-2019 accounts. So, in the meantime, we have got two options:

1. Tender the accounts to the internal auditors; and 2.
- Prepare it in-house.

So, what in fact we are trying to do is, we are trying to up- to-date ourselves in terms of the accounts that we are lagging with. We are yet to decide on this but definitely we will be able to decide on this once we get a Manager Finance recruited.

HON. A.M. RADRODRO.- So, 2020 and 2021 financial accounts is yet to be decided on when is the completion date?

MR. M.G. REDDY.- Yes, honourable Member.

HON. A.M. RADRODRO.- Ministry of Local Government, do you have any say in terms of adhering to Local Government Policies and Regulations?

MR. N. CHANDRA.- Honourable Member, in terms of the response in getting the pending financial statements up to par, currently the status in 2017 is yet to be signed and the Council is to submit the signed FS to OAG in terms of the other years are concerned 2018, 2019, 2020 and 2021.

Currently the Council is in the process of recruiting a Manager Finance to

HON. A.M. RADRODRO.- Mr. Chairman, just a clarification, what is the timeline that the municipalities should prepare their audited accounts and submit?

MR. N. CHANDRA.- Now the municipal councils' financial year has changed, in line with the Government financial year. Now, 30th September is the cut-off date that the financial statements needs to be prepared and submitted to OAG for auditing.

HON. A.M. RADRODRO.- So they have three months till the end of the financial year?

MR. N. CHANDRA.- Yes.

HON. A.M. RADRODRO.- And that is what the Nadi Town Council needs to be made aware of.

MR. N. CHANDRA.- That is clearly captured in the Finance Manual in terms of reporting.

HON. A.M. RADRODRO.- So if the Councils are not adhering to those manuals, what is the Ministry of Local Government going to do?

MR. N. CHANDRA.- What our action plan is, as part of our monitoring on a monthly basis, some councils are up to par in terms of submission of their financial statements to OAG and some are catching up. This timeline has been set from this financial year aligned to the Government cut-off dates in terms of the preparation of the financial statements, upon submission within the cut-off date.

MR. CHAIRMAN.- My question is to the Ministry of Local Government in terms of policies and procedures, why cannot the Ministry push the current CEOs to compile their current financial reports while they are still trying to catch up? What we have seen in municipal councils, majority of them are disclaimer of opinions, that means their records are not there. Why can they not put a cut-off, let us say 2020 or 2021, we will start updating it from here while we are trying to catch up, because for how long Public Accounts Committee is going to deal with records and after all, we do not get any kind of evidence even during our scrutiny. Why cannot the Ministry say, let us say 2020 because the current CEOs that have been there for past two years, they can start working on their financials from 2020 so that the Public Accounts Committee and the Parliament starts to get an updated report while we look into the previous years as time passes by? That is something that the Ministry of Local Government and Auditor General can look into.

HON. A.M. RADRODRO.- That is the understanding that OMRS will bring to ensure that all the records are up to-date.

MR. CHAIRMAN.- Because the last thing you want, let us say as you are explaining to us, Manager Finance came and he resigned. We do not want to be in a situation in 2024 and the same thing comes up, in 2022 whoever the Manager Finance was, he has resigned, something for the Ministry of Local Government and OAG to consider.

MR. N. CHANDRA.- Mr. Chairman, in terms of these figures is concerned that forms part of the financial statement, normally it is a two-year comparison, like if we are doing a financial report for 2021, you will need the data for 2020 as part of the submission of the financial statements to OAG for auditing. There are some councils that are found to be way behind in terms of their submissions and looking at the current financial statements is concerned....

HON. A.M. RADRODRO.- How does the Ministry monitor the preparation of their management account? Do they monitor on a quarterly or monthly basis?

MR. N. CHANDRA.- Actually we do on a monthly basis in terms of their preparation of the pending accounts are concerned and also the annual reports. We get that update and we follow up on the status every month.

HON. A.M. RADRODRO.- If the management accounts are prepared on a monthly basis, why does it take long to prepare the yearly accounts, if town councils prepare their monthly financial statements and is being monitored by the Ministry, why does it take long to compile the 12 months accounts?

MR. N. CHANDRA.- To answer that question in terms of preparation of the consolidated for a year, the accounts are to be prepared in line with interest standard for

HON. A.M. RADRODRO.- That is all on a monthly basis. For every meeting that they have, management accounts is part of the meeting, is it?

MR. M.G. REDDY.- Yes, Sir.

HON. A.M. RADRODRO.- If that is prepared on a regular basis currently which goes in line with what the Chairman has deliberated on, so you work on preparing the current and then you can go to the previous years rather than trying to look forward while you are not concentrating on preparing the current year's account.

MR. CHAIRMAN.- We do understand that there needs to be comparison between two years but just because of that comparison, we are still dealing with 2014-2015 accounts. Why cannot we just have one year but with the current account? We are more than happy to scrutinise that, with the people who are sitting here have prepared the accounts to give us the answers. Not having a CEO who is here in 2022, and asking questions about 2015 while he was not even in the Municipal Council. At the end of the day, after doing all the scrutiny, OAG gives a disclaimer opinion.

HON. A.M. RADRODRO.- That is part of the Ministry's monitoring role? Maybe if the Director Local Government is here, should would be

HON. V. LAL.- This is what we have been saying, Sir, from the beginning because the current Manager will be able to answer the current questions. Since we are talking about 2014 and 2015, they were not here so they are not in a position to answer and the records are not there as well. So, if we are talking about the current accounts, the current management will be able to answer the questions.

MR. CHAIRMAN.- Whenever the catching up years comes in, they can be incorporated into the current financials as appendix or anything.

HON. A.M. RADRODRO.- That is part of their answer to Question No. 4 on staff turnover.

HON. RO T.V. KEPA.- Sir, we understand the difficulty you are having being a CEO. We can feel that you are having trouble when trying to answer questions that you have no idea at all, no records, you are talking to us about manual and the difficulties. We understand the problems that you have. If you can just update us on what you can give us rather than going back to something that does not make sense to you. We are trying to make sense of what you are trying to explain and also the Ministry of Local Government is trying to get its head around how to answer or respond to the questions.

MR. M.G. REDDY.- Thank you, Mr. Chairman. I will move on to Question No. 4:

What were the reasons the Council was unable to produce financial statements for audit in a timely manner?

The reasons were as follows:

Manual system – all Council accounting transactions are manually done and recorded, therefore this delayed in the compilation of the information for audit preparation. We noted that because the reconciliations were not carried out thus we saw there were quite a lot of variances which were noted and it took the team quite a lot of time to track back and locate the information in terms of the variation.

How come those variations came in?

In reality, where were these amounts posted to? So our Finance Team is going through all these and we have seen the management staff turnover as well.

Once the CEO and Manager Finance changed, then we have seen that the momentum is lost and for staff who replace them, they find it difficult to pick up from there and continue with those accounts. As for us, the other factor that was there was the pandemic which created some obstacles when the preparation was going on. We have also noted the impact of natural disasters which also had diverted the attention at certain points in time whilst the accounts were prepared.

Overall, I would like to assure the honourable Members of the Public Accounts Committee, the Council is committed to complete the pending accounts and the arrears. We are working very hard in order to get a good team and then move on from there. It is not that we have not been able to address the issues, there has been certain issues that we have been able to collate and work on, there has been some issues that we have worked on. The major work that we have done is, in terms of identifying the weaknesses that was in the system and we could improve in order to prevent these variances from recurring.

Question No. 5 - What changes/processes and procedures improvement have the Council put in place to correct failures and weaknesses, and prevent any recurrences? How will the Council ensure that these changes, processes and procedures are strictly followed?

The changes and the improvements are as follows:

1. The Council's organisational structures, as I have already highlighted, was reviewed, amended and adopted. In the previous structure we noted that important positions were not included which led to the queries being raised. The positions that have been included are internal auditor, which will directly report to the board of Special Administrators. So that is one of the very important positions that will be included, and then, Senior Accounts Officer, Reconciliation Officer, Debts Collection Officer and Legal Officer. These positions were introduced in the structure to ensure that segregation of duties is there, so that individual positions could be held accountable for the works that they are carrying out and then we would be able to get on with our reconciliations on a monthly basis to ensure that the variations which have been reflected are not there.
2. The Council has also started to prepare monthly accounts whereas this was not being done previously.
3. The Council also engaged the services of an accounting firm to carry out the internal audits, which would assist the council to identify the risks and introduce means and processes to prevent those risks and errors. Through these audits we started with the random spot checks for our revenue centres, monthly profit and loss meetings are being undertaken with respective departments to ensure compliance to budgetary allocations. We also had quite a lot of issues in terms of leave records for the staff. So what we have basically done is we strengthen in that regard, our record is being managed by the Payroll Officer with HR. They are being reconciled on a monthly basis to ensure that the records are intact and correct. The other thing that we have done is the biometric machine, instead of the manual time in and time out. We have seen that that has also done a tremendous improvement in terms of the attendance and leave records.
4. We are also in the process of doing the SOPs for individual positions, because, as I have already highlighted, that we have done a tremendous restructuring of our structure, so detailed SOPs are also being prepared for individual positions to ensure that all the processes and procedures are clearly outlined and followed by respective staff. As raised, we have seen that there are some very minor and simple things raised through audit, for instance, the paid stamps not being stamped on to the payment vouchers. So once the SOPs are done, this will ensure that individual processes, whether the staff change, the processes and procedures are clearly outlined for the new staff to follow. That will eliminate all the disparities that we are having.
5. As highlighted earlier on by the Ministry of Local Government, we have done the adoption of the revised Manual of Accounts, new Human Resources Policy and new Whistle Blower Policy in the Council.
6. We are also in the process of doing a Risk Management Policy, which we saw is a very important part of our operations. We have a tentative date for that to be completed by the end of May and submitted to the Council, which is the Board of Special Administrators.

7. The other improvement that we have carried out is the rates reconciliation. Before, it was not done on a monthly basis, but now we have started doing that on a monthly basis. What we have seen is that, this actually is preventing the huge variances that were raised in the previous audits.
8. The Council is also maintaining a daily receipt reconciliation whereby the individual transactions are recorded with specific details relating to the payment that was made. What we have seen is that in the previous audits that have been carried out, this was just recorded without the specific details. For instance, if a fee was paid to the building section then what happened was actually, it was just recorded as building fees but then the specific breakdowns were not given in terms of whether it was for a re-zoning application, a subdivisional application or an advertisement cost. Whilst there was a reconciliation done at the end of the year, this created problems for the staff to identify which fees were being paid for, so now what we have started is monthly reconciliations and then specific details are also being kept so that this reduces the issues that we are having in terms of our reconciliations.

We have also created a sundry deposit register which is being maintained by the cashier and accounts payable. There are two officers maintaining that. This ensures that whatever was received is reconciled to what has been paid out. Before there was no such records maintained and kept so that also created a lot of sundry deposits that had actually been paid but the evidence are not there to substantiate. So what we have done is, we have created this register. Now what is actually happening is that if we receive a grounds deposit or a building refundable deposit, a record is kept with the building section, a record is also kept with the cashier and then a record is also forwarded to the accounts payable officer. Once the payments are received and then until the payment is completed, it is maintained. All VAT and taxes paid are reconciled also on a monthly basis with the FRCS portal to ensure correct payments are done to avoid variance as well. So, with the introduction of the online portal, we have seen that we have been able to do a lot of improvement in terms of this and then also avoid variance.

Also in terms of salaries and wages, they are also being reconciled on a monthly basis. This was not happening before and then whilst we were going back to the actual qualifications that were raised, what we noticed was that these variances resulted because the correct postings were not done. So what happened was, for instance, if wages was paid to a worker who was specifically doing garbage collection, what happened was that instead of that being posted to salaries and wages, they had posted it to garbage. That resulted in a variance that we had in the reporting system, so in order to eliminate that, internally we are doing postings of these for our internal purpose but for the purpose of audit and all these things, what we are doing is, it is now being posted into the correct salaries and wages account. Then only will our bank reconciliation will tie up with what we have paid as per our payment vouchers. These were some of the issues that we have been able to iron out and then also in terms of miscellaneous postings, now what we have done is, we have categorised it and records are kept by the cashier and the payments clerk which is reconciled on a monthly basis as well. Before, all these things were not done which resulted in these variances.

A separate grant account has also been created for all grants and the Council is maintaining separate records for each grant as well. The Council in terms of ensuring that these are all followed, the

Council is ensuring that heads of departments are made accountable to ensure that the changes and processes are being continuously followed and maintained. And then what we have noticed is that once the internal auditor position is filled and once we have an in-house auditor, we will be continuously monitoring that whether these processes are being followed or not. So this will ensure that everyone is held accountable and it is actually followed. So, Sir, this will ensure that everyone is held accountable and it is actually followed. Mr. Chairman and honourable Members, that is in terms of Question No. 5 that we have implemented.

Question No. 6 - Has the Council maintained sufficient funds to refund deposits, should the depositors require refund?

At the moment, no, we do not have that much of cash flow with us but what we have found out is that whilst we were going ahead and doing reconciliations, we have noted, just for example, there is a contribution to public car park amounting to \$182,604. This amount was used for creating of additional car parks near the bus stand but sufficient supporting evidences were not provided during audit. This fund was also utilized to upgrade and extend the arcade car park as well whereby we have managed to create additional 30 car parks. So a total of 180 car parks were created on these two areas. So have managed to locate that. There are sufficient evidences but they were not provided during audit. We are thoroughly working on that to ensure that this is addressed. Also, once we have our Internal Auditor as I have been raising, a full team, then we we will be able to go thoroughly through these records and get them verified.

MR.CHAIRMAN.- The question is to the Ministry of Local Government, is outsourcing allowed at Municipal Councils on preparation of accounts? Does the Local Government Act allow that?

MS. B. DEVI.- Mr. Chairman, if I may, actually there is no particular provision that prohibits the Council from doing that.

MR. CHAIRMAN.- Can you introduce yourself, please?

MS. B. DEVI.- My name is Bindula Devi, I am the Director at the Ministry of Local Government.

HON. A.M. RADRODRO.- *Bula*, how are you?

MS. B. DEVI.- Thank you, Sir, I am fine.

In terms of the legislative provision, we do not have any such provision that prohibits them from outsourcing. However, because we are into cost-cutting, we have adopted cost-cutting measures and the Councils are encouraged to make sure that they do not outsource services and I understand in this case,

they did not have the resources that were needed to get things in order which is why they had to outsource. But we do make sure that those things are not encouraged at the Municipal Councils.

MR. CHAIRMAN.- So what is the process of outsourcing a particular job at the Municipal Council level?

MR. M.G. REDDY.- Sir, through a tender process. We carry out a tender and then it goes through the tender selection process and that is how we have been doing these accounts.

MR. CHAIRMAN.- So in this case scenario, you are still considering outsourcing or it has been outsourced?

MR. M.G. REDDY.- As I have already raised, the 2018 and 2019 accounts have already been tendered out but we were focusing on the 2020 accounts to be done by our in-house Manager Finance that we have recruited. We are still of the view that once we get a new Manager Finance, we are still intending to get that done by the Manager Finance that we will recruit. So that is the whole reason why we are trying to get a chartered professional accountant so that these things could be done in-house and we are able to save the cost that we are incurring to source it out.

MR. CHAIRMAN.- So you mean to say you have sourced out certain accounts that were supposed to be prepared?

MR.M.G. REDDY.- Yes, Mr. Chairman.

MR. CHAIRMAN.- For which years?

MR. M.G. REDDY.- 2018 and 2019.

MS. B. DEVI.- Sir, if I may add, in terms of the process that the Councils use. Before they used to comply with the manual of accounts, however we have recently developed a finance manual which the Councils are required to follow while getting the tenders and the tender process in order.

For the outsourcing Sir, if I can add, under the Local Government Act, the councils can also do shared services so we have encouraged the councils to use human resources that the other councils may already have. So, they may not necessarily have to do outsourcing but I understand the backlog of accounts really prompted them to do just that, to outsource, but we will make sure that these things do not have to happen.

HON. A.M. RADRODRO.- Mr. Chairman, just a question to Director Local Government. *Bula vinaka* Madam, again in terms of bringing all the accounts up to date. We are talking about 2016 for Nadi Town Council, 2015, 2014, what is the Ministry doing to ensure that all the accounts are brought up to-date?

MS. B. DEVI.- Sir, while we have the team at Nadi Town Council who are working on that, we have made sure that the KPI of the Special Administrators are developed so that they ensure that the accounts are completed in a timely manner and also the Annual Reports are published and submitted as required. So, that is the KPI of the SAs as well as the CEOs.

MR. CHAIRMAN.- Director, just a clarification. I think the Special Administrators are the board members. They are the ones actually designing the policies, whether it would be right to implement that as a KPI of a board member or should it be the KPI of a CEO because these are operational issues.

MS. B. DEVI.- Sir, in terms of the KPI of the SAs, they need to ensure that that is done. In terms of implementation, that KPI then trickles down to the CEOs of the municipal councils. So, they need to ensure that all the accounts are prepared in a timely manner, all the backlogs are cleared and after the accounts are prepared and audited, then the Annual Reports need to be published and submitted to the Ministry for further action.

HON. A.M. RADRODRO.- Thank you Director. So for instance, say for Nadi Town Council as we are looking at 2015 and 2016. How do you set the KPIs in terms of the current CEOs performance as compared to the historical financial reports of Nadi Town Council not during his time?

MS. B. DEVI.- Although this was not published or completed during the Acting CEO's time, we do understand we have legacy issues not only with Nadi Town Council, but for all the other councils but the intention really is to make sure that the KPIs are set for the CEOs to ensure that the accounts are completed, audited and annual reports are developed.

MR. CHAIRMAN.- Director, before you came, I think we were having a discussion with regards to this financial statement like, for example, if we look at Nasinu Town Council, we are dealing with 2010 to 2014 and when we ask questions to the current CEOs who were not part of those financial statements that were actually prepared for those years basically we areto scrutinise what we should be scrutinising. What we were suggesting was why cannot the Ministry come up with some kind of policy let us say, for example with current let us go back to 2020 and start preparing financial from there while the municipal councils play a "catchup" game.

So, the current CEOs, for example, they will actually start looking from 2020, 2021, 2022 accounts and that will give us a more practical scenario as the Public Accounts Committee to scrutinize the current financial statement rather than getting something done and sending it over to the OAG and then get a disclaimer of opinion. They cannot give an opinion on that, it comes to us, we bring in the current CEOs,

we ask them questions to them. We understand where the CEOs are coming from, they do not want to be coming here and just telling us that they do not have the records, et cetera. They spend more time and effort trying to get the answers from the Public Accounts Committee for something they have not been involved in, for example, 2010 to 2014. Why can we not actually setup some kind of guideline, even the Public Accounts Committee can help with that as well. We can actually put in our recommendation to have a cut of year and from there onwards we actually go ahead.

MS. B. DEVI.- I think that will be helpful, Sir. I really appreciate this strategy because we have some Councils, at least one Council that is still struggling to deal with the 2004 accounts. So, if you have such a strategy in place that will really help us to work on the way forward, we will be more than happy to develop a guideline. Of course, we will be guided by the Committee and OAG to basically to let us know what we can and we cannot do, which years we should prioritise.

HON. A.M. RADRODRO.- I think the issue, Director Local Government is the compliance to the Local Government Act.

MS. B. DEVI.- That is the other issue we will have, Sir, which the guidelines have to be consistent.

HON. A.M. RADRODRO.- So, they still have to comply in terms of making sure the audited accounts are produced three to six months at the end of the financial year.

MS. B. DEVI.- Three months, yes.

HON. A.M. RADRODRO.- So, that is something that the Ministry of Local Government should strictly adhere to and send it out to the municipal councils.

MS. B. DEVI.- Yes, Sir, because the Local Government Act does not say up to which year you cannot worry about the previous years. We have always been guided by the Manual of Accounts and now the new Finance Manual.

HON. A.M. RADRODRO.- I think what does not help as well is the staff turnover in the municipalities as being correctly highlighted by the CEO. So when people change, sort of the history and legacy of the municipalities also goes with the people who resign from the job.

MS. B. DEVI.- Unfortunately, yes.

AUDIT REP.- Probably, Mr. Chairman, if I could just shed some light on the discussions.

MR. CHAIRMAN.- Yes.

AUDIT REP.- I think as discussed, the situation is to produce the most current financial statement but the thing from our audit point of view, we will still need to audit to get the opening balance done. I think it will not be possible for us to give an opinion, like for instance on a 2020 or 2021 financial statement while as the previous years has not been audited while they still catch up. The issue comes from the opening balance that needs to be brought forward before the OAG could give an opinion on the most current financial.

Also the Local Government Act requires that the accounts need to be prepared as the standards guided by Fiji Institute of Accountants (FIA). So, I think FIA currently gives it first for SMEs and full IFRS if the status will not allow us to skip a particular or set of financial years to give an opinion on their recent financial statement. That is probably for the Committees' information, Mr. Chairman.

MR. CHAIRMAN.- Thank you, OAG. I believe that we can actually do it in a closed meeting with OAG, Ministry of Local Government and Public Accounts Committee to see how best we can help municipal councils and provincial councils. These two councils are problematic areas for PAC as well. For example, for ministries we are dealing with 2018 and 2019 but it is with the Councils that are lagging behind. For provincial councils, we were given from 2000 to 2006. We were basically sitting and asking people, they did not know the answers, no documents; nothing. What we have decided, we need to do a systematic recommendation to actually improve the system rather than looking into the specifics of those reports.

HON. A.M. RADRODRO.- Mr. Chairman, just a question to the Director of Local Government, have you set a timeline in which the current municipal CEOs and the SAs sort of bring their accounts up to-date in terms of the current financial year?

MS. B. DEVI.- Sir, for the current financial year, we are guided by the Local Government Act so the Councils are well aware as to the timeline. For the backlogs, we have prepared a schedule for all the 13 municipal councils and given them a timeline. Sometimes they are not able to meet the deadlines and we are aware of the reasons, but we have made it very important that they need to complete the backlogs and also comply with the provisions in the Local Government Act for the recent years.

HON. RO T.V. KEPA.- Mr. Chairman, just a question to the Director. You said before you came, there was some idea floated that you have a pool of professional staff, you know CPA recognised professionals because you do not encourage outsourcing as we are hearing from you this morning and because of the high turnover of staff of the various municipal councils. There was an idea floated of having a pool of professional staff who would be able to go and assist in the various municipal councils. Do you have any response for that just to help these various municipal councils?

MS. B. DEVI.- Thank you, Madam for that question. One clarification, so this pool would be fund by municipal councils or these are external parties we are looking at.

MR. CHAIRMAN.- For example, you have like two or three staff fully qualified CPA in the Ministry and they go around helping each municipal council to update their accounts and everything.

MS. B. DEVI.- Yes, I think we can look into that and like I have mentioned, under the Local Government Act, the councils can engage them rather than share services. Some councils have really good accounting personnel as we speak. We have asked the councils to see or explore how they can use those experts to assist them but I am sure nothing is stopping the Ministry to assist if we are to complete the accounts in a timely manner.

HON. RO T.V. KEPA.- Because we are hearing the same issues from the various municipal councils this morning, we hear from the Nadi Town Council where the Manager Finance resigned. You know that really left them in a tight spot, so if you have people in the Ministry who are able to go out and assist them, they could do something with their backlog.

MS. B. DEVI.- Yes, Madam. I think that is something that we can explore.

MR. CHAIRMAN.- Representative from OAG, just on what you had suggested about our opinion. I am just putting into perspective, let us say, for example if we do 2020 without 2019 financial, you will not be able to provide an opinion on 2020, is that not it? But if we have 2020 and you do 2021, considering that you have the financials of 2020, you will be able to give an opinion of 2021?

AUDIT REP.- No, Mr. Chairman, I think we will have to go to the last audited account. In the case of, let us take an example of Nadi Town Council, we are done with 2017 and just waiting on the accounts to be signed. So we will need 2018 to be audited, 2019 and then 2020 and 2021. That is how it will be done.

MR. CHAIRMAN.- So even without an opinion for 2020, when it goes to the OAG and when they do 2021, you will still not be able to provide an opinion?

AUDIT REP.- Yes, we will need to get it audited. I think the other point that we are also encouraging municipal councils if they can work on say two years of account and submit to our office like for instance, Nadi, from the presentation of the Acting CEO, they have outsourced 2018-2019. So if those two accounts come to us, we could then consider auditing back to back in one engagement. The Audit Act has a provision where the OAG can outsource. So if we are occupied with other current audits to be done, we can get it outsourced to a contractor appointed by OAG to do that in a timely manner.

I think, Mr. Chairman, as you have mentioned, we could discuss this further in working with the Ministry and the Committee on what is the best way forward to get these audited accounts up to date.

MR. CHAIRMAN.- Okay, thank you.

MR. M.G. REDDY.-

Question No. 7 - What was the reason the Special Loan Rates were not used for its intended purposes?

The special rate was used for the repayment of the loan that the Council had but over the years the loan balance had reduced which led to the Council having surplus from those funds.

Basically what the Council had done, it was utilised for capital works but approval from the Ministry was not sought for the utilisation of those funds. As a way forward, what we are basically doing is, we will be preparing a list of capital works that we will be undertaking and that will be funded through these surplus funds prior to those funds being used. As a way forward, that is what we are going to do.

Question No. 8 - Has the Council undertaken a full review of the depreciation rates and the economic useful life of its Property, Plant and Equipment in a progressive and structured manner for assets with zero written-down value?

A review was carried out by the accounting firm that prepared our financial statements. But there have been a lot of assets which are not in working condition which has surpassed its useful working life. What basically we have done, we have formed a team to initiate a board of survey for all the fixed assets and then whilst this will be completed, we will proceed with getting the depreciation rates by FRCS which will determine the actual values for our assets and then we will get a Council resolution done for writing-off and discarding of those assets which will be sent to the Ministry prior to that exercise being undertaken. We have already commenced with the updating of our fixed assets register through a board of survey.

Question No. 9 - What has the Council done to improve timeliness and quality of the financial statements produced for audit?

That is where we have basically carried out a whole restructuring of our current structure. So that is where we have seen that once that is implemented, it will definitely have a big impact on the timeline and quality of the reports submitted because as we have seen, once they are CPA professionals, they are up to-date with the current financial standards as opposed to a Graduate with Diploma who is not a CPA member.

Once they are there, we will see a lot of changes coming in because they will be up to-date with the current systems and processes and they will be able to update the Council also in terms of all the changes that are coming in. That will assist us in terms of the quality of financial statements, but as I have also mentioned and our Ministry has raised in terms of the timeliness, we have been given timelines as to when we are supposed to prepare and submit and we are really closely working with them.

HON. A.M. RADRODRO.- Mr. Chairman, just a question to the Director of Local Government. The intention of the Nadi Town Council is to recruit a CPA standard Manager Finance that will attract a higher rate and that will be somewhat different from all other municipalities. What is the Ministry's view in terms of the steps taken by the Nadi Town Council and also in relation to the consistency of recruiting experts throughout the municipalities given the existing issues they have right now?

MS. B. DEVI.- Thank you for that question, Sir. The idea to recruit the right skilled personnel is actually the Ministry's intention and we have prompted all the councils to make sure that they have the right skilled personnel that can assist them to deliver the services as required.

We realise that it was very important to have a CPA standard staff who can assist the Council to prepare the accounts and make sure that this is not repeated, and secondly to also make sure that they implement the audit issues that will be arising.

HON. A.M. RADRODRO.- I am talking about bringing the accounts up to-date?

MS. B. DEVI.- Yes, Mr. Chairman, bringing their accounts up to-date and also to make sure that they implement the audit issues that are being raised regarding their accounts.

HON. A.M. RADRODRO.- So in terms of financing the related remuneration for such appointments, is the Ministry ready to assist the municipalities if the qualified people ask for more than what they had budgeted for?

MS. B. DEVI.- Yes, we are prepared for that. We do understand that if we have to get the right person then it will come with the remuneration that they will be expecting. In terms of the financial help of Nadi Town Council, I understand they are quite stable, so we would not have a problem if we were to recruit a person as such recommended by the Council. For the other poor Councils, who are not financially stable or healthy, the Ministry is always assisting them. Currently, we do have salaries that we give to the CEOs, there is a budgetary allocation for that which is used to pay CEOs' salaries. Perhaps, whatever the Councils are able to save could be used to remunerate the finance officers or finance managers who are CPA standard for that matter.

MR. M.G. REDDY.-

Question No. 10 - What has the Council done to improve the internal control functions?

As highlighted earlier in Question No. 5, what we have basically started off with is the random spot checks for all our revenue centres, and then in our markets we have already installed CCTV cameras. We have also gone into monthly reconciliations of all the revenues received. Basically, what that has done is, in terms of check and balance, and also in terms of our leave balances for the staff. So these are some of the works that we have carried out, and also in terms of the biometric machines, et cetera. These are some of the things that have assured us that, yes, we are trying to tap into some of these things.

The other thing that we have also embarked on, apart from what we are doing through the internal perspective is the recruitment of the internal auditors. We have also gone ahead and had a discussion with the team from FICAC. They have also have certain programmes that they have started off with. We are with the first one, which is the launching of the campaign, which we are already working with FICAC on, and then they have got this audit programme as well. Once we complete with the initial campaign that we are working on, we will proceed to the FICAC audit as well. So, FICAC will basically come and audit our processes. Probably there are instances when we are not able to actually see or detect some of the things that FICAC might detect.

HON. A.M. RADRODRO.- Mr. Chairman, just a supplementary question regarding this issue in terms of the recruitment of an internal auditor. Just a question to the Ministry, does the Ministry have a copy of the internal audit report from Nadi Town Council?

MS. B. DEVI.- That is a requirement that we have for all the Councils.

HON. A.M. RADRODRO.- So you do have a copy that is always forwarded to the Ministry?

MS. B. DEVI.- Yes, Mr. Chairman.

HON. A.M. RADRODRO.- What do you do on those reports from the internal auditor?

MS. B. DEVI.- One of the recommendations of the auditors in previous years was to have an internal control team at the Ministry. What we have done, because we did not have the human resources then, we have now recruited a few officers who will now form a team that will actually look into those internal audit reports and the reports from OAG to basically scrutinise the findings, the recommendations and make sure that those audit recommendations are implemented by the municipal councils in consultation with the Special Administrators and CEOs.

HON. A.M. RADRODRO.- Thank you, Director. As we were just previously talking about a pool of resources, we note that municipalities have their own internal audit and it is costing the smaller municipalities who have wanted to improve their system by recruiting internal auditors in their own respective municipalities. So is the Council going to spearhead, it will be the best way forward to have an internal audit team from the Ministry to conduct checks at the municipalities and they report to the Ministry, not to the individual councils.

MS. B. DEVI.- Yes, that is the strategy that we have and we want to make sure that whatever the findings are, the Ministry is able to dissect that and work towards it because it is important that we are aware of the issues and we know or discuss the steps that are required to rectify the problems.

HON. A.M. RADRODRO.- We are looking at a way forward.

MS. B. DEVI.- Yes, Sir.

MR. M.G. REDDY.-

Question No. 11 - Explain the increase in rate revenue?

Very briefly, the increase in rate revenue is due to the approval that was granted from the Ministry of Local Government on the 100 percent waiver of interest on rate arrears over an amnesty period of three months and then also offering a discount of 10 percent in January and 7 percent in February. That also provided an incentive for the ratepayers to come forward and clear their rates. Then the Council had also started with door-to-door visits, identification of ratepayers' issues that they were having and then also we had started with the settlement plans. So these were some of the strategies that were used which led to an increase in rate revenue.

HON. A.M. RADRODRO.- Mr. Chairman, just a question. Recently the flooding in Nadi Town has become an issue. So in terms of your rate collection, can you justify continuous collection of rates from those businesses achieving this?

MR. M.G. REDDY.- Sir, basically we know that they were impacted, together with the recent floodings that we have had, we are also cautious of the wrath that was brought in by the current pandemic as well. So what we started with was, we categorised our rates arrears in terms of certain categories, like from the highest to the lowest. It is really helping the Council in terms of collection. We are giving them payment plans and also having discussions with the ratepayers in terms of how best they can do the payments instead of them just sitting and accumulating because whilst the rates are accumulating the interest is also accumulating on that. So when we started to have a discussion with the individual ratepayers, we

have seen that they have started with the payment plans, et cetera and currently we are at 66 percent with our collection despite the scenario that we have had so far. That is a very positive thing that we have seen and it is really increasing.

Question No. 12 - Explain why the bus stand charges are no longer there?

Mr. Chairman, the bus stand charges is included in the Financial Statements under taxi, bus stand and carrier stand charges.

Question No. 13 - Explain what is this other income of \$968,886 relating to?

Below is the breakdown which we have provided in a tabulated format which amounts to \$968,886.

Question No. 14 - Explain in detail the fluctuation in salaries and wages?

The increase in salaries and wages from 2014 to 2015 as we have seen, resulted with the engagement of the new CEO. This is the reason for the major increase that we had. At that time, the CEO joined in. The decrease in 2015 to 2016 was a result of the termination of the CEO. So that is where the huge gap was. Also we have noted that the Senior Health Inspector had resigned and the position was not filled so it was on an acting role, therefore one position salary had been saved for those years.

Question No.15 - What sort of arrangements does Nadi Town Council have with Lautoka City Council on the disposal of garbage?

This arrangement has been there for over 30 years. Nadi Town Council is paying dump fees to the Lautoka City Council. Through that dump fee we are disposing off our garbage to Lautoka City Council.

What are the Nadi Town Council future plans on garbage disposal?

We have been working with Sigatoka Town Council in identifying a proposed site at Navutu which would be ideal for both the Councils as it falls in the middle of Sigatoka boundary.

An application has been made to Department of Environment for a Terms of Reference which is an ongoing work that is happening. Just to inform the honourable Committee, that prior applications were also done which were refused. Certain areas that were refused fell in the restricted aerodrome.

HON. A.M. RADRODRO.- Mr. Chairman, can we just ask an update from the Ministry of Local Government on future garbage disposal plan for Nadi?

MS. B. DEVI.- We will be throwing this recommendation by the Nadi Town Council. The idea really is to ensure that we do not have increased transportation cost, we have a proper dump site which is not leaching and a safe environment. The role of the Department of Environment is quite critical when we look at dump sites. I am pretty sure that the recommendation made by Nadi Town Council would be a proper one in terms of having a dump site that is environmental friendly.

HON. A.M. RADRODRO.- So this proposed site that they have identified with Sigatoka Town Council at Navutu has been highlighted here. Has the Ministry undertaken the proper process in assisting the identification of the site and the final decision to have this garbage disposal at the site?

MS. B. DEVI.- Yes, Sir. In terms of the dump sites and solid waste management, we work with JICA and the team is quite helpful in terms of identifying proper sites. We do realise that a feasibility study needs to be carried out by the Council in consultation with JICA team and basically recommend to the Ministry that this is the best recommended site to dispose waste.

HON. A.M. RADRODRO.- Would you be able to advise the Committee, is there any timeline in terms of when the final decision is going to be made? Have you set any timeline as compared to what is currently the arrangement now by Nadi Town Council?

MR. M.G. REDDY.- Sir, we are intending to get a report back from the Department of Environment by mid-May in terms of the Terms of Reference. So once we get the Terms of Reference, we will be able to actually know the work that is involved and the other thing that we had requested was, by looking at the site, whether they would be able to inform us whether it is feasible for us to continue exploring that as a prospective site. So, because what we have actually done in other cases was that we had gone ahead and then tried with the negotiations and once the application was done with the Department of Environment, it was rejected. So, for this case, what we are trying to do is to know from the Department for Environment whether it is feasible or good for us to proceed or there are issues that will be created to the water quality, et cetera.

HON. A.M. RADRODRO.- So, while you are exploring that option, currently the rubbish is being dumped at Lautoka City Council. What is the current charge of rate that is being levied to Nadi Town Council?

MR. M.G. REDDY.- It is \$35 per tonne

HON. A.M. RADRODRO.- Thank you, that is part of this Garbage Services of \$473,000?

MR. M.G. REDDY.- Yes, Sir.

HON. A.M. RADRODRO.- It is quite a lot.

MR. M.G. REDDY.- With that I would also like to brief the Committee on the implementation of the three yards within the Nadi Town boundary whereby we have seen a lot of people doing composting. The Council has been actively involved with JICA in terms of getting the actual waste reduced. Looking at the long term, as we have been viewing, waste is not just waste, waste can create additional income streams. The people also realised that they can use the greens to compost, that reduces the amount of waste generated thus relating to savings for the Council and then also the advantages for the ratepayers whilst they are doing composting.

HON. A.M. RADRODRO.- Mr. Chairman, just a supplementary question to the Director for Local Government. Going forward in terms of addressing the garbage disposal in the western side, so probably covering Sigatoka, Nadi and Lautoka. We have the landfill projects here in Naboro, are there any future plans to have similar landfill projects in the western side to address this garbage disposal in western division?

MS. B. DEVI.- Sir, we do realise that there is a need to have dump sites in the respective municipalities like I have mentioned because we need to take into account the transportation cost and the time that is taken to dispose the solid waste. We have encouraged the Council to look for appropriate sites not only in the Western Division, Sir, but in the North as well because we want to make sure that we do not have to spend more and we are able to basically manage the waste.

HON. A.M. RADRODRO.- So, is the Ministry looking at extending this landfill project to the West?

MS. B. DEVI.-Not at this stage, Sir, but this is something that we are exploring and contemplating. We have not really formalised any such plans but we have, like I have said, we are to prompt the Councils to identify places and perhaps the Councils can always share the services under the Local Government Act and have proper dump sites.

MR. M. REDDY.- Mr. Chairman, we have also introduced some of the other means to reduce waste which is generated. So some of the other things that we are doing is shredding of the trees and branches and then during this pandemic, we have seen that people were heavily involved in home gardening, farming, et cetera. So, there was a good demand for that as well. The other project that we have started with is the eco-bags. Basically what we do is, the waste cloths from garment factories, we are collecting it and giving it to the ladies groups who are registered with the Ministry of Women. They manufacture the eco-bags and then give it back to us which is being sold for \$6 a bag. We have also introduced a Clean School

Programme to create awareness to the students on how they can reuse materials such as PET bottles, tyres, et cetera. So, we have seen that they are using PET bottles to basically create railings and so forth which is really reducing them in terms of waste that was ending up in the dumps.

The other good thing that we have seen is that, this was also part of the Clean School Programme. They have started doing composting. That has brought in some positive impacts as well to the students because whilst we have students in school who will, at a later stage come into the working environment, we thought it best to bring this change through the student so that in future we have got a group who is really careful about the way they see waste. So, these are some of the works which is ongoing.

Question No. 16 - What sort of investment properties does Nadi Town Council have?

1. The Council has a commercial rental property which has been leased to tenants and part of the same building is being utilised for offices as well;
2. The Council has got three paid car parks;
3. Two markets which are Nadi Market and Namaka Market with six rental generating spaces;
4. An industrial building leased to four tenants;
5. Nadi Bus Station;
6. Prince Charles Park;
7. Vacant lot at Namaka Industrial Subdivision for which our leased documentations are being finalised; and
8. Civic Centre.

We are also in the process of acquiring a few more lots which can be developed and enhanced into commercial centres.

We have also been actively undertaking the valuation for our current spaces. We are also working on how best we can get the best out of the vacant land that we have. So, a lot of work is ongoing in terms of this.

Thank you, Mr. Chairman, that is our submission.

MR. CHAIRMAN.- Thank you very much CEO. I will leave it to the Members now if they have any other follow up questions?

HON. A.M. RADRODRO.- Mr. Chairman, just a question to the CEO in terms of sporting facilities in Nadi. We note that we only have one major sporting facility which is Prince Charles Park. Can you inform the Committee are there any future plans for the Council in terms of providing sporting facilities for other sports apart from rugby and soccer?

MR. M.G. REDDY.- Sir, what we have started with is the preparation of our budget for the next financial year. In that budget, what we are going to do is, we intend to work on a multipurpose facility whereby we can provide sporting venues for volleyball, tennis and netball. So, we are actively working on that. Whilst we are working on that, we have also embarked on creating another site that we are looking at to acquire whereby we want to develop the public picnic facility.

At the moment what we have seen is that we do not have a full-fledged public picnic facility within Nadi that our ratepayers could use. So, we are also actively working on that whereby we are planning to create board walks together with sitting and washroom facilities, change room with probably takeaway shops, et cetera – that is currently at the planning stage.

HON. J.N. NAND.- Mr. Chairman, through you, this is from the general public. Due to slight to heavy down pour, we can see that the Nadi Bus Station always gets flooded. Any plans to address that?

MR. M.G. REDDY.- Mr. Chairman, what has basically happened is that the extent of works that is needed to address the flooding issue is beyond the budgetary allocation of Nadi Town Council. That is what we have seen and then the Government has embarked on three components for Nadi to work on the flood alleviation project.

This project is basically known as “Nadi Flood Alleviation Project Part A, Part B and Part C”. Extensive works has already commenced in terms of Project Part A whereby a lot of designs and so forth has already been completed by JICA. So JICA is assisting in terms of addressing the flood issues that we are having within the Nadi Town Central Business District (CBD) which is the bus station which has been impacted by flash flooding.

So the components that is part of that project includes river embankments and then the drainage upgrades right from the bus station till Nadi River. There are certain bottlenecks and so forth which has been created, the drains were designed in the 1950s, there are lot of developments, hard surfaces has already come in, so the drain is not sufficient. In order to work on that, JICA has proposed a second solution which are retention basins within the Nadi Town municipal area and then upgrading of the existing drains that we have and embankments. These are some of the works that JICA has proposed.

Part B of the project is looking at the overall Nadi CBD together with the surrounding areas that is impacted to flooding. That is actually the continuation of the works from Project A.

There is another series of embankments that are proposed in that with are couple of retention basins and some other works which is also part of that project is in terms of channel widening and channel deepening, dredging, et cetera.

Part C of the project looks at the overall rehabilitation of the highlands. Through the JICA studies, we have seen that there is a lot of siltation because of this improper cultivation in the highlands and deforestation, et cetera. Part C of the project will look at the overall rehabilitation of the upper catchments. These are the three projects that are ongoing within the Nadi Catchment, the studies, et cetera to prevent Nadi from being affected through these floods.

HON. V. LAL.- Mr. Chairman, looking at the financials of Nadi Town Council, I can see that the rental income from the council properties is significantly reducing from year 2014 to 2069, but it looks like that it is going backwards and the same thing applies to market fees. It is also significantly decreasing, I know the new Namaka Market have also come up though it is increasing, I can see revenue for Council has been decreasing. Can you explain why this has happened?

MR. M.G. REDDY.- Sir, the decrease in market revenue was because of the reduction in the stall fees for Namaka Market. I can confirm the figures at a later stage but just roughly it was around \$2 per stall and then it was reduced to around \$0.90, so that reflects that reduction in the market revenue.

In terms of the revenue that has been reduced, I can always go back and update the Committee in terms that.

HON. RO T.V. KEPA.- Mr. Chairman through you, just a question to Acting CEO, in terms of women's accommodation, I did not hear you say anything about accommodation at the market. Is there any plan for that and where is it in your budget?

MR. M.G. REDDY.- Mr. Chairman, we have already two existing vendor hostels at both the markets which is at Nadi Market and also at Namaka Market, so that is already existing.

HON. RO T.V. KEPA.- Do you have accommodation for the women?

MR. M.G. REDDY.- Yes, Madam.

HON. RO T.V. KEPA.- How many can be accommodated at the town market and Namaka?

MR. M.G. REDDY.- We have provisions for about 30 vendors at both the markets.

HON. RO T.V. KEPA.- What do the facilities consist of?

MR. M.G. REDDY.- Madam, we have provided beddings, beds together with washing facilities for the ladies and shower facilities. What we are encouraging the women to do, not to carry out too much cooking because of fire hazards and all these things. These are the basic facilities that we have provided.

HON. RO T.V. KEPA.- So you have cold and hot water?

MR. M.G. REDDY.- Currently, we just have cold water.

HON. RO T.V. KEPA.- Because for the women you have to have special, so that is why I am asking - do you have cold water and hot water?

MR. M.G. REDDY.- No, Madam. Currently we do not have the provision of hot water but we just have normal water, but that is something that we can surely look into.

HON. A.M. RADRODRO.- If both the husband and wife come, where will the husband sleep?

HON. RO T.V. KEPA.- Outside.

HON. A.M. RADRODRO.- Mr. Chairman, just a question to Acting CEO, how many ratepayers does Nadi Town Council have at the moment? How many are businesses and how many are residential?

MR. M.G. REDDY.- Sir, the total number of ratepayers that we have is 3,022 but in terms of the breakdown, I can provide the Committee with an updated report.

HON. A.M. RADRODRO.- Does that include Denarau?

MR. M.G. REDDY.- No, Sir. Denarau, because it is a body corporate, they have their own operations and then they are not within the existing Nadi Town boundary nor within the Nadi Town extended boundary. We tried to go ahead and capture them in through our Nadi Town Boundary Extension Exercise that we were doing, but because we received a lot of objections from Denarau, Fantasy and Naisoso Island because they have their own body corporate which looks after their....

HON. A.M. RADRODRO.- Who looks after their garbage collection and all those health issues?

MR. M.G. REDDY.- That is through their body corporate. They have their own body corporate formed so within that body corporate, they have got certain sections which looks at the individual issues that they have.

HON. A.M. RADRODRO.- Where do they dump their rubbish?

MR. M.G. REDDY.- They are also taking their rubbish to Lautoka City Council dump.

HON. A.M. RADRODRO.- I have another question, Mr. Chairman. I see that there is a lot of road works rehabilitation that you have in terms of beautifying the places. The question that I have is, what sort of arrangement do you have between Fiji Roads Authority (FRA) and the town council in terms of the cost of looking after the roads in Nadi Town Council?

MR. M.G. REDDY.- Sir, in terms of the cost that we are looking at, the arrangement that we have with FRA is in terms of the actual cost that is incurred within the FRA boundary, that is actually billed to FRA. Sir, FRA is also taking care of our roads since that is part of FRA boundary. Both the costs are looked at but whilst we are doing that, FRA is reimbursing us with the cost that we are incurring. There are more areas that are being proposed but we are actively in discussion with FRA in terms of the cost that will be associated on how best the Council can go ahead and take those areas.

MR. CHAIRMAN.- Thank you, honourable Members, Nadi Town Council, Ministry of Local Government and the Office of the Auditor-General for presenting yourselves this morning. We will close this session now. Thank you very much for availing yourselves. We will just have the final comments from Nadi Town Council.

MR. M.G. REDDY.- Mr. Chairman, finally, I would like to thank the Committee. We are always willing to accept all the recommendations that are forthcoming to the Council as a way forward for improvement. We would also like to thank the Ministry who has been continuously doing the monitoring. I would like to inform the Committee that we have been able to quite quickly move into updating our accounts because of the assistance that we have been getting through our Ministry. We have also been able to identify quite a lot of issues through the assistance of the Ministry as an ongoing exercise. We have also been sending our payment vouchers, et cetera, for scrutiny by the Ministry and then through that, we have been able to identify quite a lot of things.

We are working on the qualifications that has been raised through OAG and actively working on that as well. Thank you, Mr. Chairman and honourable Members.

MR. CHAIRMAN.- I, as the Chairman now close the meeting.

The Committee adjourned at 12.38 p.m.

[VERBATIM REPORT]

STANDING COMMITTEE ON PUBLIC ACCOUNTS

2018-2019 AUDIT REPORT ON MUNICIPAL COUNCILS (PP NO. 161 OF 2020)

SUBMITTEE: **Lautoka City Council**

VENUE: **Big Committee Room, Parliament**

DATE: **Wednesday, 20th April, 2022**

VERBATIM NOTES OF THE STANDING COMMITTEE ON PUBLIC ACCOUNT
COMMITTEE HELD AT THE BIG COMMITTEE ROOM (EAST WING),
PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS, ON WEDNESDAY, 20TH
APRIL, 2022 AT 10.02 A.M.

Interviewee/Submittee: Lautoka Town Council

In Attendance:

- | | | |
|----------------------------|---|-------------------------|
| 1. Mr. Mohammed Anees Khan | - | Chief Executive Officer |
| 2. Mr. Joeli Waqa | - | Special Administrator |
| 3. Mr. Abdul Israaz Khan | - | Senior Accounts Officer |

Ministry of Local Government

- | | | |
|----------------------|---|-------------------|
| 1. Ms. Bindula Devi | - | Director |
| 2. Mr. Navin Chandra | - | Manager Finance |
| 3. Ms. Shayla Ram | - | Senior Accountant |

Office of the Auditor-General

- | | | |
|-------------------------|---|---------------------------|
| 1. Mr. Moshin Lal | - | Assistant Auditor-General |
| 2. Ms. Alani Draunidalo | - | Audit Manager, Nadi |
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MR. CHAIRMAN.- Honourable Members, submittees, viewers, ladies and gentlemen. A very good morning to you all and it is a pleasure to welcome everyone, especially the viewers who are watching from their comfort of their homes today's public hearing for the Public Accounts Committee.

At the outset, it is my responsibility and for information purpose, according to Standing Order 111, this public hearing will be opened to the general public, that will mean that it being aired live on our Parliamentary website page and our *Facebook* page as well. Along with that, it is being aired via the *Walesi* platform. If there is any confidential information that cannot be revealed to the public, it can be provided to the Committee in writing or at a later stage. But please bear in mind that there are only certain circumstances under which such information cannot be delivered to the Public Accounts Committee in public and they are as follows:

1. National Security matters;
2. Third party confidential information;
3. Personnel or human resources matters; and
4. Committee Deliberation which will be done at a later stage.

This Parliamentary meeting and all the information gathered is covered under the Parliamentary Powers and Privileges Act. However, please bear in mind that we do not condone slander or libel of any sort; and any information brought before this Committee should be based on facts. In terms of protocols of this Committee meeting, please minimise the usage of mobile phones and all mobile phones to be on silent mode while the meeting is in progress. I wish to also remind honourable Members and our guests that all questions to be asked are to be directed through the Chair.

(Introduction of Committee Members by the Chairman)

MR. CHAIRMAN.- Today, the Committee will be hearing the submission from the CEO who looks after Lautoka City Council in relation to the 2018-2019 Municipal Council Audit Report (Parliamentary Paper No. 161 of 2020). For the purpose of viewers who are joining this morning, I would like to give a brief explanation on what the Municipal Council Audit Report is all about. The Audit Report summarises the audit that were undertaken on the 10 Municipal Councils and this includes Lautoka. In today's public hearing, we will review Lautoka City Council's 2014 audited accounts. Before us, we have representatives of the Municipal Council and I would like to thank them for availing themselves to attend this particular hearing. Accompanying the Lautoka City Council, we also have the Ministry of Local Government to assist the Council in presenting their response to the Committee. I now invite both Lautoka City Council and the Ministry of Local Government to introduce themselves, after which, we will go into the submission proper.

(Introduction of submittees and representatives from the Government Ministries)

MR. CHAIRMAN.- I believe a set of questions were sent over. There were certain queries and concerns raised in the audit report, so we will directly go through the questions and Lautoka City Council can provide us with a response. We might interject in between if we feel there is a need for supplementary questions or we may hold it till the end of the submission, and then we will ask supplementary questions.

MR. M. A. KHAN.- Mr. Chairman, honourable Members, I take great pleasure in representing Lautoka City Council, and responses to the questions raised by the Committee.

Question No. 1: Status of issues noted as qualification- have these been resolved?

During the preparation of the financial statements for the year 2015, the Council has endeavoured to ensure that the issues that were noted in the previous audit report are taken care of and do not recur. We have prepared the financial statements and submitted to OAG and currently the 2015 Financial Statements are on the verge of completion of audit by OAG. We had a meeting with them last week. Just to note, Lautoka had a pending five-year accounts from 2015 to 2019 that were still to be prepared and submitted. I joined the office in March 2020, **fifth year** of the first lockdown in COVID-19 and in terms of taking care of or taking out the statutory compliance issues that were outstanding for Lautoka City Council,

the preparation of the financial statements was one of the top priority. Because of the huge backlog, we had to engage an outside financial consultant to prepare the accounts on behalf of Lautoka City Council. The task was huge, we have an average of 2,000 transactions per month, and none of the transactions were entered into any digital accounting platform. So the consultant pinched in all the data, did their entries and prepared the financial statements. One of the scope of the work was to ensure that the audit issues do not recur in the preparation of the financial statements. Given the Council the comfort that the financial statements have been prevailing in accordance with the standards required, we are now working closely with the OAG to ensure that any doubts or dark spots are taken care of. So, we are confident that come the audit of 2015, it will be a much better and unqualified report than the 2014 one.

HON. A.M. RADRODRO.- Mr. Chairman, just a supplementary question. Looking at the 2014 audited accounts, I think this is beyond your time, in terms of addressing as per the answers that you provided, you have addressed all the issues that has been listed. There are about 18 disclaimer issues that has been highlighted by the auditors in their 2014 audit and some issues regarding the receipts not provided and payments not provided, records and reconciliation of ledgers as being highlighted, so can you probably take the Committee through in terms of addressing these individual 18 issues whether this has been resolved and how have you resolved these outstanding issues that has been highlighted by OAG? Probably we can also get a comment from the OAG after your explanation.

MR. M.A. KHAN.- As per the Audit Report 2014, the first issue raised was that the Council did not prepare a statement of changes in equity as a component of financial statements for the year-ended 2014 and this was a departure from the requirement of the international accounting standard.

In response, the Council said that the staff who were responsible for preparing the 2014 accounts were not qualified at that time and one of the things we did when we took office was to look at the structure of the accounting department and we have prepared a new structure and a new head of finance has been recruited who is directly responsible to ensure that we follow all required standards in preparation of the financial statements and that it be accepted as part of the audit process.

Second one was that the Council did not prepare a statement of cash flows as a component of the financial statements. The same comment as the first one.

Thirdly, the trust fund reconciliations to support the parking meter, a value of \$500,000 and car park fund of \$328,000. In response, there was no separate reconciliation prepared for various accounts thus it did not allow for the completeness of the test to be performed. In the absence of a software, manual records were not updated and recorded on a regular basis. This is an ongoing matter and we have over the years from 2014 to 2019, the Council had not been using any software. All was done manually and now we have started using MYOB to prepare the 2020 accounts and the consultant who prepared the accounts for 2015 to 2019, he used a compatible software to ensure that all cross-references and all tests to be performed are supported by the software. So, of all the reconciliation issues that were noted, manual preparation

of accounts was the main reason why there were a lot of audit issues in terms of reconciliation. So, once we migrated to a digital platform to report the transactions, it became very easy for OAG to crosscheck and do the reconciliations.

Item number four is similar. There is an unreconciled variance of \$590,000 between rates receivable listings and the amount reflected in note five (5) and the unreconciled variance of about \$1.45 million. In response, lack of regular reconciliation of accounts did not allow for the completeness of the test to be performed. The rates software had functionality issues. Upon

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implementation of new software, policies and procedures were developed and implemented to ensure proper reports were kept and any variance identified are sorted immediately.

Since 2014, the Council has implemented a new rates software which is provided by a vendor from India and a lot of these rates and reconciliation issues have now been ironed out. Nevertheless, we are on the path of trying to improve and we have done a terms of reference for our own new enterprise resource system that could take care of not only the financial transaction reporting and preparation of the financial statements but all transactions, all businesses of the Council to be put on a digital platform as far as we can.

HON. A.M. RADRODRO.- Mr. Chairman, just an additional question to the rates reconciliation that you have. Would you be able to enlighten the House on how many ratepayers do we have in terms of businesses and residential in Lautoka and the reconciliation issue that had been highlighted by the Auditor-General? Can you confirm whether if it is now being resolved in the 2015 accounts?

MR. M.A. KHAN.- In total, Lautoka City Council has 8,164 ratepayers. We can further provide the breakdown in terms of resident and commercial.

HON. M.R LEAWARE.- Your initial response to the question by honourable Radrodro, you had said something about the staff not qualified then. So what has the Council done to ensure going forward in terms of human resource?

MR.M.A.KHAN.- We have worked out a new organisation structure for the entire Council, particularly the Financial Administration Department. One of the qualification requirements of the Head of the Department was to be a fully qualified accountant of a chartered status. Now we have recruited one whose on board since August last year and is directly responsible for the preparation of the financial statements of the Council and take care of the audit issues that have been arising from the past audit reports. So now we have on board, a Head of Department whose is a qualified accountant.

MR. CHAIRMAN.- Just a follow question on that, this is to the Ministry of Local Government. Does the Ministry of Local Government actually oversee that the right people are sitting at the right places in the current situation? We do understand, going back to 2014 and 2015 as the CEO is saying that the right person was not sitting at the right position. In the past five or six years, has the Ministry of Local Government done any surveys with regards to the municipal council not just LTC but all others where people who are not qualified are sitting on particular positions and the need to bring the right people.

MS. B. DEVI.- Yes, we have been working with the Councils on that and we have been working on organisation restructures. We had to make sure that the Councils had appropriate staff who would be able to deliver as per their job responsibilities. So what we have done together with the restructure, we have also worked with the Councils on strategic plans, work plans and individual work plans. So that exercise has really enabled the Councils to recruit the right people to do the job. As far as the interviews are concerned, the Ministry of Local Government is also part of the panel for managerial and CEO positions. So we make sure that we get the right person for the position that was advertised.

MR. CHAIRMAN.- I believe two years ago when this was pre-COVID-19, when we went around to talk to the Municipal Councils, some of them were yet to adopt to the OMRIS system. Is it now a policy that all the municipal councils have to follow OMRS?

MS. B. DEVI.- Yes, Mr. Chairman. What we have developed is a human resource policy. For the first time, the Councils now have a proper human resource policy and we have made it mandatory that they follow the OMRS guideline. We are always ready to provide the advice and assistance that they require before, during and after the recruitment process.

MR. CHAIRMAN.- I think it has been a legacy issue not just for the past couple of years but for past decades, even post-Independence, municipal councils used to be climbing the hierarchy whether you are educated or not, or qualified for that particular position or not. If you are into the system, you will climb the hierarchy so that has been an issue.

MS. B. DEVI.- Mr. Chairman, I think before there was no separation of duties as well. For instance, some Councils had a Receptionist who would be doing the job of a Rates Officer. There were a lot problems but now we have encountered all of the problems and made sure that we have policies and SOPs in place that could act as a guidance to the Councils to do the right thing.

MR. CHAIRMAN.- If you have SPOs, we would like to have a copy and for those Municipal Council who have come up with a restructure, if we could be provided with the restructure as well.

MS. B. DEVI.- Certainly, Sir. These organisation structures before I forget is based on the large, medium and small councils and because we cannot have a lot of staff for small councils so we make sure that we have a migration structure that fits basically suiting the needs of the council.

MR. CHAIRMAN.- Good.

HON. M.R. LEAWARE.- Mr. Chairman, in terms of SOPs, is there a standard SOPs for all municipal councils? Can they assure the Committee that you are going to change all these? That this will never happen.

MS. B. DEVI.- Thank you for that question. Mr. Chairman, yes, the idea really is to have a way forward and have strategies in place that will basically guide the councils to ensure that they are able to deliver services as they are expected by the ratepayers. In terms of the SOPs, it may not necessarily be the same with all the councils, it will depend on the particular responsibilities that the team or the teams may have in their respective areas. But then we have consistent policies that are used by the councils across the board.

MR. CHAIRMAN.- How are the panels decided?

MS. B. DEVI.- For the interviews?

MR. CHAIRMAN.- Yes, for the recruitment process

MS. B. DEVI.- What we have as part of the Human Resources policies and other relevant policies is that we have a team already sorted so it is usually one member from the SA team - Chief Executive Officer, a representative from the Ministry of Local Government and at least one external party penal member. For the CEO's position, it is usually the SA Chairman, one other SA, two representatives from the Ministry of Local Government and one or two external members.

HON. A.M. RADRODRO.- A supplementary question to the Director. Now with your way forward plan, there would be a monitoring and evaluation process that you would conduct along the way. So, if the current Executives, CEOs and SAs do not meet the way forward targets that you have set out for them, what actions will the Ministry take for non-achievement of set targets and goals?

MS. B. DEVI.- Sir, the CEOs are accountable to the SA team through the SA Chairman so if the CEOs are not performing, then of course, the SAs are tasked to take disciplinary action, issue memos, warnings, et cetera. If the SAs are not performing, they are basically responsible to the Minister for Local Government. I had mentioned yesterday how there have been KPIs allocated to them. So, if they are not able to perform then of course certain actions will be taken by the honourable Minister as and when it is appropriate.

HON. A.M. RADRODRO.- I am asking this question because as we see in our discussion in 2014, but in between 2014 to to-date, there were Executives and SAs that also sat on the Municipal Councils not only for Lautoka but other municipal councils as well. So, can you enlighten the Committee what actions were done for those SAs and CEOs on non-performing submission of financial statements?

MS. B. DEVI.- Sir, no particular action has been taken against previous CEOs, there have been certain corruption issues which have been reported to FICAC respectively. So, those were some of the things that were done but in terms of disciplining the previous CEOs and SAs, we have not done that...

HON. A.M. RADRODRO.- Why?

MS. B. DEVI.- Sir, the new SAs were appointed from 2019 under Section 9A of the Local Government Act and this is when the new SAs came on board and that is when we started recruiting the new CEOs and we made sure that we dealt with the legacy issues.

MR. CHAIRMAN.- Any other supplementary questions?

MR. M.A. KHAN.- The second question on the issues raised by the Public Accounts Committee. What has the Council done to ensure that issues noted....

HON. A.M. RADRODRO.- Mr. Chairman, I think we still have to go through Nos. 5, 6, and 7. Are you going to address all that?

MR. M.A. KHAN.- Alright, I am sorry about that.

Issue No. 5, the auditor was not provided with the detailed listing of debtors and aging of debtors that form the basis of estimate of provision for doubtful debts amounting to \$1 million as is recorded in Note 5 – was not able to verify the completeness and the accuracy of the accounts.

The Council's response, there was no reconciliation of individual GL accounts and no proper updated records maintained. In the introduction of MYOB in mid 2014 allowed errors and discrepancies as the staff responsible did not have accounting background thus the accuracy of data entry was questionable. So, this is again listed as incompetent people taking care of the accounts back then.

HON. A.M. RADRODRO.- Mr. Chairman, just a supplementary question, the provision of doubtful debts has been highlighted by OAG. I think this is a pertinent point in terms of municipalities, collectability of rates and arrears. While the OAG is proposing a provision for doubtful debts, the municipalities do not

want to make that provision or are in differing views in terms of collectability of the outstanding arrears. So, is the Council in a position to now provide for provision of doubtful debts or will that be something that will defer from OAG's opinion?

MR. M.A. KHAN.- If I may answer the new financial policy that the Director has just mentioned has a section on how the debts are being dealt with and it provides guidance to the Council on how to make provision for doubtful debts.

In terms of debts regarding rates and arrears, there is an opinion sort from the SolicitorGeneral's Office of how back can you charge rates and interest on that.

So, using these two documents, we will be able to now and develop a better debt recovery policy and debt write-off policy.

HON. A.M. RADRODRO.- (Inaudible) ... the previous Councils that have come before us on ways to explore to collect debt by going through the Small Claims Tribunal, et cetera. I do not know whether Lautoka City Council is also aware of that process.

MR. M.A. KHAN.- Yes, we have been collaborating on CEO level across all municipalities and we have developed an SOP on collection of debt when all avenues are exhausted. We have made contact with the Fiji Public Trustees Corporation as well to ensure that they assist us on those properties which are under dispute or deceased owners.

On the same note Lautoka City Council for the first time has recruited an in-house solicitor who is a qualified lawyer, admitted to the bar and who can directly deal with the cases in terms of debt recovery for rates.

MR. CHAIRMAN.- CEO while we are dealing with these 18 issues, I think it would be more practical for us if you are able to link, those are the issues of 2014 as we know and you are trying to explain what actually happened back then. It would be more informative if you can tell us in the current scenario how you have addressed that if an audit is carried out today, those things will not be repeated; that will be a more practical solution.

MR. M.A. KHAN.- If you look at Questions No. 5 ,6, 7, 8 and 9 are sort of related or similar in nature and the notes also makes references to previous answers recorded as well.

Issue No. 10, the Council did not record rates and income on accrual basis of accounting in accordance with the required standard. This relates to incompetent accounting staff the Council had at that time. So, those are again addressed through our previous answer.

Issue No.11, is also linked to Issue No. 10.

Issue No. 12 response is linked to Issue No. 10.

Issue No. 13 also linked to response No. 10.

Issue No. 14 linked to response No. 6.

Issue No. 15 linked to response No. 10.

Issue No. 16, the Council did not provide solicitor's confirmation at balance date, consequently the auditor was not able to determine whether any disclosures to the financial statements in respect to contingent liabilities was necessary. Again the Council did not have any in-house expertise and records were not maintained regularly.

Also the office of the then solicitor used by the Council closed down so there was no continuity in information being passed on. So now that issue has been taken of, now the Council has an in-house solicitor. If I may link this to our response, Madam Director had earlier alluded to, in terms of organisational structure, the size of the council matters on what type of structure the council would have. So there is a bit of height and collaboration between councils in the larger councils who look after smaller councils, so we are looking at shared responsibility for example, like solicitor. If Lautoka has recruited one, we are looking at how we can include Ba under the responsibility, since Ba is a smaller council, Lautoka can handle the cases for Ba as well.

MR. CHAIRMAN.- Basically from your response, what we actually gather, back in 2014, there were two major issues – one, an unqualified person looking after the accounts and the other one, everything was

done manually. One you have addressed, now you have a qualified personnel who is looking after the accounts. With regards to the software system, I think coming back to Local Government, what is Local Government doing in having a standard software to be used by all municipal councils?

MS. B. DEVI.- Mr. Chairman, that is definitely something we have already been liaising with the councils. So as we speak, Lautoka has a software which is Navision and cloud-based.

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MR. M.A. KHAN.- If I may answer, Suva is using Navision which is a Microsoft based software. The latest version of it are now called the Business Central and cloud based solution are available. Using the expertise of newly recruited finance people, we have been able to develop a Terms of Reference for an enterprise software which would be similar to Navision. It will not only take care of the financial reporting but it will have modules plugged in, for example, rates database, the council handles licenses and permits, HR and payroll, so those can be incorporated into it. Now we are wanting to introduce digital parking meters and user pay system for car parks. So those can be linked directly into this new enterprise software and the revenues can be realised there and then.

The Ministry can have access to those database for municipal councils at the operational level of that software. We have developed it, we have given it to the Ministry for their final vetting to make sure that it complies with certain legal and security requirements and once those boxes are ticked, we will be able to go to tender to engage a vendor for supply, install and train our staff as well.

MS. B. DEVI.- Taking it from there, Sir, Nadi is now using Xero and I think it is basically a pilot project for them at this stage. We have liaised with the councils and we understand that they all have different systems in place when it comes to accounting or financials for the councils. The idea really is to have a software that can be used by all the 13 municipal councils and can also be linked to the Ministry of Local Government so we can just get the data from the click of a button.

Sir, it is challenging in the sense that some councils are not able to basically transform immediately, so we might have to do it in phases and our first phase would be the accounting software so that we can get the financials in order, the teams are able to retrieve data in a timely manner and the Ministry can also retrieve the data as and when required.

HON. M.R. LEAWARE.- Mr. Chairman, that means that you are linking this system with the Councils and your department?

MS. B. DEVI.- Yes, Sir.

HON. M.R. LEAWARE.- You can confirm that?

MS. B. DEVI.- Yes, Sir. But this is a work in progress, Sir, if I may clear that. We are still working through the terms of reference and the process that will be involved.

HON. M.R. LEAWERE.- Like centralising the system?

MS. B. DEVI.- Yes, Sir.

HON. M.R. LEAWERE.- Also, in terms of what is going to happen, like fire or natural hazards, that also will be your storage safe in terms of records purposes.

MS. B. DEVI.- Yes, Sir. Those are some of the things we will be considering when we are working on a software that would be appropriate for everyone and, of course, we need to have a backup service at all times.

MR. CHAIRMAN.- Madam Director, just a follow-up question. Yesterday, I think Nadi Town Council was here, they are using Xero. Now we have Suva City Council that is using something else. We do understand that you want to do it in phases. For example, at the moment you want to implement the accounting model. Why can it not be one software that goes out in phases to different municipal councils? Why are different municipal councils using different software? What we actually see is that Government's policy is very clear that one software needs to talk to another software. Majority of these software will not be talking under the Digital Fiji Programme Government is trying to do. So, that will again actually see whether that information that is entered into the system can be passed on once the Digital Fiji Programme is fully up and operational.

So, why can we not work with the Ministry of Information to come up with a software, even with the accounting model at this point in time and disperse it to the 13 Municipal Councils because the last thing we want after five to six years, start getting software that we were using did not pass the data to the programme that was developed by Digital Fiji, that is why we are still getting a modified or disclaimed opinion. That is very important, I think, the Ministry of Local Government needs to ensure, going in phases is not an issue but one software for the 13 Municipal Councils, and not the 13 Municipal Councils using 13 different softwares because that will be a hurdle for the Ministry of Local Government as well trying to get the information from 13 different softwares.

MS. B. DEVI.- Yes, Sir, I concede to that idea and that is the whole intention. We want a software that can be used by everyone across the board. The software that Nadi Town Council purchased is quite a recent one and I think they are still trying to understand the software. So, if we were to get one software, it will be one consistent across the 13 Municipal Councils. We need to make sure that we get the results from the software.

HON. A.M. RADRODRO.- What the Ministry of Local Government is saying is that the solution to all these problems is having a proper software. But you know there are also pros and cons of software. If you put in garbage, it will throw out garbage. In terms of centralising the system, one software that can have so many models, you have the inventory, you have other accounting systems and also payroll. Are there any plans to centralizing the payroll software of all the municipal councils?

MS. B. DEVI.- Yes, Sir, those are some of the aspects we have already considered and that is why I said that it is a work in progress. We are trying to really understand the software that will be appropriate for all the Councils, considering the work or the services they provide. I think any software we will talk about will have its pros and cons. So, we will be guided by the teams that the Councils already have and these are the IT experts so that we are able to ensure we have a system that is able to deliver what we expect it to do.

HON. A.M. RADRODRO.- At the moment, the municipalities have a choice of the type of software that they would like to use without any endorsement from the Ministry of Local Government?

MS. B. DEVI.- Sir, at the moment they do have their own software and most of them are using MYOB. They obviously have different versions but we really want to make sure that they have a system that is proper and appropriate for their use.

MR. M.A. KHAN.- If I may add on, Mr. Chairman, the choice for the Councils to implement their own is the interim solution, while there is a Committee set up to look at the entire digitalization of the Council services to come under a digital platform. The financial software is one, the processing of building applications is the second one, but it has been given priority and being driven by the Ministry of Commerce and there is a Singapore consultant currently working closely with the Councils to ensure that they get the flow charts and processes understood to build a software that could handle the building application process fully online. So, that is currently underway. The financial system, Lautoka has gone ahead and prepared the terms of reference which we have given to the Ministry for vetting and once it is all approved and good to go, I am sure we will be able to tender and get a vendor to supply that software which is compatible and can be used by all with the proper training for the users.

MR. CHAIRMAN.- The only concern for the Public Accounts Committee is in two or three years' time, we do not want results coming up that the software used is not compatible or it did not deliver what was expected of it to deliver and that is why we are still getting a disclaimer opinion from OAG. That is our major concern.

MR. M. A. KHAN.- I think one of the major challenges is the handling of the rates database and it is very similar to the billing system that organisations within Fiji are handling, like TFL, EFL, et cetera. So we are looking at similar systems that can handle the amount of rate payers that we deal with.

MR. CHAIRMAN.- I think we can continue.

MR. M. A. KHAN.- If we can confirm, we have concluded the audit ones, then I can go to the questions.

HON. A.M. RADRODRO.- I request Lautoka City Council to provide the Committee with written explanations on one to 18, on what they are saying, because it is not part of our submission.

MR. M. A. KHAN.-

Question No. 2 - What has the Council done to ensure the issues noted as basis of disclaimer of opinion does not recur?

As alluded to earlier, we are collaborating HFC and the finance manual has now been reviewed and finalised, and it has got a whole good set of policies that will be implemented to ensure the legacy issues of previous audit reports do not recur.

Question No.3 - What is the status of the audit for the rest of the financial years, 2015 to 2019?

The Financial Statements for 2015 to 2019 are prepared and ready for auditing. The 2015 Financial Statements are currently with OAG and in the final stages of being completed the audit. Once 2015 is completed, we have got 2016 to 2019 ready and in the progressive years we will be submitting to the OAG for auditing.

HON. A.M. RADRODRO.- Mr. Chairman, a question to the Lautoka City Council. Can you confirm that these accounts are now being prepared using the MYOB system?

MR. M. A. KHAN.- They were not preparing it using MYOB, they were prepared by the consultants using a different software, but it is compatible with that.

Question No. 4 - What were the reasons the Council was unable to produce financial statements for auditing in a timely manner?

In the years preceding 2019, the Council had a high turnover of finance staff and there was no continuity of leadership in the department. Upon the appointment of the Special Administrators and the new CEO in 2019 and 2020, it was considered prudent and urgent to clear the backlog of statutory compliances, preparation and audit of financial reports were on the top of the priority list.

Question No. 5 - What are the changes, processes and procedure improvements that the Council put in place to correct failures and weaknesses and prevent any recurrences? How will the Council ensure that these changes, processes and procedures are strictly followed?

Similar to the response in Item 2 above, the council is working with the Ministry. We have got the Finance Manual and the Human Resources Manual now in place that will replace the documents that were dated 1992. The Council has recruited a qualified Head of Finance Administration and for the first time, the Council has also recruited a HR officer who will look after the HR issues of the Council going forward.

Question No. 6 - What has the Council done to improve timeliness and quality of financial statements produced for audit?

We have worked out a new organisational structure that ensures qualified staff are recruited using OMRS as mentioned by the Director. The recommendations from the OAG Report are being used to draft a new finance manual which is now in place. Established stringent financial policies and review of the Department's SOPs to ensure the issues faced in the past are not repeated. So, those are now put in place, Mr. Chairman.

Question No. 7 - What has the Council done to improve internal control functions?

Separation of duties. Previously, cashiers were doing the banking, now banking is done by finance officers. Physical audits are being done at income generating stations on random basis such as car parks, parking meter collection and stock-takes are also now being carried out. Periodic reconciliations and approval authority, we have now delegated authority on different authorisation levels in place. We have provided a list of properties owned by the Council as evaluation report of 2018 which was appended to the responses.

Question No. 8 - Explain the decrease in fees and charges, and rent?

This is direct comparison to the financial report of 2013. In 2013, the Tappoo Complex was under construction and close to completion, and under the agreement, Tappoo Group made an advance payment for rent, lease premium and town rates. So the amount shown in 2013 was much higher than 2014.

Question No. 9 - What are the professional and legal fees?

The Council at that time did not have in-house legal services. As such, the Council spent a lot of money in paying lawyers to act on behalf of the Council for court cases. So now that we have a legal counsel in-house, we expect this cost to reduce.

Explain the borrowing of \$7.8 million. The \$7.8 million shown in 2014 was a consolidation of several borrowings into one and refinanced at the Bank of South Pacific. Out of it, one of the major borrowing was \$4.5 million for the construction of the Sugar City Mall and I can confirm, since 2007 up to-date, the Council has not taken any additional loan.

MR. CHAIRMAN.- Any follow-up question, Members?

HON. J.N. NAND.- Mr. Chairman, in regards to debt collection, what is the success rate in percentage?

MR. M.A. KHAN.- Our major debt is still rates. The COVID-19 has not helped but what we have started to offer is multiple modes of payment methods. Online banking, we have now accounts with major banks such as BSP, Westpac, HFC and we are negotiating with Bred Bank and ANZ to open accounts. We have the M-PAiSA facility with Vodafone and we are on the verge of getting MyCash through Digicel. So, we have made it easier for the ratepayers to make payments. We had carried out a rate profiling exercise in 2020 to identify and profile the nature of ratepayers we have and we were able to offer payment plans to those who want to make monthly payments. Those who defaulted, we have recovery mechanisms through Small Claims Tribunal, High Court and the Local Government Act gives us powers to dispose properties to recover rates as well.

HON. J.N. NAND.- Mr. Chairman, just a follow-up on this, so with these measures in place, what has been the response from the ratepayers?

MR. M.A. KHAN.- Due to COVID-19, those who had been on reduced hours or lost jobs, they have made arrangements for monthly payments. A lot of civil servants and those on salarybased employments have also come forward for payment options. Those who were under real hardship, we carried out hardship assessments and made recommendations through the powers for waiver of interest or waiver of rates or any discount with the Minister and we have put forward our recommendations. In my last two years in office, we have seen at least four hardships facing ratepayers being waived either interest or full waiver of rates.

HON. A.M. RADRODRO.- In addition to the question by honourable Nand, in terms of non-payments of rates, that would be related to low economic activities within the municipalities. Can you enlighten the Committee on what the Council is doing to ensure that there is increased activity in terms of businesses and economic activities in the municipality or in Lautoka City?

MR. M.A. KHAN.- In terms of economic activity, we are directly in charge or own the municipal markets and we have a satellite market. We have made available extra spaces for casual vendors, those who want to do some sort of business especially on vegetables which is the most easiest one. Instead of sitting outside in the rain and sun on the roadsides, we have made available casual spaces in Lautoka market for

them to come and do their business. In terms of those who want to business from home, there is a Government policy in place that we do not need to re-zone for certain types of businesses and if you fulfil the criteria, then you can do some business at home.

Also noting that there a lot online businesses as well. The business license has now been taken out. Although there was drop in revenue for the Council, but it helped other people who would like to quickly establish businesses to support their livelihoods.

HON. A.M. RADRODRO.- I am interested to know whether there are plans to have festivals, carnivals and sporting activities that would bring economic activity to your municipality?

MR. M.A. KHAN.- Lautoka City Council takes great pride in Churchill Park which has a world-class turf available for local and international sports. After the first lockdown, we had been able to open the park very quickly and received bookings for soccer, rugby and athletics. After the second lockdown which was much longer, we kept maintaining the ground in the hope that once restrictions are relaxed, now we are reaping that benefit, we have got a whole list of bookings for local competitions (soccer and rugby).

International competition organisers have also shown interest and we want to bring in at least one game for the *Drua*, for the Silktails who participate in the Ron Massey Cup, the Churchill Park is their home. We have received interest from FRU to host the international test matches for the *Flying Fijians* and we are currently negotiating to get the Pacific Nations Cup Tournament to Lautoka Churchill Park and Fiji Football has confirmed interest in hosting the Oceania Under 16 qualifiers for soccer.

(Inaudible)

MR.M.A. KHAN.- We have received applications that we are currently assessing and we will be seeking guidance from the Ministry of Local Government on the festival regulations that were supposed to be formulated and once we have all approvals in place, we will surely be able to hold festivals.

HON. A.M. RADRODRO.- Can you enlighten the Committee on the status of the Lautoka Swimming Pool. That is part of your asset as well?

MR. M.A. KHAN.- Yes. It was a Government-funded project and we had construction issues. Currently the Construction Implementation Unit of the Ministry of Economy is undertaking a peer-review of the project. So peer-review is basically stock taking of what has transpired, what needs to be done to complete the project with estimates, et cetera and they will be making a recommendation. So it is currently under progress and we do not have the report on hand and I cannot comment further on that.

MR. CHAIRMAN.- I believe we have the Special Administrator with us, would like to highlight to the Committee what plans you have for Lautoka City Council?

MR. J. WAQA.- Yes, we have been provided the KPIs, very important. There are some backlogs there, probably whatever work that has been carried out, approval has been passed forth, especially with the municipal councils, very important are the financial reports and statements that needs to be presented. We are looking into this and putting out the plans strategically and ensuring that enforcing this implementation to ensure that all these issues and backlogs are being proactively carried out. proactively carried out and I believe it is our duty working together with the CEO and the Ministry of Local Government to ensure to address these issues at hand.

Also there are projects coming up in terms of the economic activity for the municipal councils in Lautoka City as she is the second city in Fiji. As a Special Administrator, we would like to see these economic activity projects moving forth and there should not be any issues with contracts. We would like to see that work moves forth in terms of projects so that we can bring in the economic activity in Lautoka City Council.

HON. V. LAL.- Mr. Chairman, speaking to the municipal councils who appeared before us earlier, we have found out that a number of municipal markets where vendors owned several stalls. Is that the case with Lautoka as well? What is the Council doing to rectify that?

MR. M.A. KHAN.- Mr. Chairman, Lautoka City Council is no different. Yes, we do have persons holding multiple stalls and through our Vender Profiling Exercise we have now identified those and we are negotiating for them to give up stalls so that they could be given to people who have applied for and are in need of stalls.

On the same note there is a new market regulation being developed by the Ministry of Local Government and once that is in place, it will take care of stall ownership and stall allocation. That will be fair and balanced across the needy and also sustain the operations of the market.

HON. A.M. RADRODRO.- Mr. Chairman, just another question to the CEO. Can you enlighten the Committee the boundaries of Lautoka City Council? And also in terms of your garbage collections, we hear that you are sharing the garbage dumping area with Nadi Town Council. Has there been any environmental assessment done on the current Vunato site? What are the plans by the council in terms of moving forward?

MR. M.A. KHAN.- Mr. Chairman, the Council owns and operates the Vunato rubbish dump which is about 50 acres in surface area, which services Lautoka rate payers and Nadi and also commercial garbage from some outer islands resorts as well. We have about 70 tonnes of garbage coming in per month. So, in terms of continuity, we expect that another 10 to 12 years, Vunato will reach its capacity. We have started looking at alternatives. One of the top priority is to look for an alternative site and have a system set up

similar to Naboro Landfill site. We have had a meeting with the landowners of Vitogovanua last month and they have identified two places. We have asked them to give us more details of the area so that we could do a site survey, site visit and look at the suitability.

In terms of reduction on garbage load coming in, the Council creates awareness on 3Rs at school level. We have a competition running amongst the primary schools in Lautoka to make the young generation aware of the beneficial of 3R and once you are able to take care of the garbage at schools and at your own homes, you can compost. Nevertheless we are exploring alternative sites to set up a landfill similar to Naboro.

HON. A.M. RADRODRO.- The history of the site being burnt and it creates a bad stench and smell to the neighbouring communities. Can the Council enlighten the Committee what the Council is doing to ensure that there is no future recurrence of burning of the dump and also people are going to the dump to sort of scavenge.

MR. M.A. KHAN.- The first question, the burning. Over the last few years, all burning cases were related to arson, mainly the pickers who want to pick scrap metal. It is very easy to burn and do all with organic rubbish and easy to pick metals. So, that is one of the major reasons why burning occurs.

In terms of reducing the impact of burning, the Council has introduced cells. So separate cells are divided by waterways. So, if there is a fire on one side, it will not reach the other. We have invested in pipes and pumps. So, if there is a fire in one cell, we are able to very quickly mobilise a team to go and put the fire out. We have a bulldozer and an excavator on site that could be used to spread out any burnt material because it keeps mouldering underneath. So, we just spread it out and keep dousing and that takes care of the fire. We had considered fencing the entire area but then it is a very irregular shape, 50 acres is not a square or rectangular inside that could be fenced off.

The frontage and side areas are on land, the others are *tiri* land which will become very difficult to fence so we have increased security presence. We have put in big mechanisms or mobilising machinery to take care of the fire and we have now introduced licensing of the waste pickers. Now they are registered with the Council, they are given an ID card, they pay a very minimal fee per month so that we know who is coming and they can be accountable with the Councils. So, there is a bit of tracking on who is coming in and whose going out of the area.

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

MR. M.A. KHAN.- The current boundaries are from the Natabua FNU junction (on the Nadi side) and Naikabula (the Fiji Water junction on the Ba side), but there is an exercise being carried out to look at increasing the boundaries in three phases that would cover from Lovu to Vuda.

MR. CHAIRMAN.- Any other question? Any comments from OAG?

AUDIT REP.- Mr. Chairman, we are working very closely with the Council in terms of getting issues resolved. We understand that the current management have inherited a lot of issues, as you have said 18 matters in the Audit Report.

We have met with the Council twice in terms of discussing and getting the issues resolved and as we have discussed, the 2015 audit is in progress and we see that there has been good effort made in terms of getting the issues resolved as the Council is investing getting the consultants, they have now hired qualified employees and investing into IT systems to solve these issues. So, we are very optimistic that matters will be resolved.

We can also request if the Council can submit the pending accounts to our office so we can also work out on a plan of how we can get this audited. That also would assist us in putting up our resources and budget submissions to get the other accounts up-to-date.

MR. CHAIRMAN.- Before we close the meeting, I would like to give this time to Honourable Vijendra Lal to thank the submittees who have actually presented themselves this morning.

(Vote of thanks – Hon. V. Lal)

MR. CHAIRMAN.- This submission session is now over. We will now take a 15-minute recess.

The Committee adjourned at 11.06 a.m.

[VERBATIM REPORT]

STANDING COMMITTEE ON PUBLIC ACCOUNTS

2018-2019 AUDIT REPORT ON MUNICIPAL COUNCILS (PP NO. 161 OF 2020)

SUBMITTEE: Ba Town Council

VENUE: Big Committee Room, Parliament

DATE: Thursday, 21st April, 2022

VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS HELD AT THE COMMITTEE ROOM (EAST WING), PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON THURSDAY, 21ST APRIL, 2022 AT 9.34 A.M.

Interviewee/Submittee: **Ba Town Council**

In Attendance:

- | | |
|---------------------|-----------------------|
| 1) Mr. Anil Ram | Special Administrator |
| 2) Ms. Priya Singh | CEO |
| 3) Ms. Manjula Devi | Acting Accountant |

Ministry of Local Government

- | | |
|-----------------------|-----------------|
| 1) Mr. Naveen Chandra | Manager Finance |
| 2) Ms. Bindula Devi | Director |

Office of the Auditor-General

- | | |
|-------------------------|----------------------------|
| 1) Mr. Moshin Ali | Assistant Auditor General |
| 2) Ms. Alani Draunidalo | Audit Manager, Nadi Office |

DEPUTY CHAIRPERSON.- Honourable Members, members of the public, secretariat, dear viewers, ladies and gentlemen: a very good morning to you all. It is a pleasure to welcome everyone, especially the viewers that are watching this public hearing session. At the outset, for information purpose, pursuant to Standing Orders 111 of the Standing Orders of Parliament, all Committee Meetings are open to the public. Therefore, please note that all the submission is open to the public and media and is being aired via the Walesi Platform and streamed live on Parliament's website and social media platforms. For any sensitive information concerning the matter before us this morning that cannot be discussed or disclosed in public, can be provided to the Committee either in private or in writing. However, please be advised that pursuant to Standing Orders 111, there are only a few specific circumstances that allow for non-disclosure of these items that include:

1. National Security matters;
2. Third Party confidential information;
3. Personnel or human resource matters; and
4. Committee deliberation and development of Committee's recommendation and reports.

This is a parliamentary meeting and all information gathered is covered under the Parliamentary Powers and Privileges Act. However, please bear in mind that we do not condone slander or liable of any sort and any information brought before this Committee, should be based on facts. In terms of the protocol of the Committee Meeting, please minimise the usage of mobile phones and all mobile phones should be in silent mode while the Meeting is in progress.

I wish also to remind honourable Members and the guests that all questions asked are to be addressed to the Chair and your microphones should be on. At this point in time, I would like to introduce the Members of my Committee.

(Introduction of honourable Committee Members and Secretariat's Committee and Hansard staff by the Deputy Chairperson.)

Today the Committee will be hearing submission from the Chief Executive Officer who looks after the Ba Town Council in relation to 2018-2019 Audit Report and 2019-2020 Audit Report on Municipal Councils. For the purpose of viewers that are joining us this morning, I would like to give a bit of explanation on what their Municipal Council Audit Report is all about. The two audit reports summarise the audits that were undertaken on 11 Municipal Councils and this includes Ba.

In today's public hearing, we will review the Ba Town Council 2018-2019 Audited accounts. Before us, we have the representatives of the Municipal Council and I would like to thank them for availing themselves to attend this hearing. I now invite our guests to introduce themselves and begin their presentation after which, there will be a question and answer session. Please also note that while you are doing the presentation, the honourable Members can interject and seek any clarification or ask any questions. Honourable Members, I request the Town Council to introduce themselves and then the Office of the Auditor-General and then the Ministry of Local Government and after that you can begin your presentation.

(Introduction of Ba Town Council witnesses, OAG staff and Ministry of Local Government staff)

DEPUTY CHAIRPERSON.- I would like to welcome our Chairman of the Committee, Honourable Maharaj. You may begin your presentation now, and I now hand over to Mr. Chairman.

MS. P. SINGH.- Mr. Chairman, I will start off with the 2018 questions.

Question No 1: Why is the Council unable to meet the requirements of the Act?

The Ba Town Council had submitted the 2016-2017 financials within the timeframe however, 2018 accounts were delayed as the team tried to solve the audit issues arising from prior year audits therefore it took a bit of time to resolve the issues. The 2019 financials were however submitted before the timeframe.

Mr. Chairman, the 2020 financials are still under preparation. There was a bit of change due to the change in the financial calendar and to separate the income and expense, the team had to ensure that we do it correctly and also the prior year audit issues had to be resolved. So what we are trying to do at the moment, in order to meet the future years' financials to be submitted on a timely basis, we are doing preparation of the accounts on a monthly basis rather than doing it on a yearly basis, so when we start doing it on a monthly basis, the General Ledger (GL) reconciliations which tie back to the financials are done on a timely basis and there is less chance of errors happening towards the end of the financial year. Similarly all the internal control and other procedures are being fine-tuned at the moment and the team is ensuring that the crucial financial reconciliations and reportings are done in a timely manner.

HON. V. LAL.- Honourable Chair, Sir, through you just one question: when you say ‘submitting the financials in a timely manner’, what does the Act say - is it three months after the completion of the financial year or what does the Local Government Act say?

MS. B. DEVI.- Sir, it is three months after the financial year. I think what the CEO actually means in this case is that because we are still talking about the backlogs, so she had to clear the backlogs and she was able to do that in a timely manner. At this point, I must say that Ba Town Council is one of the councils that is quite ahead of other municipal councils in terms of getting the accounts prepared and audited. The Council is actually good with their annual reports as well.

HON. V. LAL.- So going forward, is it right to say that we will see the 2021 accounts also prepared on time then?

MS. P. SINGH.- Sir, 2020 is a bit delayed. We have got 2019 audited financials last year (July) and we noted there were issues relating to the financials where the variances are in the reconciliations that we need to iron out before we submit the 2020 financials otherwise it would be of no use and it will come back to us again with a number of issues that are recurring from the prior years.

HON. V. LAL.- It is because of the backlogs.

MS. P. SINGH.- That is right.

Question No. 2: What is the Council’s solution to the problems of delay in the preparation of financial statements to be audited?

It has been noted that previously the accounts were prepared on a yearly basis so at the year-end all the reconciliations relating to the general ledger and other balances were reconciled at the year-end only therefore this is the main cause of the unreconciled balances and unsupported balances which delays the financial reporting. To eliminate this issue we have actually started doing the monthly accounts now and monthly files are being prepared and all documents are being attached to each reconciliation so that when auditors come it is readily available for them to view the source documents as well.

MR. CHAIRMAN.- Well just a supplementary question, CEO: when you people actually do this reconciliation, is it actually sent over to the Ministry on a monthly basis?

MS. P. SINGH.- Not at the moment, Sir. However, as and when the Ministry requires the information from us, we send it to them and most of the information is captured in the minutes and the minutes are sent on a monthly basis.

MR. CHAIRMAN.- Would the Ministry be actually looking at formalising this with all other municipal councils as well that accounts are reconciled on a monthly basis, Director? Would you people actually prefer the report to be sent over because over the past number of years we have seen that there is a lot of data that is actually

missing? For example, there is a lot of human resource issues with municipal councils as well so if that data is actually sent over to the Ministry on a monthly basis, we can actually eliminate the fact that there is missing data because if the municipal councils do not have the data, the Ministry can actually provide us with the data that is required.

MS. B. DEVI.- Yes, Mr. Chairman. We will take that on board. I think it is a very good suggestion that will also allow the Ministry to go over the documents to see that it is in order and we can always compare with the other Municipal Councils as well. So we can obviously develop a guideline which will require the councils to submit their documents on a monthly basis.

MR. CHAIRMAN.- I think that will be in line with the Nadi Town Council when we actually suggested a pool of professionals to be at the Ministry that could actually overlook that this process is followed and whatever reconciliation is done, it is done in a proper way so that in future if a particular town council does not have a professional, like for example, a finance manager or the finance controller resigns so these pool of professionals that are sitting in the Ministry can overlook rather than having that gap in between and then again, when the Auditors come and find that the data is missing.

MS. B. DEVI.- Very well Sir. Yes.

HON. M.R. LEAWERE.- Mr. Chairman.

MR. CHAIRMAN.- Yes, Sir.

HON. M.R. LEAWERE.- Along with that, maybe just an additional question to the Director: Will there be a standard operating procedure to ensure that all these things are reflected so that we have consistency in terms of standard?

MS. B. DEVI.- Sir, yes it does call for a standard operating procedure so that there are certain provisions that will basically guide the Municipal Councils in terms of what they are required to submit and what is the timeline for that.

HON. A.M. RADRODRO.- Sir, just a question to the Ba Town Council executives. We are looking at 2019 where the Ba Town Council is one of the three councils which have sort of been brought up-to-date in terms of submissions of the Accounts for audits and that is 2019 (latest). You are saying that you are still working on 2020 and it is now 2022.

MS. P. SINGH.- Yes, Sir. We have not submitted the 2020 financials. The transactions for 2020 were completed on time however, when we saw that there were audit issues relating to 2019 Financials we had to hold it back so that we can ensure that those 11 issues that arise in the 2019 financials are solved prior to us submitting the 2020 financials.

HON. A.M. RADRODRO.- So 2019 issues are issues like what? Can you just enlighten the Committee on those issues because that would mean that there will be a delay in your submission of accounts?

MS. P. SINGH.- 2020 that is right, Sir.

HON. A.M. RADRODRO.- When everything has been up-to-date up to 2019 and then 2020 is now being delayed because of audit issues that are highlighted from prior years.

MS. P. SINGH.- Most of these issues relate to the unreconciled balances. Do you want me to go through each?

HON. A.M. RADRODRO.- Can you just enlighten the Committee on these issues?

MS. P. SINGH.- Most of their issues relate to the unreconciled balances such as deferred income grants, trade and other receivables which are not reconciling back to the trial balance and all the reconciled variances that exist between the VAT reconciliations and the sub-ledger .

HON. A.M. RADRODRO.- Have you discussed those issues with the Auditor-General on the way forward in addressing those issues or are you trying to resolve it yourself before you give it to the AuditorGeneral because now it has past those years so why do you make it be the cause of the delayed submissions of 2020 Accounts?

MS. P. SINGH.- Sir, what we have tried to do is that some of the reconciliations go back to 1990s because the issues had been recurring from those years so in order to solve that issue, we have to pull out all the source documents and go back to those years in order to reconcile them. It is not only submitting the accounts but we have to ensure that it is submitted correctly. That is why we wanted to ensure that these issues are actually solved before we submit the 2020 financials.

MR. CHAIRMAN.- I think again we have discussed this with other Municipal Councils as well and again it goes to the Ministry. For example, we have a current CEO who is actually trying to clear the backlog that was created by somebody else and in doing so, the current CEOs are failing on their part in trying to rectify all those issues and clear off the books and everything and what they are supposed to be doing now is getting delayed. So we have to come with a procedure as we had discussed that we need to have a very in-depth discussion as to how we can bring it to the current scenario, because even after doing so much, you get disclaimer of opinion. There is no opinion from OAG so all those hard work become null and void and then your KPIs say that you need to present your financial statement on time (in three months' time) but because you are busy doing 2015 to 2019 your 2020 is being delayed.

So I think that is where the Public Accounts Committee needs to come up and make a decision as to what we are supposed to do. Are we going to look at the current ones or are we going to focus on something for which you do not have the data. It has been an issue with all the municipal councils as we have been emphasising and just to present a very good financial statement there is so much time and resources spent on 2017, 2018 et cetera that no resources is placed in the current one.

So currently 2020 is being delayed and we are already in 2022. So, by the time it comes out it will be 2023. So, that will reflect on the current CEO's KPI that it was delayed for three years and for any reason if the CEO is leaving for greener pastures in two and three years' time when we will actually see it, a new CEO will try to rectify what the current CEO was supposed to do.

So, that is something we are discussing and that is one of the major issues and again we will have to have a discussion about how we can resolve this. We do understand your scenario, where you are coming from because everything lies on the current CEO. Even though at that point in time you were not there but you have to come and answer before the Committee.

MR. A. RAM.- Mr. Chairman, may I just intervene?

MR. CHAIRMAN.- Yes.

MR. A. RAM.- As Chairman being there for just about two months now, we have seen and I totally agree with Mr. Chairman that the messes that were created in the previous years is bounced back to the current people and the amount of time, energy and resources you put in trying to rectify those issues is not going to end anywhere.

I may request the Committee to consider that certain previous years' discrepancies need to be just sorted and Sir, we will have to get away with that because we cannot provide you with documents if it is not in the file and we cannot just get it from anywhere else because those people that were responsible are no longer there.

Had these sort of virtue and actions been there in the previous years then these issues would never have come up. Definitely, we need to start somewhere fresh again so that it gives my CEO for both the councils as I represent Lautoka as well to be on par in what we have to do and there are strict guidelines that we have to follow and I thank the CEO for Ba Town Council for putting up a marvellous action as every month you do your reconciliation so by the end of the day you are ready with your presentation.

MR. CHAIRMAN.- Definitely, that is actually what the Public Accounts Committee would like to see that we are in the current scenario rather than looking in the past. Another hurdle we had which we have had discussion on that let us say for example we go from 2020 onwards but then OAG comes in because they have their own set of rules and regulations to be followed. So, we need to discuss what is the way forward and how we can deal with OAG as well so that we are in the current year rather than dealing with reports that are six, seven years old.

HON. A.M. RADRODRO.- Thank you Mr. Chairman, I just want to comment on those issues and this is a question of accountability in terms of the municipalities to the ratepayers and to the users of the records. I think the question that needs to be asked to the Ministry of Local Government is: what is their stand in terms of what has been discussed regarding bringing the accounts up to date? That is something that the Ministry of Local Government needs to discuss with the municipalities.

The OAG if they can give in their opinion in terms of continuing with the audit of the current financial year, with those issues that you have highlighted relating to past years? How can you assist municipalities in addressing those issues that have been highlighted in which the current CEO highlighted spending more time in trying to rectify those anomalies from the previous years beyond her time?

MR. CHAIRMAN.- The other thing that we also emphasise is that we would like to see how the Council is working to ensure that these issues raised in those years are not faced in the current year and that is more important to us. Like the 11 or 12 odd issues that were raised in 2019 Audit Report as to how the CEO and the Council are going to deal with that and that they will ensure that it is not repeated in 2022: that is more important to us.

MR. A. RAM.- I think our CEOs really know what they are expected of and there are already reasons to be known that these were the issues in the previous years so if you want to be up-to-date with our work we do not repeat the message that were created in the previous years.

So, with that in mind once we know these were the issues then we need to ensure that those issues are not part of our current years' issues so we can then clean up the previous messes that were already in there.

MR. CHAIRMAN.- Another thing the Public Accounts Committee really understand is that there are two major issues:

- 1) Those personnel who were dealing with the accounts back then are not there; and 2) The data is not there because there was no software.

So, it is very difficult to go and look for the file whether the files are there or not that is another scenario. So, definitely we need to come up with some solution in moving forward.

MS. B. DEVI.- Through you, Mr. Chair, just to add on to Honourable Radrodro's comments: So, currently the Councils are trying to comply with their legislative provisions which is why we are talking about backlogs and getting annual accounts and also annual reports in order. But of course if there are some exemptions we can come up with that after our discussion then that would be really helpful.

MR. CHAIRMAN.- Yes, because if both parties come up with amicable solutions even the Public Accounts Committee is actually agreeing to move forward and we can put in our recommendation that we need to waver the number of years' reports et cetera and then it is entirely on the Parliament to decide whether they want to go with the recommendation or not because we understand what the scenario is and where you people are coming from.

HON. A.M. RADRODRO.- Yes, that is something that the Committee may consider to put in as a recommendation so we can see how best we can handle and bring this outdated accounts to date.

MR. A. RAM.- It basically means if we come to a solution of that nature and the recommendation goes through after your due-diligence of our discussion then what happens it helps all the Councils in fact to come up

to par with your records and your presentation. If we do not find a solution at this point in time then this will drag on for years and we will never be able to find solutions. Whatever we do we will always sit in and need to answer questions of some things that we may not even know about.

So, we need to draw a line now to say ‘this is what we want to do’ and then whatever the recommendation is given to the Government (through the OAG) then if it comes out positive then every Council needs to work towards that. I think given a year or so we will be just a “clean sheet” all the way through.

MR. CHAIRMAN.- Office of the Auditor-General representatives, any comments or research done after our initial discussions about what we are discussing at the moment?

AUDIT REP.- Mr. Chairman, I think it is quite a difficult call from our audit point of view. I am sure the Committee understands when it comes to auditing we need to audit the accounts that has been prepared irrespective of the year in which it has been prepared. However, the OAG will be guided by the provisions of the Local Government Act and the Audit Act and the respective accounting standards which are in place. I think that is the only comment I can give at this point in time. As we have discussed earlier probably we will require further discussion on this and we need to engage other stakeholders in terms of getting a solution as the Committee is looking for. I think I will just reserve my comments to that level, Mr. Chairman.

MR. CHAIRMAN.- So, we can proceed CEO, over to you.

MS. P. SINGH.- Thank you, Mr. Chairman.

Do the Finance Officers understand and are well versed with International Financial Reporting Standards (IFRS) for Small Medium-sized Entities (SMEs)?

The Finance Officers lacked this knowledge of understanding of IFRS for SMEs. However, I am a Chartered Accountant so I have explained to them that through my current knowledge on the understanding of the International Financial Reporting Standards (IFRS) for SMEs, however we saw under the new structure that there is a need for a qualified person to lead the finance team and that is why when we structured the finance team, we have actually advertised and we are in the process of recruiting a Head of Finance who is a qualified person and that they can actually ensure that the financials are prepared in accordance with the International Financial Reporting Standards.

Question: What is the Council doing to address the gaps in competency of finance staff to meet requirements of the Act?

Under the new organisation structure, a qualified person is to be appointed to lead our finance as I mentioned and the finance officials currently in the team are also being trained and they are also being encouraged to further their studies to upgrade their accounting knowledge.

Question: The unsupported balances and unreconciled variances which form the basis of modified audit report - what are the root causes of these problems and what has Council done to improve the maintenance and safekeeping of financial documents?

Firstly, what we have done is the January reconciliations, we have not carried this out so we have started carrying out these reconciliations on a monthly basis.

Secondly to ensure the safekeeping of the financial documents, we have started scanning all the source documents and the vouchers, it not only goes for the finance but for all other departments such as building applications and any other litter fines or anything that is there. We are scanning it and labelling it properly to safeguard the financial documents. We are also talking with the Lautoka City Council in order to use the cloud-based software where we can actually save these documents and it is helpful in the future when we are trying to track the source documents.

Question: What assistance or direction has the Ministry of Local Government provided to assist municipal councils with meeting the requirements of Local Government Act?

The Ministry of Local Government has been very helpful to me and my team from the time I have joined and they have organised this CEOs' forum where we actually get to meet the other CEOs of the other councils and get to understand what other issues that we face and how we can try to eliminate these issues in the councils.

HON. A.M. RADRODRO.- Can you just enlighten the Committee the date when you join Ba Town Council?

MS. P. SINGH.- I joined in June 2020.

HON. A.M. RADRODRO.- Thank you.

MS. P. SINGH.- Question: Some of the common findings of the report noted weaknesses relating to cash management, procurement of goods and services, payroll, asset management, revenue management and noted to be high risk areas? What is the Council doing about tightening controls over cash and revenue management?

This is one of the very important areas since revenue needs to be recognised on a monthly basis rather than only on a yearly basis. What we have done is the segregation in the finance team of whose role is what and there is a rotation in checking of the banking on a daily basis, checking the petty cash; these are the internal controls which we have implemented. The validity of the revenue that is being recorded has to be properly checked and with the supporting documents, that needs to be filed and that there has been a change in the monthly management financial reporting structure which ensures accuracy in the financials being reported.

Question: Is there any internal audit function that constantly checks and reports on internal control system?

Currently, we do not have an internal audit team, however measures are in place as below for controls which is the segregation as I mentioned in the finance team. Every finance officer has been assigned to complete assigned general ledger reconciliations in relation to their respective area to ensure that these documents and records are all in proper.

This rotation in banking cheques, petty cash cheques, purchase orders which are being raised, we ensure that there are three quotations attached. There are strict measures in place for the filings which have to be done as soon as the payments are done or as soon as the receipts have been posted.

There was an issue with the Fixed Assets Register not being maintained so what we have started doing is taking all the assets that we have in the Council's possession and ensuring that all assets are tagged and are being tracked back to the Fixed Assets Register. Also there was an issue with the leave records and leave balances. What the HR Officer is currently doing is ensuring that they reconcile annual leave records on a monthly basis with the financial documents so that financial records and HR records are matching and there are no discrepancies at year end.

The validity of the revenue expenses, records are checked properly with the supporting documentations and there has been a change in monthly financial reportings.

Question: What monitoring mechanisms are used in the Council to ensure that controls are in place and are functioning as they are supposed to?

This is similar to Question No. 2 but I have just answered that.

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

When the Ministry of Local Government holds the CEOs forum, what we have done is brainstorm for the financial software which is much needed by the Councils. Most of the work is still manual, though we have MYOB but the rates, invoices and the rates reconciliations are all done manually. These are the places where we need actually a software which can be integrated to the main financial software when the report is pulled out it is accurate for the reporting. This is what we have actually gone through and brainstorming in the CEOs' forum. That is how the Ministry of Local Government is assisting us and it is a digital platform that we are discussing to ensure that all the documents are being lodged such as building applications and the payments done by the ratepayers are done online. This is what we are working on at the moment. The Ministry has also assisted us in restructuring the whole organisation structure. The Ba Town Council has a very newly designed structure in place at the moment.

Question No. 5: Are Standard Operating Procedures (SOPs) prepared and approved? If yes, are they upto-date to reflect the current business activities of the Council?

The Board of Special Administrators has worked with the CEO, the Management and each Department Head had prepared their SOPs. We have a clear direction for each department and every department has their own check list and their SOPs in place. We had the markets SOPs done recently and we will be sending it to the Ministry for review as well which we have not implemented at the moment.

MR. CHAIRMAN.- Just a question with regards to SOPs. Are SOPs custom-made, Director, according to individual Municipal Council or there is a standard SOPs?

MS. P. SINGH.- Sir, this is basically done by the Municipal Councils as individual SOPs that they have, it may not be the same as the other Municipal Councils but that can be similar.

MR. CHAIRMAN.- In that case, which one would be more practical, a standard SOPs developed by the Ministry and then Municipal Council they custom-design it or Municipal Councils actually come up with

SOPs because there might be the same procedure but done differently in two different Municipal Councils. For example, if there is Standard Operating Procedures let us say Lautoka being a bigger Municipal Council than Ba then Lautoka Municipal Council can custom-made that particular provision and get it approved rather than having individual approved SOPs for different Municipal Councils.

MS. B. DEVI.- Yes, I suppose we could develop the standard operating procedures that can be used by all the Municipal Councils across the board. That is what we have done with the policies so currently they have the Finance Policy, they have Human Resources Policy, Whistle blower Policy, Social Media Policy and Council Meeting Guidelines. So that is something we can develop as well so that it is proper guidance for the Councils.

MR. CHAIRMAN.- Yes, because again the last thing we would want for the Councils is that they come in with different SOPs to the Public Account Committee and have similar procedures done differently in different Municipal Councils, when we know very well, for example, one Municipal Council will do reconciliation after six months and the other will do after one month. For example, if it is a set standard that everyone has to do it monthly, if anyone wants to do it bi-monthly or six monthly, they need to get approval if they want to change that SOP.

MS. B. DEVI.- Yes, Mr. Chairman, we will take that on board.

MS. P. SINGH.- Question No. 6: Financial reporting issues highlighted the weakness in the Financial Management, what has the Council done to improve this? Recruitment of finance staff that are capable and knowledgeable must be considered.

Under the new organisation structure, a qualified person is to be appointed to lead the finance team, which we have addressed, and we are in the process of recruiting the Head of Finance. Similarly, the finance officers are also given trainings to upgrade their knowledge and understanding. This is actually seen in the new monthly reporting structure, which is a solution for the delay in inaccuracy in financial reporting.

HON. A.M. RADRODRO.- Mr. Chairman, while on this, can we request the Ba Town Council to provide the Committee with the remunerations paid out to the Special Administrators, CEOs and Executives of the Council on this period till to-date?

MS. P. SINGH.- Mr. Chairman, if I may, so we may be in a position to provide salaries scale for the CEOs and the SAs, and perhaps the CEO can provide the remuneration chart.

HON. A.M. RADRODRO.- That is also for the Municipalities?

MS. P. SINGH.- Yes, for other Municipalities.

HON. A.M. RADRODRO.- Because the restructure that is going on now looks like you are getting in professionals.

MS. P. SINGH.- Certainly so.

HON. A.M. RADRODRO.- That will be a financial burden too to the Municipalities because of the revenue generated, and most of them are rates.

MS. P. SINGH.- Question: Roles of the Council noted issues on increasing trend of trade debtors. What is the current debt recovery process of the Council and how effective is this process?

The current process is emailing and posting of the invoices to the ratepayers and ratepayers' files are updated with invoices being issued. Should the ratepayer pay up within the timeframe, the receipt is filed in the respective files. However, the first, second and third follow-ups are done for the debt recovery, if it still remains unpaid, then we give a courtesy visit to the debtor and is also recorded in their files. However, debtors who agree to have options to pay their rates or rents in instalments due to COVID-19 situation, we have assisted them, given them an option to pay either fortnightly or monthly. For those debtors who do not come forward and are not willing to pay, demand notices are being served to them to pay within 14 days of the notice. The final stage is filing cases with the Small Claims Tribunal or with the solicitors.

Rates Collection Strategies; Ba Town Council has offered seven percent discount on the current rates cleared in the months for 2021, it was January and February and for 2022 - August and September. Ratepayers have been given options to make arrangements to pay their rates in instalments on a weekly, fortnightly or monthly basis. We have liaised with the ratepayers and their employers to have direct deductions at source and these are mostly at the ministry levels and with the employer and employee's permission then we give them the deduction form to be filled which can be done at source.

Online banking platform has been set up and this has been made available through the Bank (BSP) where the ratepayers can do their payments online. M-PAiSA account with Vodafone has been created and this is made available for ease of payment, however, we are also in talks with MyCash with Digicel so we can also have that option of payment for the ratepayers. Matters are being referred to the Small Claims Tribunal for those who have not paid their arrears and are not coming forth to make arrangements despite numerous calls. However, something else that our new board of special administrators have started where we are going from ward to ward to have meetings with the ratepayers in order to make them understand and get them to understand the importance of them paying rates and the services that we provide and to understand what difficulties that they are facing at the moment and how we can actually help them to clear off their rates and do not go in arrears. We also give them options and explain to them, should they need to pay in instalments, they need to come and see us.

HON. A.M. RADRODRO.- Mr. Chairman, just a question on that. Would you be able to inform the Committee as to how many ratepayers do you have, business and residential?

MS. P. SINGH.- Thank you, Sir. In total we have 1,696 ratepayers. Residential – 1,102. Commercial – 199. Industrial and Agriculture – 365.

HON. A.M. RADRODRO.- So the concept of your discussion is concentrating on residential ratepayers or all.

MS. P. SINGH.- Sir, at the moment we have started with the residential going from ward to ward and we also intend to visit the commercial and industrial and agricultural, Sir.

MR. A. RAM.- Just to add on to that: The idea of going ward to ward was to find out what is the ground level issue there. Sometimes it is normal they come to the Council and we had staff discussing it but a lot of things do not come to us straight, so when we have such meetings, we then find out what were the real issues and we are there to have a solution for them. That is why we are giving them a bit of time to say as long as the payment comes in.

The next move I will do with the teams is to make sure that we call a meeting with the Chamber of Commerce of Ba and that is where the business lies and then work out, get our details out through our data, what businesses are owing. I have seen the issues pertaining again for the previous years.

Again, if this was vigilant then every year the rate should have been up-to-date. There are rates being owed for years and I have seen through the files that going for legal action is not a solution for us because the cost of taking legal action is more than the rate that we may get back.

So the best thing is to be on the ground, talk to the entities, if it is business, go to the Chamber of Commerce, talk to them through their members and when it is residential, we go on the ground to the wards as my CEO has explained and I think there is a lot of scope to get back our money, the way we present ourselves to them. We want to be part of them, not as bosses of the Council and this change has seen a positive response to us.

HON. V. LAL.- Can you tell us about the town boundaries from where to where, CEO?

MS. P. SINGH.- The Council's town boundary is from end of town towards Tavua and it goes up until the edge of Nailaga Village.

HON. V. LAL.- Is there any provision for extension of the town boundaries?

MS. P. SINGH.- Sir, there is, however we can have further discussions on this with the special administrators and then we will get back to you on this.

MR. A. RAM.- Just to add on to that, extending town council boundaries may not be a big issue but when you extend a town council boundary then the services and all things also get in. We have got an extended boundary at this point in time to service and once we see that having an extended boundary is still an issue for a lot of people. They expect so many things from us and it is only in the expected boundary we do not collect rates from them. We only provide service.

The extending town boundary may not be an issue but then we need to see what we need to generate our rates because the service portion will be increased but the ratepayers within that area may be a little less in number.

HON. V. LAL.- Does Ba Town Council have a rubbish dump or does it share with Lautoka?

MS. P. SINGH.- We have our own rubbish dump that is the Maururu Rubbish Dump.

MR. CHAIRMAN.- With regards to the pending rates does the Act allow harsher penalties like for example, if somebody is owing rates for the past three decades and your book might say that there may be people who owe from 1990s that there cannot be any kind of commercial activities or anything happening on that particular piece of land? Does law allow that?

MS. B. DEVI.- Sir, we do not really have harsher penalties per say, however, if a big amount is being owed by a ratepayer then obviously, the Council can seek court order to sell the property and recover the rates but that is a very long process. Without the court order they would not be in a position to sell.

MR. CHAIRMAN.- Like for example, if a particular building needs to be renovated and the Council does not allow because there is a rate that is being owed for 30 years, I think that will also start making some sense for people to pay their rates. That is again something that the Committee might consider putting aside the recommendation to help the Municipal Councils to have some kind of provisions to allow them to pressure the ratepayers to actually come to be in par with at least one or two years which is all right but twenty-thirty years of default rate payment is a concern as well.

MS. B. DEVI.- Yes. I think we have some express provisions in the legislation then that will really help the Municipal Councils to recover the rates.

HON. A.M. RADRODRO.- That is why the Municipal Councils need to have Municipal elections.

MR. CHAIRMAN.- Is that part of the agenda at the moment?

MS. B. DEVI.- I am not sure how that will help but

MR. CHAIRMAN.- Let the Parliament decide.

(Inaudible)

MR. CHAIRMAN.- I think we have a couple more questions.

MS. P. SINGH.- Question: What rates' records management system is in-place and how else can the Council leverage technology to improve on the maintenance of these records: future plans for ratepayers, database et cetera.

Currently, the rates are calculated in the MS Excel and the database is manual. However we do enter these in the MYOB to generate invoices that are sent out to the ratepayers. The system for receipts are also in MYOB, however, we are actually doing a terms of reference for a software that can be in place for the rates' invoices to be generated and automated and this can also be linked back to our Financial Reporting Software then it becomes much easier for the financial reporting purpose. This is something which we are working on and also to ensure that the records are updated. We have done the rates profiling in Year 2021 which has been completed and most of the ratepayers' database is updated so it is very easier to email them the statements, invoices and also remind them of their dues.

HON. A.M. RADRODRO.- Mr. Chairman, just a question to the Director of Local Governments, knowing that the rates are calculated manually for Ba Town Council. Can you just share whether the other Municipal Councils are also following the same or do they have a software for calculations?

MS. B. DEVI.- Actually, we still have some councils who are calculating their rates manually and this is why we understand the urgency of getting a software so that we can promote digitisation amongst the municipal councils.

MR. CHAIRMAN.- Does Suva City Council have a software that generates

MS. B. DEVI.- Yes, Suva City Council does so does Lautoka City Council.

HON. A.M. RADRODRO.- So, the Lautoka City Council does also have the MYOB?

MS. B. DEVI.- Yes they do, Sir.

HON. A.M. RADRODRO.- So, Ba Town Council also has this MYOB.

MS. B. DEVI.- Yes, like the CEO has mentioned we have the CEOs forum. So, this is what we have encouraged the CEOs to do, basically to work with the other councils and see how they can adopt their best practices that they have at their councils.

HON. A.M. RADRODRO.- Maybe they can share this information on how they can calculate since they have the same SA ...

MS. B. DEVI.- Certainly, Sir.

HON. A.M. RADRODRO.- ... on how they can help each other in terms of attending to these rates calculation while Lautoka is doing it on a software Ba is doing it manually.

MS. B. DEVI.- Certainly.

MS. P. SINGH.- Sir, just to explain on that: Lautoka is using a different software. This is not MYOB and Suva City Council is also using a different software for the rates calculation which links back to the main financial software. So, this is what we are looking into, to have a terms of reference ...

HON. A.M. RADRODRO.- I thought Lautoka was doing MYOB as well.

MS. B. DEVI.- They do have MYOB as well ...

HON. A.M. RADRODRO.- But a different version.

MS. B. DEVI.- Yes.

MR. CHAIRMAN.- And I think it is the data as well. You can only generate invoice if you have the full data of the ratepayers because the number of years the rate has been paid and the number of years it has not been paid.

HON. A.M. RADRODRO.- That is what they are doing annually. You have a special officer for that exercise?

HON. P. SINGH.- Yes we have a Rates Officer.

MS. B. DEVI.- So all the councils have done rates profiling, so it is now easier for the councils to ascertain the information that would be required on the ratepayers' information as well as the rates owed.

HON. A.M. RADRODRO.- Can you enlighten the Committee about the security of this rates profiling so that it is maintained for future purposes by the executives of the council.

MS. B. DEVI.- Yes, Sir, we have made sure that they do have backup service available to ensure that the information is always readily available and the Ministry requires all that information on a monthly basis. So, we always request that information from the Councils knowing that they have that information and we have encouraged them to have their backup services.

HON. A.M. RADRODRO.- So, the Ministry keeps a copy of those ratepayers from the municipalities – a soft copy and a hard copy.

MS. B. DEVI.- A soft copy as well as a hard copy.

HON. A.M. RADRODRO.- All right. Good.

MR. CHAIRMAN.- Just another question while we are still discussing about rates: We do take note that you people are giving discounts and I think other municipal councils do give discounts on the current rate. What about the default payments? Is there any leeway for the default ratepayers to actually come and they would not be charged penalty or anything like similar thing to what FRCS has adopted?

If there is an owing tax amount and penalty associated with it but if you pay the premium amount the penalty is waived so some kind of initiative to the default ratepayers so that they can come and do the payment rather than expecting a million dollar from the ratepayers which is not coming. It is better to get half-a million.

MS. B. DEVI- Yes, while we do have the incentive for the ratepayers for the current rates owed we also have a provision in the Local Government Act that actually provides for interest waiver or complete rates waiver however this will be only possible if the ratepayer is facing hardship. We have provided a waiver on the interest rates Sir and the power lies with the honourable Minister.

MR. CHAIRMAN.- But I think we need to look at it collectively for all the municipal councils as to how many million dollars is owed and it is not coming in regardless to what we are trying to do it is not coming in. So, we might again need to relook at the initiative that we are supposed to give so that people actually do come in to trigger that amount.

MS. P. SINGH.- Very well, Sir, yes.

MR. A. RAM.- The other thing when you look at rates where people owe you rates from the previous years but they still on the norm doing their business whatever they need to.

MR. CHAIRMAN.- Exactly.

MR. A. RAM.- There is nothing harsh there that we can penalise them, you cannot proceed so these are the things if considered and recommendations are given then I think it is a better idea for people owing us rates will come forward but to do any waivers we cannot do it as a Council it comes from the Ministry of Local Government by the Honourable Minister if there is a request from the municipal council, that does not lie within us.

If we see there is a business perspective of this, yes, what is the point of having figures on paper when you are not collecting it and when you can collect something by making a plan out of it that will come in if there is a recommendation towards that.

MR. CHAIRMAN.- Definitely because these default ratepayers one day if you do not collect their garbage they will come to you as if they have up to date rates paid to the Council.

MR. A. RAM.- When you look at the complaints that we receive more than anything better there is more of a complaint with us than the good part that you do.

So again what we do is any complaint that does have to come to us it is our duty to look into it but as I say, yes, they will trigger you because we are bound to give them service. They will not see they are owing us money. So this is something that we can always look forward for the future years to just streamline all services.

HON. V. LAL.- Mr. Chairman, Sir, just while on the rates I just wanted to know whether this discount rate is decided by the individual Council or decided by the Ministry of Local Government?

MS. P. SINGH.- If I may answer, Sir, the Act is quite clear on the discount that can be provided by the Councils so usually it is the Council through the Special Administrator team that will decide on the discount that can be offered. Usually it is the first three months of the year but recently the Councils have extended it to more than five months to make sure that we assist the ratepayers who may be struggling to pay their rates. There may be willingness to pay the rates and the Councils to give them that leeway to come up and pay.

MR. CHAIRMAN.- Is this an interim measure or will it become a normal norm to give leeway for five months?

MS. P. SINGH.- It can become a normal norm provided the SA teams come up with the strategy to say, “All right, we can extend the discount period.”

MR. CHAIRMAN.- From our point of view you might have to reconsider whether it should be a normal norm or not because if Council would have been collecting 100 percent rate every year in and year out then we can say we can give leeway but over here there are a lot of default payments still in their books and then actually giving leeway even to those people who can pay within one or two months giving them six months’ time I do not think it is a good way forward.

MS. P. SINGH.- Just to add on it, it is only for the current year. It is not for the default rates.

MR. CHAIRMAN.- Yes, default is something totally different so for example if someone comes to pay the current rate and they are default in payments for previous years so where does that rate go to: the current year or the previous years? How does that account revolve?

HON. A.M. RADRODRO.- It is already recorded in the Financials.

MS. P. SINGH.- So, Sir, it goes back to the default rates. They have to pay that first before they clear the current.

MR. CHAIRMAN.- Is that checked by the team whether that discount is actually given for the current year or that discount is going to the defaulter? Because indirectly then you are giving discounts for the default payment.

MS. P. SINGH.- Yes, Sir, they have their software programme in such a way that if there is any amount owed the payment that will be made by the ratepayers will go to the defaulting section rather than the current.

MR. CHAIRMAN.- So, that means the defaulters will not be getting the discount.

MS. P. SINGH.- Yes, Sir, it is not for the defaulting

MR. A. RAM.- Discount is just for first three months. If you pay then you get a discount for the current year.

MR. CHAIRMAN.- Yes, but that does not go to the current year that goes to the default year.

MS. P. SINGH.- That is only if the ratepayer is owing rates.

Mr. Chairman, just to highlight on that we only give discounts to those ratepayers who actually are paying their arrears as well.

MR. CHAIRMAN.- All right.

MS. P. SINGH.- If they do not clear their arrears they are not entitled to discounts.

MR. CHAIRMAN.- Okay that is clear for Ba Town Council then we will have to check with other municipal councils on what is happening because it seems like there is not a standard procedure for that.

HON. A.M. RADRODRO.- That means then, that the discount only applies to the current year not the past years.

MS. P. SINGH.- That is correct.

HON. A.M. RADRODRO.- We are all ratepayers here, we have to ...

MR. A. RAM.- What it would mean is, if everything was in place, we would not have been hosting rates, so what happens is, as we rightly understand ourselves is any discount that is given is pertaining to the current year only but that discount is only applicable if your previous rates are up to date, otherwise it is no discount because it has to be reflected to the previous years' rates, then the discount does not come in place.

The discounts are only given if your previous years are up to date and sometimes if it is not even up to date, there is an understanding or arrangement done with us that you will pay and they are up to date with their arrangement then it is fine because we are at least collecting our money of the previous years.

If someone is not paying the previous years' ones, and he wants to come up to Ba Town Council and say, I want a discount, that is not possible, we will not give a discount.

HON. A.M. RADRODRO.- If he comes with a proposal for a discount to clear all his arrears?

MR. A. RAM.- That is not in our powers to give a discount.

MS. B. DEVI.- No, if they owe the defaulting rates for the previous years and they want to clear it all, then they will be given discount for the current year and they can always pay up whatever amount has been owed by them, so the Act is quite clear.

HON. A.M. RADRODRO.- I am just looking at the practical side of things, if you owe so much, I say okay you give me discount I pay all of these.

MS. P. SINGH.- Sir, we are guided by the legislative provisions and that is what the legislation says.

HON. A.M. RADRODRO.- By looking at the Ba Town Council financials, the rates that they have been collecting is over half a million, but your arrears in terms of rates may have doubled that. You have \$941,000 so it will be interesting to see what is the percentage of ratepayers who are defaulting. On the other side of things, the non-payments of these rates may have been due to low economic activities and things by the Council. Is there any plans by the Council to improve on this economic activities and business opportunities within the Council that may help in the payment of defaulting ratepayers?

MS. P. SINGH.- Yes Sir. I understand that the economic activities is the major factor that is causing the rates that need to be paid on time. We try as much as to help the business communities in whatever way the Council can assist them and the new markets that we have done in the past years that was the Nailaga minimarket that we have done and the newly opened market that was opened in January in Ba that also contributes towards the economic development. We are planning to have our Govind Park stadium to be completed as soon as possible so that our economic activities in Ba can revive.

HON. A.M. RADRODRO.- Bring back some tournaments in there.

MS. P. SINGH.- That is true.

MR. CHAIRMAN.- And also sporting activities.

HON. A.M. RADRODRO.- Are there plans to bring back those festivals this year?

MR. A. RAM.- The festivals had gone to a different group again from some two years now. There is a separate committee for the festivals, town councils are not directly involved but the CEO was one of those members of

the carnival committee. But looking back because we can all understand all festivals were on hold because of COVID-19 issues, it may be in time to come we may consider but those festivals do not give Ba Town Council any revenue because it is going to a different committee now.

MR. CHAIRMAN.- There are different committees who run the festivals. The Council there is just the stakeholder. Why do they not give you more than they actually get.

HON. M.R. LEAWARE.- But of course, Mr. Chairman, they will be using Govind Park. I mean they will be using Govind Park for the festivals, maybe there are some revenue coming from there.

MR. A. RAM.- No, Sir, we do not hold any festivals at Govind Park. We have got a separate Market Ground in the town vicinity so we used that for the convenience of the public and there is also a small Golf Gujarati Ground within the Town vicinity again. These are the two main parks that are being used for any festivals that happen in Ba . The revenue for us is Govind Park.

MR. CHAIRMAN.- What happens, honourable Member, like for example, the Town Council is one of the stakeholders in that particular Committee which organises. So in order to increase the economic activity in the towns and cities for that particular period, like for example, Ba Town Council would actually give that ground for free to organise the festivals so that the economic activities increase, that is the input in kind from the Council and the Committee works on the other expenses as well.

HON. M.R. LEAWARE.- Mr. Chairman, in terms of Govind Park, what is the timeframe of completion in terms of what you are doing right now?

MR. A. RAM.- I think after this meeting, we will again meet our respective people that we need to sort out a few things. As Chair being the Special Administrator for Ba, my uttermost duty now is to get Govind

Park uptodate but everything boils down to finance. We will see how much we get as budget if we do, we will finish off what we have got at phase 1 and then phase 2 is another part of the activity. But, yes, for us it is very important if Govind Park comes back in operation then there would be a lot of economic changes in Ba especially, because we all know for a fact that Ba is a soccer crazy Town and soccer has been one of the major backbone in bringing in economy. But this time around it is not only soccer that we are looking at, for what we intend to do it is probably what we plan to have Govind Park as an outcome that will meet international activities coming to Ba as well. When you say ‘Ba’ obviously it is Fiji first and then Ba then international standards like soccer international matches because that is the facilities that we are intending to provide and the basics of the construction had been designed that way. So it all boils down to what we have and quickly we can complete Govind Park based on the finance that is available for us.

MR. CHAIRMAN.- Definitely, get that Ba Ground organised because our honourable Member is now the coach of Nadroga Team so he wants to bring in Nadroga to actually play in Govind Park against Ba.

MR. A. RAM.- We must say “congratulations, Sir”, for being appointed.

HON. MEMBER.- Thank you very much, Sir for that acknowledgement and Mr. Chairman, thank you.

HON. A.M. RADRODRO.- Mr. Chairman, the earlier question: What is the percentage of default as of ratepayers in Ba: if you are able to give it to us or probably provide at a later date. From this 2019 financials it looks like close to 100 percent is defaulting.

MS. P. SINGH.- No, Sir. The current rates for the current financial year, we have collected over 60 percent and for the arrears we are also trying to work out to ensure that we collect that on time but I can provide you a data on that later.

HON. A.M. RADRODRO.- Just give us percentage by groups as you have highlighted, how many residential and how many businesses.

MS. P. SINGH.- Sure, Sir.

MR. A. RAM.- At the same time we can also assure that the team here is with the new people. We have come in and being the Chair we will have plans to ensure that we will try our level best to bring in all the revenues that have been outstanding to the Council.

MR. CHAIRMAN.- Thank you. Any other questions left?

HON. A.M. RADRODRO.- Mr. Chairman, just another question: I see that the 2019 Financials of Ba, the Government grant is a major portion of the revenue that you generated in 2019 of \$1.1 million. Can you just enlighten the Committee on this Government grant and whether the Ba Town Council will continue to discuss with Government on the continuation of receiving this Government grant.

MS. P. SINGH.- Sir, in 2019 the Government grant received majority funds were received for the Govind Park project and this has been utilised. In future should we need Government grant then we do our reconciliations and proposals to the Ministry of Local Government.

HON. A.M. RADRODRO.- In relation to that, Mr. Chairman, I see that Ba Town Council has an interest borrowing of \$1.8million. Can you just enlighten the Committee what this interest borrowings are in the 2019 financials?

MS. P. SINGH.- Mr. Chairman, there is a loan on our Ba Central Arcade Building, that is currently being paid off.

HON. A.M. RADRODRO.- What is the current balance at the moment?

MS. P. SINGH.- The current balance is \$1.4 million.

HON. A.M. RADRODRO.- ... and this deferred grant of \$5.3 million?

MS. P. SINGH.- Mr. Chairman, that is the Govind Park deferred grant that has been recorded, but it had to be reclassified which has been done in the 2020 financials. I think this is one of the audit issues as well which has been noted.

HON. A.M. RADRODRO.- That means the total grant that has been received for Govind Park is \$5.3 million?

MS. P. SINGH.- No, that includes other grants as well. Together with Govind Park, there has been other grants which is related to the Ministry of Waterways for flood mitigation projects, which has been utilised and then there was a grant from the UN Women for the markets for change, which has also been utilised.

MR. CHAIRMAN.- Another question to the Director with regards to Legal Counsel and Manager Finance sitting in the Ministry: Does the Manager Finance has any oversight role with regards to how finance aspect is dealt with at the Municipal Council level?

MS. B. DEVI.- Yes, Mr. Chairman, he does. Actually what we have started doing is that, he goes to all the Municipal Councils and does the auditing and coaching of the finance teams at the Municipal Councils.

MR. CHAIRMAN.- The concern that we raised earlier, if somebody resigns then the Manager Finance can go and oversight that particular Municipal Council for the period till they are looking for another qualified person?

MS. B. DEVI.- Yes, Mr. Chairman. We also have a Senior Accounts Officer who can be basically seconded or may be readily available to assist the Municipal Councils if there is any such case.

MR. CHAIRMAN.- The other thing is that, all the Councils have raised that they are looking at the Finance Manager Officer with CA qualification. So if you are actually looking at that, is the Ministry equipped with that qualification in the accounts section?

MS. B. DEVI.- Yes, Mr. Chairman.

MR. CHAIRMAN.- When did the Manager Finance join the Ministry?

MR. N. CHANDRA.- Mr. Chairman, 2018.

MR. CHAIRMAN.- What about that Legal Counsel, is it with the Office of the Solicitor General or the Municipal?

MS. B. DEVI.- Mr. Chairman, we do not have a Legal Counsel. If there is any legal opinion that we need, we always write to the Office of the Solicitor General and also for the legal representation of the Ministry if there is anything.

MR. CHAIRMAN.- All right, so Municipal Council write directly to the Office of the Solicitor General or they go through the Ministry?

MS. B. DEVI.- They go through the Ministry.

MS. P. SINGH.- Mr. Chairman, I move further.

Question: In the 2018 on the operational deficits that have been raised in relation to this Ba Town Council did not have a deficit from 2014 to 2017. Outstanding TINs from the parking metre infringement were issued on LTA ticket receipts: how is the Council recording these outstanding TINs? Will they be payable to LTA when received?

They are currently working on a MOU that needs to be done with the LTA and the Ministry of Local Government is assisting us in that as well, however, revenue that is being received at the LTA Office is being reconciled from our end too so when we put these things back to them we are able to provide documentations.

HON. J.N. NAND.- Honourable Chair, Sir, through you, we understand that sometimes parking meters were vandalised and tampered upon how is it then that they are calibrated and maintained?

MS. P. SINGH.- Sir, the current parking meters we are unable to repair if they have been damaged. That is why we are in the process of procuring the new parking meters which are the electronic parking meters and we should be getting that done before the end of the financial year.

HON. J.N. NAND.- Thank you.

MS. P. SINGH.- The 2019 questions: What actions have been taken by the Council for those responsible for the anomalies? A number of anomalies in the financial statements have been carried forward from prior years. We have found out that the previous accountant had actually left without the full handover of the preparation of the International Financial Reporting Standards (IFRS) and everything to the acting accountant and there has been no handover done therefore in the new structure that has been done, we are getting a head of finance and administration to lead the team and to ensure those anomalies are not carried forward.

Question: Can the Council explain why the Govind Park Project was not completed on time despite being allocated a total amount of \$4.4 million as at 31st December, 2019?

As explained earlier, Chair, the Govind Park Project first phase has been completed and issues being ironed out. The second phase proposal has been submitted to the Ministry of Local Government and we will see how the funding goes and then

HON. J.N. NAND.- (Inaudible)

MR. CHAIRMAN.- The hard copy.

HON. J.N. NAND.- I think they have gone through that in their explanation regarding

HON. M.R. LEAWARE.- Deputy Chair, in terms of Govind Park, and the amount mentioned of about \$4 million that was for that project at Govind Park there were some anomalies identified. What was the reason for the delay and in terms of the Ba Town Council and the Ministry what are they doing to rectify those anomalies?

MR. A. RAM.- All right. For that we have had a meeting with the contractor. We had a lot of documentations in and finally there were some defects that were pointed out by the engineers. Things were going around, what I did was I took the initiative to have a meeting with the contractors (their team with our team), we went around Govind Park to see what reality is and we came to an acceptance on an informal basis that 'All right if you can do this for us so that things start moving' and with good intentions they did agree, saying 'All right this is what we can do for you (for the defects)'.

There were certain things that they tell us that it was not part of their work or whatever but we have convinced them that 'Please do it and get out of this first phase so that we can proceed with the second phase', which they have virtually agreed to. But obviously we need to do some payments to them as well for the works that were done there and I think that is where we just need to sort out a few things and having done that, we will be able to finish off the first phase and move out for the first phase because it was just the pavilion, the seatings et cetera. When we say 'Govind Park', it was not for that first payment for the whole of Govind Park, it was only for the pavilion, the stadium, seating and all others.

There is a next phase that we are talking about which means grounds and all other things that are written here with floodlights. There is still pending work before the next phase. Our intention here is to finish off the first phase first, get it done, completed, certified, so that we can proceed with the second phase. But we are having meetings online with them and as I have said earlier after we finish off here we will talk to our department again with our senior executives to see how we can facilitate, move on and bring smiles back to people to say that we are really working on getting things done.

HON. V. LAL.- Was there any contract done between the Council and the contractor in the first place?

MR. A. RAM.- Yes, there was.

HON. V. LAL.- Then why are they saying that this was not part of the contract?

MR. A. RAM.- These are the documents that need to be seen. I think for what I know, I reserve my comments on that at this point in time. There is more to be read through but to answer all, there needs to be amicable solution to all these issues. We cannot be finger-pointing at each other because that will not end the issue but what we could do is say ‘Okay this is how it went through and this is how we can work through.’

The contractors have been kind enough to at least listen to the new administrators and they took the initiative to come. So that was the first sign of some good relationship and since they came and spoke we then wrote to them and we have spoken to them over the phone as well. Now the ball is in our court to respond back to them for what we need to agree to and I am pretty sure it will work out if we all work at the same wavelength.

HON. A.M. RADRODRO.- Just a question regarding this Govind Park refurbishment: Phase 1. The Auditors have highlighted that the delay was supposed to be completed in 2019. Now we are in 2022 with the interim completion certificate being issued. They have also highlighted that the contractor did not declare his interests as being the President of a District Football Association whereby the soccer team was allowed to use the facilities while it is still under construction and the comments from the Council was that they agree with the Auditor-General’s findings. Can you just enlighten the Committee on what sort of actions have you undertaken whilst you are being notified of this or probably you were not there at that time, notified of these irregularity that has been highlighted by the Auditor-General. Is it the same contractor that you are talking about?

MS. P. SINGH.- Yes Sir. It is the same contractor. We have not gone through that at the moment because when it came from the audit, we have highlighted this to our SA Board however, just to ensure that going forward, we do not have those kind of issues arising every meeting that is conducted on the side is minuted properly and every meeting minutes is sent to the Ministry of Local Government and also to the CIU who is managing the project.

HON. A.M. RADRODRO.- Auditor-General, can you enlighten the Committee on your findings and what you put down here in writing?

AUDIT REP.- Thank you, honourable Chair. Our finding on this particular issue is based on what we saw while the audit was in progress and the evidence that was provided to us. The issues reported by the Auditor-General in his Report is based on the evidence that we have given and the facts that we have provided is stated.

I am sure as explained by the Council, they are working towards rectifying these issues that have been noted. We also note the assurance given by the Chair of the SAs that they will get the contractor to get this matter resolved and complete the project.

HON. A.M. RADRODRO.- Thank you Mr. Chairman.

MS. P. SINGH.- The third question is, can the Council advise on the status of the audit recommendation on the anomalies in Property, Plant and Equipment?

The Property, Plant and Equipment variances have been identified and have been adjusted in the 2020 Financials which will be submitted to the auditors. What is the update on bookings of Accruals and Creditors?

The revenue and expenses are recorded on a monthly basis which solve the problem of the accruals which have not been done within the timeframe of the financial year and that is, as and when transactions occur and these are being recorded now. On the rates collection strategies, I have discussed this in the previous one.

Can the Council advise as to who is responsible for roads, drains, footpaths and how much does it cost the Council to maintain these on a monthly and annual basis?

The roads, footpath, drains and road reserve are the property of the Fiji Roads Authority. How much does it cost to the Council to maintain these on a monthly and annual basis? The roads, footpaths, drains and road reserve are the property of the Fiji Roads Authority. However, cleaning of the footpath, maintaining the drains and road reserve are done by the Council. The monthly cost to clean and maintain the drain is around \$5,200 which is \$63,496.32 on an annual basis. However, if there are major repairs to any drains then the cost will be determined by the scope of works for the job that is done.

HON. A.M. RADRODRO.- Mr. Chairman, can you enlighten the Committee whether the works of repairs and maintenance done on the roads are done in-house or being contracted out? What was the notion of it if it was contracted out?

MS. P. SINGH.- Sir, on the roads that belong to FRA, all their constructions, repairs or maintenance work are done by FRA. So for example the Main Street that has been damaged due to the recent flooding the work is done by FRA, however, if there are repairs and maintenance work in our car park or footpaths that come under the Council then it is done by the Council but whatever property that belongs to FRA the maintenance is done by FRA.

HON. A.M. RADRODRO.- All right, grass cutting et cetera. So the roads say for example, to residential ratepayers, the upkeep of those roads is done by the Council or FRA.

MS. P. SINGH.- That is done by FRA.

HON A.M. RADRODRO.- Even though they are ratepayers?

MS. P. SINGH.- Yes Sir.

HON. A.M. RADRODRO.- That is very different, is it the same for all the other municipalities?

MS. P. SINGH.- Yes.

MR. CHAIRMAN.- Yes, it is standard throughout Fiji. All the roads that belong to FRA is managed by FRA because the rate does not actually include the road itself.

HON. A.M. RADRODRO.- So the grass cutting et cetera are FRA-contracted.

MR. A. RAM.- No.

HON. A.M. RADRODRO.- That is what I am asking.

MS. P. SINGH.- The grass cutting is done by the Council.

HON. A.M. RADRODRO.- On the roadside.

MS. P. SINGH.- Within the town boundary yes.

HON. A.M. RADRODRO.- That is billed to FRA ...

MS. P. SINGH.- No Sir, that is part of the Council services to the ratepayers.

HON. A.M. RADRODRO.- So if all the roads belong to FRA and Ba Town Council is cleaning the sides of the road like grass cutting within the boundaries, that is not a work carried out on behalf of FRA? Who is responsible for cleaning the roadsides within the boundaries?

MS. P. SINGH.- Within the town boundary the cleaning is done by the Council and it is the Council's responsibility as part of the service to the ratepayers.

HON. A.M. RADRODRO.- So nothing is billed to FRA for cleaning the roadsides within the municipalities?

MS. P. SINGH.- No Sir.

HON. A.M. RADRODRO.- There is a bit of inconsistency because Nadi say that they do the cleaning up and they are billed.

MS. B. DEVI.- Sir, for the municipal councils they do the grass cutting and drain cleaning so that is part of the services of the municipal councils and the CEO has rightly pointed out that those are services provided to the ratepayers. As far as the roads are concerned that is the property of Fiji Roads Authority.

MR. CHAIRMAN.- I believe the highway that falls within the municipal council area that one is done by FRA. The main highway ...

HON. A.M. RADRODRO.- No I am not talking about the roads, I am talking about the refurbishment and the cleaning of the roadsides ...

MR. CHAIRMAN.- Actually within the town boundary it is the responsibility of the councils. Nadi Town Council was basically talking because Nadi is a place where highway goes through the Town so that is where FRA takes that responsibility but for Ba, Ba is inside and the highway is on the side. But the main Kings and Queens Highways are looked after by FRA.

HON. A.M. RADRODRO.- What about Suva?

MR. CHAIRMAN.- Suva is on the side, does not fall either on Kings Highway or Queens Highway.

HON. A.M. RADRODRO.- Suva starts from where?

MS. P. SINGH.- Sir, the last question is, how does the Council plan to mitigate flooding in your own Municipality? The main cause of flooding is the Ba River and the Elevuka Creek that run through the Town. The Council had called for a meeting with the Minister of Local Government, Honourable Minister for Waterways and Ba Chamber of Commerce in 2021 to discuss the issues faced by Ba Town Council.

We again faced the same issues in 2022 so after the discussion the Ministry of Waterways had started the dredging of Ba River.

Earlier this year it was announced by the Government through the Honourable Attorney-General that there will be a diversion of the Elevuka Creek which is the main cause of flooding in Ba Town.

Also we (the Council) ensure the drains are clean prior to the rainy season to ensure that there is no blockage and the assessment of the drains and culverts that are used in order to improve drainage in towns and works are being done so that it can be submitted to the Ministry of Local Government and the Ministry of Waterways.

MR. CHAIRMAN.- I believe that brings us to the end of the submission. Any questions from the Members?

HON. M.R. LEAWERE.- Mr. Chairman, just an enlightenment from the Ministry in terms of the structure. Do you have a Permanent Secretary at the Ministry of Local Government?

MS. B. DEVI.- We do, Sir, yes.

HON. M.R. LEAWERE.- Somebody there?

MS. B. DEVI.- Sir, we have the Acting Permanent Secretary at the moment and then we have the Director of Local Government.

HON. M.R. LEAWARE.- That is you?

MS. B. DEVI.- Yes, Sir. After the Director we have the Manager Finance. He has got his Corporate Team so we have two teams: the Corporate Team ...

HON. M.R. LEAWARE.- That's him?

MS. B. DEVI.- ... Yes, and the Ministry of Local Government team and that is my team.

HON. M.R. LEAWARE.- All right, down to the Ba Town Council from your structure to the Town Council you have the Special Administrator as well or just the Board?

MS. P. SINGH.- Sir, the Special Administrators are the Board for the municipal councils. They have their role as the Board.

MR. CHAIRMAN.- It is a group of people. They report directly to the Ministry.

MS. B. DEVI.- Sir, we call them 'SA teams'. We have three members and two members for smaller councils.

MR. CHAIRMAN.- One of them is the Chairperson.

HON. M.R. LEAWARE.- I see. But do we have a different setup like we heard here yesterday from Lautoka. The gentleman who was here, Mr. Waqa, is he

MR. CHAIRMAN.- He is one of the Special Administrators.

MR. A. RAM.- I appointed him to be part of the Lautoka City Council discussion because we want to share work so that everyone is on the same wavelength. When we have SAs as has been rightly pointed out there are three of us and one happens to be the Chair which for Ba Town Council and Lautoka City Council I am the Chair. So I decided to be representing with the Ba CEO and given an opportunity for my other SAs to be part of other municipal councils.

HON. A.M. RADRODRO.- So only two of you.

MR. A. RAM.- Three. Sir, the gentleman that came in yesterday, Mr. Joeli Waqa is one of my colleague a Special Administrator in the Board.

HON. V. LAL.- So there is one Special Administrator for Ba as well?

MR. CHAIRMAN.- No three-member Special Administrator panel which looks after Ba Town Council and Lautoka City Council.

HON. V. LAL.- So Lautoka City Council has one Special Administrator.

MR. CHAIRMAN.- No, there are three looking after two Councils. There is only one Board with three Special Administrators.

MS. B. DEVI.- So, Mr. Anil is the Chair and the Special Administrator that we had yesterday is one of the members of the team.

HON. A.M. RADRODRO.- And the other member?

MS. B. DEVI.- The other member is Mr. Zahid Wahab also from Lautoka (Lautoka City Council).

MR. CHAIRMAN.- Like similar thing for Nadi and Sigatoka there is one. One panel of Special Administrators who look after Nadi City Council and Lautoka City Council; Labasa Town Council and Savusavu Town Council same thing. Unfortunately we do not have one for Galoa.

HON. M.R. LEAWERE.- We have to have one for Navua.

MR. CHAIRMAN.- You need to have a town first.

(Laughter)

HON. M.R. LEAWERE.- ... and Vunidawa as well.

MR. CHAIRMAN.- Any other question for the Council or the Ministry?

All right I believe that brings us to the end of today's public hearing.

HON. A.M. RADRODRO.- Mr. Chair, my last question. When you enter Ba Town there used to be one statue structure there it has sort of disappeared. Are you going to put it back there or what is the plan?

MR. A. RAM.- The one that you are talking about is if you are entering into Ba after you come down the main Bridge it was erected there.

HON. A.M. RADRODRO.- Yes.

MR. A. RAM.- I have asked the CEO that yes, we will put back those Girmit sort of depicting the horse and the cows.

We will definitely put back there and re-do that area and put it back there because I found that a lot of people were coming there. It was an attraction where they were taking photographs. We will definitely put that back in there. Whatever we do for Ba, we have to be very mindful regarding the flooding, we are not spared for any flooding that comes in and we have always faced this, and it is very sad that Ba has been victims of flood for all these years.

My duty again now is to seek assistance and get the relevant diversions done if we can on time so that at least there is a sign of relief for the ratepayers of Ba and then we can move on. Every time we work something hard, three years after when there is a big flooding: come back

Yes, what you have asked is definitely there are plans to beautify Ba as well again. Give us some time and definitely there will be some difference when you come back to Ba next time.

MR. CHAIRMAN.- Thank you very much. I take this opportunity to thank the Special Administrator (the Chair) the CEO for Ba Town Council and team for coming all the way from Ba early morning. I believe we did change the time, sorry for that our apologies but we have some other commitments later in the afternoon, that is why we had to shift the time.

But nevertheless, thank you very much for coming to explain and giving in depth explanations about all the questions that were sent: a very fruitful discussion. Thank you Director and your team and also the team from the Office of the Auditor General. Thank you very much for availing yourselves this morning.

I shall now adjourn this meeting till 9.00 a.m. tomorrow.

The Committee adjourned at 11.11 a.m.

[VERBATIM REPORT]

STANDING COMMITTEE ON PUBLIC ACCOUNTS

2018-2019 AUDIT REPORT ON MUNICIPAL COUNCILS (PP NO. 161 OF 2020)

SUBMITTEE: **Levuka Town Council**

VENUE: **Big Committee Room, Parliament**

DATE: **Friday, 22nd April, 2022**

**VERBATIM NOTES OF THE MEETING OF THE STANDING COMMITTEE ON
PUBLIC ACCOUNTS HELD AT THE BIG COMMITTEE ROOM (EAST WING),
PARLIAMENT PRECINCTS, GOVERNMENT BUILDINGS ON FRIDAY, 22ND
APRIL, 2022 AT 9.18 A.M.**

Interviewee/Submittee: Levuka Town Council

In Attendance:

- | | | |
|-----------------------|---|-------------------------|
| 1) Mr. Josese Rakuita | - | Chief Executive Officer |
| 2) Ms. Nunia Vugakoto | - | Accountant |

Office of the Auditor-General

- | | | |
|-------------------------|---|---------------------------|
| 1) Mr. Moshin Ali | - | Assistant Auditor-General |
| 2) Ms. Alani Draunidalo | - | Audit Manager |

Ministry of Local Government

- | | | |
|----------------------|---|-----------------|
| 1) Ms. Bindula Devi | - | Director |
| 2) Mr. Navin Chandra | - | Manager Finance |

DEPUTY CHAIRPERSON.- Honourable Members, members of the public, secretariat, dear viewers, ladies and gentlemen – a very good morning to you all and it is a pleasure to welcome everyone especially the viewers that are watching this public hearing session.

At the outset, for the purpose of information, pursuant to Standing Order 111 of the Standing Orders of the Parliament, all Committee meetings are to be open to the public, therefore please note that the submission is open to the public and media, and is being aired via the *Walesi* platform and streamed live on the Parliament website and social media platforms. For any sensitive information concerning the matter before us this morning that cannot be disclosed in public, this can be provided to the Committee either in private or writing. However, please be advised that pursuant to Standing Order 111, there are only a few specific circumstances that allow for non-disclosure and this includes –

1. National security matters,
2. Third-party confidential information,
3. Personnel or human resources matters, and
4. Committee deliberation and development of committees' recommendations and reports.

This is a parliamentary meeting and all information gathered is covered under the Parliamentary Powers and Privileges Act. However, please bear in mind that we do not condone slander of any sort and any

information brought before this Committee should be based on facts. In terms of protocol of this Committee meeting, please minimise the usage of mobile phones and all mobile phones should be on silent mode while the meeting is in progress. I wish to also remind honourable Members and our guests that all questions to be asked are to be addressed to the Chair and as I said before please keep your microphone on. At this moment, I would like to introduce the Members of my Committee.

(Introduction of Committee Members)

Today, the Committee will be hearing submissions from the Chief Executive Officer, who looks after Levuka Town Council. This is in relation to 2019-2020 Municipal Councils Audit Report (Parliamentary Paper 105 of 2021). For the purpose of the viewers that are joining us this morning, I would like to give a brief explanation on what the municipal council audit is about.

The Audit Report summarises the audits that were undertaken in five municipal councils and this includes Levuka. In today's public hearing, we will review the Levuka Town Council's audited accounts for 2012 and 2013 financial years. Before us we have representatives from the Levuka Town Council and I would like to thank them for availing themselves for this meeting. I now invite our guests to introduce themselves and begin their presentation, after which there will be a question and answer session. Please also note that if there are any questions by the Members of the Committee, they may interject or we may wait until the end of your presentation to ask our questions. We will also allow others from the Office of the Auditor-General and Ministry of Local Government to introduce themselves and then you can start with your presentation.

(Introduction of Levuka Town Council witnesses, OAG staff and Ministry of Local Government staff)

DEPUTY CHAIRPERSON.- I am Joseph Nand, Deputy Chairperson. We will see if our Chairperson for this Committee on Public Accounts, honourable Maharaj will be joining us online. You may begin your presentation.

MR. J. RAKUITA.- Mr. Deputy Chairman, for me, I think this is the first time that I am appearing before such a committee and I might be a bit jittery in my presentation this morning.

Question 1 - Before responding to each audit query based on the anomalies highlighted below by the Auditor-General, please advise whether there was any disciplinary action taken against responsible staff/officer if not, why not?

Our response to that Mr. Deputy Chairman, the Council confirms that there was no disciplinary action taken against responsible staff/officer for the anomalies highlighted in the Auditor-General's Report for the following reasons:

1. The Council is following deliberations on the anomalies highlighted and assessments made on staff performances found these anomalies occurred due to the lack of expertise. You will recall Deputy Chairperson and honourable Members that the maritime area is one of the problems we are facing and secondly is the staff turnover during that period.
2. The Council, in its efforts to regularize these anomalies, identified that immediate improvements should be made to its current cash accounting system before conversion to accrual basis of accounting. I am happy to say Chair and honourable Members, that we have now recruited and taken action on that by having a qualified Accountant at Levuka Town Council.
3. In addition to that, this was decided at the time following the transition in the administration of Council from Mayorship to a Town Clerk to Special Administrator (SA) and Chief Executive Officer (CEO). The incoming administration noted with great concern the unsatisfactory manner in which Accounting records and books were maintained and the deviation from the Manual of Accounts for Municipalities including standard operational procedures and processes.

In view of the above findings, the Council concurred, at that time, that it would be unfair to discipline the staff with those constraints without the opportunity for proper training of four staff. Secondly, as I had alluded to earlier on, in terms of staff turnover, they have already left office.

On Question 2 - Can the Council update the Committee on the progress of maintaining the heritage buildings, sites and advise whether they have been charged fees and who pays for the town rates.

The maintenance of the heritage buildings are the responsibility of the owners themselves. In terms of the residential properties, the owners are responsible, however the Council is required to be informed in order to align any maintenance work in accordance with the building codes, of the heritage guidelines. This is also applicable to other commercial property owners. I hope, Mr. Deputy Chairman, that this answers the second question.

DEPUTY.CHAIRPERSON.- Just hold on, CEO. Can you go back to your response for Question No.1, since the Director is here. In your response you mentioned that no disciplinary action was taken against the responsible staff/officers, so what is the way forward now? I direct the question to the Ministry of Local Government.

MS. B.DEVI.- The staff have already left. We have replaced most of the Councils with new staff, new CEO and of course new Special Administrators(SA). The first appointment was done in 2019 - the term of the SA was for 2 years and they have been appointed in February 2022. We have a new set of SA's.

MR. J. RAKUITA.- Mr. Deputy Chairman, through that, we are grateful that the Ministry is really on to this appointment of qualified staff for Municipal Councils.

HON. V. LAL.- Mr. Deputy Chairman, just a question I would like to know when was the CEO appointed?

MR. J. RAKUITA.- Mr. Deputy Chairman, which CEO? The current CEO?

HON. V. LAL.- Yes, the current CEO

MR. J. RAKUITA.- The current CEO was appointed in 2016

HON. V. LAL.- You were there, that means you were the CEO?

MR. J. RAKUITA.- Yes, honourable Member

HON. V. LAL.- You were talking about the heritage buildings, et cetera; do you face any challenges in that? Because I know it is the people's responsibility to maintain their buildings but then as a council when you approach them, do they easily accept what you are saying or are there some challenges faced by the council? Because these buildings need to be maintained for heritage purposes.

MR. J. RAKUITA.- Mr Deputy Chairman, the challenges are that we are telling them what to do in terms of the building maintenance. Because it is a heritage site, we were thinking that the government has to contribute to the maintenance of these heritage buildings.

For example in 2020 there was a grant given by government for the beautification of Levuka. The residents were up in arms with the maintenance of their buildings following *TC Winston*. Some of them held on to their maintenance requesting government to assist them. Some had already done the maintenance but they were maintaining their receipts so that they can later claim from government, but in that year during the visit of the honourable Prime Minister we had assisted them.

Those that have produced receipts were given assistance from the grant in terms of the maintenance of their buildings. Those that were going to be repaired or maintained had to give the quotation to us and the council paid them money so that they can do their maintenance. Following that the only thing the council does is to monitor and ensure that those monies are well spent on the maintenance of those buildings. I think that was the challenge because the residents or ratepayers of Levuka thought that the government had to contribute positively to maintain their heritage buildings because they could not do any development without the Levuka Town Council giving the guideline.

HON. V. LAL.- Thank you Sir. Mr. Chairman, looking at the audit status I can see here that you were appointed in 2016, this is 2022 now and I think the audit completed is just for 2012 and 2013 and the others are “audits in progress” it says given to the Office of the Auditor-General. We are far behind so what is happening in that regard because you were there in 2016 and according to the Act, it says and I quote, “... three months after the completion of the financial year, the financial statement should be given”, and if that was followed since 2016 we would not have been in this situation.

MR. J. RAKUITA.- Thank you Mr. Chairman and honourable Member, when I joined we had to start from 2005, that was the backlog we were working on. From 2005, 2006, 2007, 2008, 2009, 2010, the 2016 and 2017 is already with OAG. My new Accountant is working on 2018, 2019 and 2020 so, at the end of this year we should have those in line honourable Member and Mr. Chairman.

DEPUTY CHAIRPERSON.- Any response from the OAG?

AUDIT REP.- Mr. Deputy Chairman, yes I concur with the current CEO - when he joined office he had to clear that many years of accounts from 2012 to 2015 in one batch. We have completed the audits for 2012 to 2013 which has been discussed with the Committee; 2014 to 2015 we have completed and we just waiting for the management to sign off on the financial statement; 2016 and 2017 is still with us and we will be auditing that by the end of this financial year by 31st July and they are working on the rest of the accounts to be prepared.

I would say that Levuka Town Council audit was a challenging audit for us with the issues that was inherited by their current CEO and I think we must give him credit for getting these things organised. The other thing to note, Mr. Chair, as mentioned they started with the cash basis of account and then they had to transit to accrual accounting so in that itself was quite a challenging task for them and in that process they did not have a qualified finance officer, but however they have managed to come up to 2016 and we are optimistic that they will be able to proceed and get this organised and bring up to date with the audit, Deputy Chair.

HON. RO T.V. KEPKA.- Deputy Chair, we are still on No. 2. - it says here (and you have also stated the same CEO) that it is the responsibility of the owners to fix their homes according to the deadlines that you have given and that would go back to may be the 1800s and 1700s. How they source those materials to be used to maintain their homes would be a challenge also. I notice here that under “R” in the budget you have the rehabilitation of Levuka World Heritage structure. How is that funding assisting in the work of the world heritage structure that you need to work with according to the guidelines and is under ‘R’ - is there any assistance given there for the home owners or the business owners?

MR. J. RAKUITA.- Thank you, Deputy Chair and Honourable Members. That fund is controlled by the Ministry of Economy for maintenance of government buildings that are under the National Trust of Fiji. Levuka is only given a small amount as part of the beautification of the town which is less than \$50,000

annually so that we can do our work in town. The one under 'R' is left under the Department of Heritage and Arts.

HON. A.M. RADRODRO.- Deputy Chair, just a supplementary question. I have already declared my interest in this regarding the CEO of Levuka Town Council.

In terms of Heritage Building cites that you have in Levuka, would you be able to inform the Committee how many heritage buildings that we are talking about in terms of numbers, residential and commercial.

MR. J. RAKUITA.- Thank you, Deputy Chair and Honourable Members. I cannot recall the numbers of residential buildings in Levuka but all buildings within the town boundaries are all declared heritage buildings. In Levuka everything from the sea to the inland areas falls within the town boundaries and have been declared heritage even the landscape.

HON. RO T.V. KEPA.- And the town boundary, Deputy Chair?

MR. J. RAKUITA.- The town boundary begins from Nasova which had the Governors' residence right up to the bridge at Levuka Vakaviti, and from the sea right up to Baba which is our informal settlement for Levuka Town Council

HON. A.M. RADRODRO.- PAFCO is also part of the heritage area?

MR. J. RAKUITA.- Yes.

HON. RO T.V. KEPA.- Mr. Chairman, just for interest sake, the Catholic church right there in the middle of Levuka, who would be responsible for the uplift and the maintenance according to your building codes?

MR. J. RAKUITA.- It is the Catholic church in Fiji.

HON. V. LAL.- How many ratepayers are there; residential and businesses?

MR. J. RAKUITA.- Mr. Chairman, we have 158 ratepayers for Levuka including commercial and residential.

HON. RO T.V. KEPA.- Mr. Chairman, just one last question to the CEO on heritage? Do you have any timeline according to the UNESCO heritage given to you by which you have to comply with all the guidelines to make it a world heritage site? Because i noticed time is going and some of the monies has been diverted to other areas for example when *TC Winston* hit Levuka some of that allocation was diverted elsewhere.

MR. J. RAKUITA.- Thank you Mr. Chairman and honourable Members. Levuka was declared a heritage town in 2013 so we have to continue to maintain it. One of the challenges for Levuka is balancing development and conservation. You will note honourable Members that one of the challenges is maintaining the old buildings, as has been alluded to by one of the honourable Members – it is the replacement of materials because most of the materials used are over 100 years old, so the challenge is trying to maintain it. That is why every year we always submit our request to Government in line with the development for Levuka under the management plan for Levuka. I think that will answer the question from the honourable Member that on a yearly basis we submit our management plan and the requirements that we need to maintain Levuka, but as it is, it is a heritage town.

DEPUTY CHAIRPERSON.- Thank you very much, for the purpose of the discussion and for your information, if you want to provide a written response to the Committee you can submit it later. Any questions or even move on to the next part of the presentation.

HON. A.M. RADRODRO.- Mr. Chairman, just a question regarding the maintenance of these heritage buildings and the risks associated with it. I think recently, we have seen fires in some of the heritage buildings in Levuka – I think the MH building - going forward, can you enlighten the Committee on how you intend to mitigate against these risks to ensure that these buildings remain there for the timeline of the Council?

MR. J. RAKUITA.- Thank you Mr. Chairman and honourable Members, we have our Fire Service department there in Levuka. Secondly, all houses on residential there are top up and if there is something wrong with the electric lines, it triggers and turns off the circuit. We are grateful that the NFA is with the Levuka Town Council and also monitoring on a daily basis.

Question No. 3: Does the Council have any say on the dilapidated conditions of the heritage buildings in Levuka?

The Council's role in terms of the dilapidated heritage buildings is to advise and encourage building owners to maintain their buildings. For these reasons, we are recommending that Government contributes one third (1/3) of costs to assist home owners. The Council's role is to ensure the balancing of conservation and development of Levuka so with the assistance of Government, it will assist the home owners to maintain their building and also help the town council in having a say because we need to maintain the facade of the building. The inside of the building - we are always very relaxed with the building home owners because we want to maintain the building.

HON. V. LAL.- On that note, Deputy Chairperson, we want to know whether this issue has been raised with the Government – the one third contribution – and whether talks are ongoing in that regard?

DEPUTY CHAIRPERSON.- You can provide us with the response later, please.

MR. J. RAKUITA.- We will provide the Ministry with detailed requirements of the Council's decision that it should come to the Government but this is from the Council's perspective.

HON. A.M. RADRODRO.- Sir, maybe we can get a brief overview from both stakeholders, if not this would be a good recommendation to the Committee.

DEPUTY CHAIRPERSON.- As alluded to by the honourable Member, you can give it to us in writing.

MS. B. DEVI.- Yes, Sir, we will need some consultations on that.

DEPUTY CHAIRPERSON.- That is noted by the Committee and we will wait for the written response. You may move on.

MR. J. RAKUITA.- Thank you, Deputy Chairperson and honourable Members for the positive remarks. On Question No. 4, what actions have been taken by Council on the following anomalies. Please provide details?

Anomalies in Grant:

Council confirms that the following measures have been taken from 2014:

- Individual Grant files have been maintained to file agreements, contracts and administrative matters.
- Expenditure and commitment ledgers are now being maintained for grant received with supporting schedules.
- Monthly reconciliations and acquittals together with bank reconciliations are prepared and forwarded to our line Ministry for all the grants received. This is one of the requirements that are now in place by the Ministry before the release of the next grant. We have to provide acquittals on a monthly basis.
- The above records are now properly maintained and secured at all times.
- The Council, however, regrets to advise that is unable to regularise nor provide explanations on the irregularities in the Financial Statements of 2012–2013 due to the lack of source documents which were either misplaced or missing during the formal years of transition of Administration of Council.

HON. V. LAL.- Deputy Chairperson, Sir, in regards to this. Earlier you alluded to the fact that there was lack of qualified staff and not having the expertise – are you saying that these issues have been rectified now and enough training has been provided to the staff or are you having qualified staff recruited.

MR. J. RAKUITA.- Mr. Chairman, we have now recruited qualified staff to oversee these anomalies.

HON. V. LAL.- How often is staff training provided? I think that is very important. We have top staff qualified as managers but then we also need the staff to be well trained to be on the same pace.

MS. B. DEVI.- Mr. Chairman, if I may respond to that question. What we require from the CEOs is the regular coaching of the staff in terms of the finances that the Councils are dealing with. Also, now that we have developed a Finance Manual, we will be holding training for the finance teams as well as the CEOs and Special Administrators on the provisions of the Finance Manual, so that they are able to implement those provisions.

AUDIT REP.- Mr. Chairman, I would just like to contribute to the point raised by the honourable Member in terms of training. From the Office of the Auditor-General, we stand ready to assist the Ministry in terms of providing training. We are ready to provide facilitators and training personnel to assist in getting the staffs up to date. The important point to note is that we need officers to be trained in book keeping, reconciliations and how to maintain financial records. From our perspective we are aware of what the issues cutting across the Municipal Councils are, where the challenges are and we stand ready to work with the Ministry. If they require us, we are happy to provide the assistance and all the resources for the staffs to be trained on a regular basis, may be every year or every six months.

HON. V. LAL.- Free of charge?

AUDIT REP.- Yes, free of charge.

MR. J. RAKUITA.- Mr. Chairman, we thank the Office of the Auditor-General on that and I know we are discussing that with the Ministry on that proposal. I was happy to hear them discussing that issue.

In terms of anomalies in revenue, Mr. Chairman, the following strategies and processes for the collection of revenue have been put in place by the Council to ensure that all revenues promptly paid, fully accounted for and securely maintained:

1. Rates- Since town rates are calculated based on the Unimproved Capital Value (UCV) of ratepayers' properties in accordance with the Valuation Roll, report for the Town compiled by the Ministry of Lands, the following records are maintained for individual ratepayers to ensure rates are properly accounted for. Mr. Chairman, we have individual rate cards which record all relevant details of ratepayers such as:
 - a) Name of the owner;
 - b) Name of the occupier/ lessee;
 - c) Type of rates and rates charged;
 - d) Total rates for the year;
 - e) UCV;
 - f) Arrears and interest on overdue rates;
 - g) VAT;
 - h) Balance; and
 - i) Date and revenue receipt number.

These are all part and parcel of the information that is contained in the rate cards.

2. Invoices are issued to individual ratepayers at the beginning of Council's financial year with the following details:
 - a) Rates charged for the year;
 - b) Garbage fees; and
 - c) Outstanding rates, if any.
3. Follow up and internal control- To ensure that payments are paid promptly, Council has put in place the following processes:
 - a) Quarterly follow up through the written reminders, phone calls, emails and home visitations; demand notices and legal action being the last resort;

- b) Other strategies used are to ensure ratepayers clear current rates in full whilst arrangements are being made to clear the arrears in instalments as well on irregularities accordingly;
- c) Garbage collection fees register for ratepayers and non-ratepayers is maintained by the revenue clerk and monthly reconciliation is carried out by the accountant to ensure fees are properly paid and properly accounted for;
- d) Business licence and stand fees, the Council confirms that individual cards and registers are also maintained for business licence and these are paid in full at the starting of the financial year. In terms of business licence and stand fees, honourable Members, I think we are very happy to mention that the government has waived that and has subsidised the councils for the fees that used to be paid by the ratepayers;
- e) Accounting of revenue, all revenue received by the Council are issued with the Council's official receipt in sequential order and date by authorised revenue collector for the Council;
- f) Internal control –
 - all bank lodgements are checked by authorised officers other than the revenue clerk before and after lodgement daily.
 - all revenue received after lodgements in a day are checked and handed over to the accountant for safekeeping in the Council's safe. I think Levuka has the first and safest safe in Fiji because it was introduced by those who managed the government in the olden days. All revenue received after lodgement and they are checked as I have mentioned that, and
 - unbanked revenue collected during the day before lodgements are kept in the Council's safe. That safe is very safe.

HON. A.M. RADRODRO.- Heritage safe!

MR. J. RAKUITA.- Yes, it is a heritage safe, Sir.

Bank reconciliations, Mr. Deputy Chairman, we assure that all revenue received whether those received and lodged by the Council or through direct deposits to the bank are fully accounted for. Monthly bank reconciliations are carried out by the Council accountant. Any errors or irregularities found are adjusted or investigated further whichever is applicable.

Ageing of debts – with the recent appointment of a qualified accountant by the Council in January, 2021, she has implemented an ageing of debtors listing to ensure the prompt payment of revenue when due, follow up recovery action on overdue accounts. The Council has aged its revenue collection process for monitoring purposes as well as facilitate timely appropriate actions and maintain cash flows.

Revenue reconciliations/debtors listing – monthly reconciliations of revenue are now being carried out by the Council and debtors listing prepared. The Council again regrets to advise that it is unable to regularise nor provide explanation to irregularities raised in the financial statements for 2012 and 2013 due to the reasons provided in our response to Question 4 (1).

HON. V. LAL.- Mr. Deputy Chairman, what is your success rate in collecting the rates?

MR. J. RAKUITA.- Current rates collected as at 28/2/2022 was \$141,663. The total current rates invoice was \$245,131.60. Yes, that is including the arrears.

HON. V. LAL.- Are you giving discounts to those who want to pay in full just like the other councils do? For arrears you give a certain percent of discount.

MR. J. RAKUITA.- Yes, the Council also gave discounts for those who paid in the first two months.

HON. RO T.V. KEPA.- What would be the percentage of rates collected, Chair? Is it 50 or more?

MR. J. RAKUITA.- It is more. I think the last time we had 81 percent.

HON.A.M. RADRODRO.- Is that the current percentage or from 2020?

MR.J. RAKUITA.- No, current percentage.

HON. A.M. RADRODRO.- 81 percent? Uncollected or collected?

MR. J. RAKUITA.- The collection.

DEPUTY CHAIRPERSON.- That is very encouraging. You may move on to the next part of your presentation.

MR. J. RAKUITA.- The Anomalies in VAT Account - the Council fully concurs with the Auditor-General's findings on the above anomalies. So, the following corrective measures have been taken by the Council:

- 1) Maintenance of an output and input VAT register to record all VAT on income and purchases. With the maintenance of the above registers, VAT due together with lodgement and payment penalties were able to be determined.
- 2) The Council negotiated with the FRCA then to waive penalties and pay outstanding VAT for the years in instalments. FCRA has agreed on the following conditions:
 - Council to pay FRCA the outstanding VAT in instalments of \$3,000.00 per month together with the current monthly VAT payments until the outstanding VAT is fully repaid;

- FRCA to waive the late lodgement and payment penalties on the condition that the Council adhere to the above condition.
- Council has fully repaid the VAT outstanding in 2016.
- VAT reconciliations is now being carried out monthly to ensure that VAT is paid correctly and in a timely manner. Due to the above reasons, VAT receivable/payables were not accounted for in the 2013 Financial Statements.

On that note, Mr. Deputy Chairman, I think it is encouraging now that FRCA is working with us. They are submitting monthly updates to let us know that the lodgements were successful for each month.

In terms of anomalies in receivables - corrective measures have been taken by the Council on these anomalies which have been provided fully in our response to Question 4(2) above. Since proper records were not maintained at the time, Council regrets to advise that it is unable to provide explanations to irregularities raised in the 2013 Financial Statements so we fully conquer with what has been raised by OAG.

Anomalies in Liabilities - the Council agrees to the findings of the Auditor-General on the above anomalies and wishes to advise that reasons have been explained in our preceding responses above. The Council confirms that the following corrective measures have been put in place to ensure such anomalies do not occur in the future. Since the Council still operates using cash basis accounting, Commitment and Expenditure ledgers are maintained to record and reconcile liabilities at month end. A creditors listing is prepared at the end of the month after reconciliations and appropriate action taken accordingly.

In terms of non-performance by the Accounting Advisor - in the formative years of administrative transition of Council from Mayorship and Town Clerk to Special Administrator and Chief Executive Officer, the incoming administration then noted with great concern the unsatisfactory manner that the accounting books and records were maintained and a deviation from the standard requirements of the Manual of Accounts for Municipalities. For this reason, the Ministry had adopted a strategy at that time to send someone to go and assist the Council. That took place and the second paragraph states that his work was to be paid by the council but it was through a Government grant.

HON. V. LAL.- So the accounting adviser was sent in by Ministry of Local Government or was he appointed by the Council itself?

MR.J. RAKAUITA.- Mr. Deputy Chairman, this adviser was appointed by the Ministry in recognition of the problem that was faced by the Council to go and assist the council at that point in time and to bring it up to par with financial systems and accounting.

HON. V. LAL.- So that means there is a provision that allows the Ministry to appoint personnel if they see that certain councils do not have qualified people.

MS. B. DEVI.- Sir, we have not done that since 2019 but we are always ready to facilitate if the request comes from the councils. What we are currently doing is that we have a team at the Ministry and the team is always providing advice whenever the councils require them.

HON. V. LAL.- I think it is a very good move that the Ministry has a pool of experts and then whichever council, like Levuka and the other councils, are facing difficulties and do not have the qualified people, the ministry can come in and help, I think it will help the councils to clear up the backlog and do what they are required to do.

MS. B. DEVI.- Certainly Sir, thank you.

MR. J. RAKUITA.- Thank you Mr. Chairman and honourable Members I will move on to Question 4(7) – No supporting documents provided for Conservation Loan. The council wishes to advise that it is unable to provide explanations, nor the documents required on the query since the Conservation Loan is managed and operated independently by the Levuka Heritage Conservation Committee. Efforts by government to acquire these documents have been in vain due to the changes in committee officials over the years.

HON. A.M. RADRODRO.- Mr. Chairman, just a clarification on the disbursement of this Conservation Loan. Was it paid from the Ministry to the Town Council and the Town Council to the committee? Can you just enlighten the Committee on the disbursement of this Conservation Loan which is I believe paid from the Ministry.

MR. J. RAKUITA.- Thank you Mr. Chairman and honourable Member, there was a fund donated but then the government topped it up and this fund is used by residents of Levuka to get loan from, say for \$5,000 to repair and do their maintenance with a 5 percent or 10 percent interest incurred - it is like a revolving fund account. But it was handled by those in administration at that point in time but now the council is on the verge of trying to get it back to the council because government funds were contributed and it is public funds to ensure that it is scrutinized and used for that purpose. Those that have a record or require that fund, we always give about \$5,000 per applicant and they repay in instalments until that is completed before we can give another additional one to that same person but otherwise

HON. RO T.V. KEPA.- Mr. Chairman, is that ongoing or how long for?

HON. A.M. RADRODRO.- Does that loan facility still exist today?

MR. J. RAKUITA.- The money is still there, we have about \$50,000 plus in that account. We are having difficulties with signatories - those that were handling that money at that point in time. It is not within the council, but with senior citizens of Levuka. But I think the onus is on us to ensure that it is maintained in the Council for proper keeping and record, and also that it can revolve around.

HON. RO T.V. KEPA.- Mr. Deputy Chairman, that means that anyone within the Town Council boundary can apply for this \$5,000 loan? Is it on an annual basis or ongoing?

MR. J. RAKUITA.- Yes, Mr. Deputy Chairman. This one we give out to those that require maintenance.

DEPUTY CHAIRPERSON.- So, there are certain requirements for that.

MR. J. RAKUITA.- Yes, probably, Sir.

HON. V. LAL.- Mr. Deputy Chairman, Sir, you mean to say that this Heritage Committee is altogether a different Committee and not part of the Council?

MR. J. RAKUITA.- Yes, Mr. Deputy Chairman. They are not members of the Council. This Committee was appointed by the Department of Heritage and Arts.

HON. V. LAL.- So, the Council is not at all represented in this Committee, is it?

MR. J. RAKUITA.- No, Sir.

HON. A.M. RADRODRO.- So, funding comes from Ministry of Heritage and Arts.

MR. J. RAKUITA.- Funding - only at one time was given by the Ministry of Local Government I think in early 2010 to 2013 to top-up that money to help alleviate some of the small maintenance works faced by home owners in Levuka.

HON. V. LAL.- Mr. Deputy Chairman, Sir, I suggest that since the Council is responsible for the heritage works in Levuka and this money comes from the Government, I think the Council should be represented on the Committee so that they can see that their money goes to the right people who need to fix their homes and things like that.

DEPUTY CHAIRPERSON.- It is noted but there may be a policy on that. The Ministry of Local Government can elaborate on that.

MS. B. DEVI.- Thank you, Sir. We will try to look into that proposal.

HON. V. LAL.- Sir, may be if the Office of the Auditor-General would want to comment on these funds having a separate committee and...

AUDIT REP.- Thank you, Mr. Deputy Chairman, in 2012 as per the financial statement that was prepared it showed a Government Grant of \$400,000. We believe that that is the money that we are discussing and we can also confirm as mentioned by the CEO, I think there is about \$53,000 that still held with the Heritage Committee.

I think the set up was that the Government Grant comes goes to the committee and through the Council so that is why it is appearing in their financial statement. And also as mentioned by the CEO in terms of the loan which has been given, it is also reflected in the financial statement as a liability of \$5,000. So, the money which was given for the loan it has come from the Government through the Council and recorded in the financial statement.

However, on the question about the Council being represented on the Committee, I think that is a decision of the Ministry to make - on how the Council would be represented. However, as per the qualification if you read in our report there were issues in terms of the recommendation of this funding but in terms of recording purpose it is recorded in the financial statement. So, our finding was that the explanations and relevant documents were not there in terms of how the funds were used. If you look at the detailed financial statement it gives a breakdown of where the funds were given but for us to ascertain the accuracy of those payments, I think that is the place where we could not confirm.

HON. V. LAL.- Sir, since it has only gone through the Council I think the Council should take responsibility since it is shown in their financial statement. So, I think the Council should take responsibility and to see that this money is used wisely.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, just a concern about the explanation that was given, \$400,000 was given initially in 2012 for this particular purpose?

MR. J. RAKUITA.- Yes.

HON. A.M. RADRODRO.- Money has been disbursed by the Council but there are two issues – the collectability of those money that was disbursed through loans, what is the rate of collection for those loans? Secondly, the Committee that is looking after the disbursements of those loans, you have mentioned that the documents could not be acquired due to changes in committee officials, so does the Council have any other backup of the Committee records or does it rely on the Committee to have the records?

MR. J. RAKUITA.- Mr. Deputy Chairman and honourable Members, just alluding to the \$400,000 mentioned by the Auditor-General, I think that \$400,000 was different and it was given by government but not for this purpose. It was part of our paper for the institutional strengthening of Levuka Town Council because it was obvious interest in becoming a heritage town, so that was Government's contribution in terms of institutional strengthening for Levuka; that is where we appointed some of our health inspectors, environment officers, etc.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, what was the collection rate in terms of loans that has been paid out through this conservation loan account?

MR. J. RAKUITA.- Thank you, firstly the main problem that we have, because it was maintained by outside officers not under the Council, we are trying to negotiate with them now so that the Council can handle that account again.

HON. A.M. RADRODRO.- I take it that the Council do not have any records at all of this conservation loan?

MR. J. RAKUITA.- No.

HON. RO T.V. KEPA.- Mr. Deputy Chairman, is that loan still available to Levuka and is that \$5,000 loan still available? Do the people know that the loan is still available?

MR. J. RAKUITA.- Yes, Mr. Deputy Chairman, that facility is still available. I think people are not coming out because they do not know that it exists and also, it was just for a few Committee members.

DEPUTY CHAIRPERSON.- CEO, can you go through requirements of that loan that people may be aware now through this platform? In order to seek that loan what are the criteria requirements, if you can discuss?

MR. J. RAKUITA.- That is scrutinised by the Committee, Mr. Deputy Chairman, of which the Levuka Town Council is not a member.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, just a clarification, it looks like this fund is being accounted for outside of the Council. To the Auditor-General, can you just enlighten the Committee on this audit issue that you have recorded here – the known balance of \$5,475. Is it related to conservative loan or is it to something else?

AUDIT REP.- Mr. Deputy Chairman through you, as I mentioned that the amount is reflected in the financial statement as a liability. We were not able to ascertain that and we had said that the Council was unable to provide details of the loan. The loan reconciliation which was necessary to confirm the existence and completeness of that loan, probably based that discussions, it might be relating to that loan which the CEO is discussing.

Just coming back earlier to where we highlighted the \$400,000 – it is a separate statement into the financial statements which says statement of receipts and payment for government grant account. When we look at the items there it has things like conservation fund, heritage lights, street beautification, so there is various line items that has been mentioned, at one hand we do not have records to see what all

this expenditure is about. As per the presentation of the financial statement it appears to us that the funding given by Government in 2012 has been used for various reasons. We can see that it is also given for heritage up keeping, also doing some maintenance work and given to some church organisations as well. We are a bit unsure as to whether it is given by way of loan or by way of assistance. It is a bit difficult at this point in time to see what is the main purpose for this loan and the fact that records were not there at that point in time.

HON. A.M. RADRODRO.- Sir, a further clarification. The CEO has mentioned there is a little over \$50,000 balance in the account regarding conservation loan. Is that correct?). How will the Council disburse this conservation loan since the accounting and administration of this loan is done by a separate Committee outside of the Council?

MR. J. RAKUITA.- The problem is, that Committee is separate from the Levuka Town Council.

HON. A.M. RADRODRO.- So, will you disburse that \$50,000 or so much money to that Committee or will Accounts keep that money and disburse it on its own from the Council?

MR. J. RAKUITA.- The money is maintained by the Committee, the signatories everything is done by the Committee themselves.

HON. A.M. RADRODRO.- Even the accounts?

MR. J. RAKUITA.- Yes, Sir, even the accounts.

DEPUTY CHAIRPERSON.- So, there is an agreement between the Council and the Committee?

MR. J. RAKUITA.- This was already in place by 2012 so the problem that we are facing now is we are trying to get a hand into it.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, I think what the CEO is saying, there is a balance but that account is not with them. But that was the purpose of conservation, purpose repairs and maintenance. Maybe they can ask the stakeholders to provide us further insight in writing to the Committee so that we can discuss that.

MR. J. RAKUITA.- I think the only thing that comes to us is the balance of our bank statement and that is the last bank statement that we have for the last month.

DEPUTY CHAIRPERSON.- Madam Director, do you have any response regarding that?

MS. B. DEVI.- Sir, certainly we will look into that issue and work with the Council and of course with the Office of the Auditor-General and revert with a proper brief.

DEPUTY CHAIRPERSON.- That is noted so we will wait for their response.

HON. V. LAL.- Sir, as per accounting practice, it is coming from the Office of the AuditorGeneral, is it okay to handle the accounts that way?

AUDIT REP.- Mr. Deputy Chairman, I think when it comes to anything to do with taxpayers fund (Government grant) I think it is a bit unique arrangement which we are discussing here. It is advisable that the funds should be controlled by the Council itself. So they have a total control on the money and then it can be given to records to be provided by the Committee and then they disbursed the funds. So, I am not sure how the arrangements was in those years but to respond to your question it is advisable that is handle by the Council. The first recipient of the Government grant.

HON. V. LAL.- I think the Government needs to play a role in here, to talk to the Committee and then get the funds transferred to the Council.

HON. A.M. RADRODRO.- I think the Committee was appointed by the Ministry of Local Government.

MS. B. DEVI.- Yes, Sir, so what we will do is, we will go back to the history and find out what the money was given for, how it has been used and how we can use the balance that is there.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, especially when the bank statement still comes to the town council.

MS. B. DEVI.- Yes, Sir.

HON. V. LAL.- What would be the best ...

DEPUTY CHAIRPERSON.- Thank you, you may move on.

MR. J. RAKUITA.- Some of the incidents you might have heard now only happens in Levuka but it is not surprising because that is where civilisation began..

(Laughter)

Unidentified Assessments - As mentioned in our responses above, our major challenges faced by the new administration during the transitions were:

- a) The unsatisfactory manner accounting books and records were maintained and nonadherence of the Manual of Accounts for the municipalities;
- b) The lack of expertise of staff in these areas. As a result accounting books and records were not properly reconciled to ensure correctness, balance and compliance to standing accounting and standard procedures;
- c) The accounting books and records for the period under review were submitted to the accounting firm of PWC for the preparation of Financial Statements before the submission to the Office of the Auditor-General; PWC, therefore prepared the Council Financial Statement in accordance to the records submitted to them by the Council, hence various adjustments made to produce the Statements; and
- d) Council understands the statements and therefore regrets to advise that it is unable to provide explanations to these adjustments for the above reasons.

But I am happy to mention here, Mr. Deputy Chairman, that the Financial Statements that we are working on will no longer be going through that phase, as we will be submitting our Financial Statements straight to the Auditor-General due to the fact that we have now appointed a qualified accountant.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, may I just ask the Council to inform the Committee whether they have now also adopted the accounting system and if an accounting software has been acquired by the Council to address anomalies going forward?

MR. J. RAKUITA.- Mr. Deputy Chairman, one of the major problems with the accounting system that we are still discussing with the Ministry if there can be a unified standard system that we put in place for the easing of reporting, accessing from all the various Municipal Councils. For Levuka we are still on cash basis manual of accounts and....

HON. A.M. RADRODRO.- That is the heritage accounting system.

MR. J. RAKUITA.- Yes, we are still maintaining our heritage status for that matter.

HON. V. LAL.- Which is not good .

HON. A.M. RADRODRO.- Simple book keeping.

MR. J. RAKUITA.- Mr. Deputy Chairman, you should understand that we are guided by the Heritage Guidelines that we should ensure that everything that falls within the ambit of Levuka, should maintain its heritage.

MS. B. DEVI.- Mr. Deputy Chairman, if I may add. We do realise that Levuka Town Council is facing a lot of challenges when it comes to their accounts, so as we had alluded to earlier, we are trying to work on a software that might be compatible to the services provided by the 13 Municipal Councils. However, we will be required to basically consider the challenges that we might face, taking into account the different services provided by the Councils, and of course, the sizes of the Councils.

DEPUTY CHAIRPERSON.- Thank you, Director, that is noted.

MR. J. RAKUITA.- Question No. 9 is on the approved budget not maintained - The Council agrees with the audit findings and confirms that from 2014 proper annual budgets are prepared at the specified time, deliberated on and approved by Council with a copy forwarded to the Ministry of Local Government.

Question No. 5: What Actions have been taken by the Council on the audit recommendations from the Office of the Auditor-General? Apart from the corrective measures and improvements carried out by the Council, which are mentioned in the above preceding responses, it has recently appointed a qualified accountant to oversee this. So far, she has made the following further improvements and reviews:

- a) Ageing of debts;
- b) Review and updating of Council's Fixed Assets register;
- c) Preparation of Council's Financial Statements in the IFRS to Council donors when required;
- d) Preparation and compilation of financial statements for Council for the year 2018 to 2020 (IFRS) before submission to the OAG. This, therefore, has saved the Council costs of hiring an accounting firm to prepare its annual financial statements as the practice was over the years;
- e) In an effort by the Council to convert the current cash basis of accounting to the accrual basis of accounting, it has sought quotations from various reputable accounting firms. I think this is something that we have spoken on, that initially we will look into.

On Question No. 6 - please update the Committee on the strategy of collating revenues. The Council's strategy of collecting revenue is fully explained in our response to question 4(2) above. Furthermore, the following strategies are being followed:

- Consistent reminders and follow-ups on arrears through mails, telephones, emails and house visitation;
- Arrangements for part payments;
- Small Claims Tribunal; and as a last resort
- To place caveat on properties.

On Question 7 - Can the Council advise who is responsible for roads, drains and footpaths? How much does it cost the Council to maintain these on a monthly and annual basis?

The Fiji Roads Authority (FRA) is responsible for all roads in Fiji, Mr. Deputy Chairman, including farm roads. However, the Council is responsible for drains and footpaths within the town boundary. It is noted that 55 percent of the Council's total operating budget covers the drains, footpaths and roadside grass cutting. So, you have the cost of maintaining drains on a monthly basis and annual basis is presented there for your information.

The FRA, although it is responsible, but then the Council has to maintain, doing the maintenance of those roads, the verges and drains. I think this goes for all the municipal councils in Fiji.

DEPUTY CHAIRPERSON.- Thank you very much. Any comments or questions, honourable Members?

HON. A.M. RADRODRO.- Mr. Deputy Chairman, just a clarification in terms of the cost that has been provided by Levuka Town Council. Monthly basis of \$7,731 is the cost by the Council for providing these grass cutting and maintenance of the drainage - is this cost refunded by FRA for maintaining these drainage and footpaths? What would you like going forward? How do you foresee this cost to be refunded back to you?

MR. J. RAKUITA.- Mr. Deputy Chairman, that is a very good question that we need to ponder. Before, it was maintained by the councils. When the FRA took over and gave us that responsibility again. I think that should be one of the ways that we should go forward and this be claimed to the FRA as part of its responsibility because they own those roads around Fiji including those in the municipalities, all municipalities.

HON. RO T.V. KEPA.- Mr. Deputy Chairman, a few questions from Vanuabalavu. People from Levuka are visiting Vanuabalavu and they have texted me. They are also listening in. I think some of them are from Vanua Levu, so they are interested in your responses. The first question is on the river wall rehabilitation from Levuka Public School (LPS) to Baba.

MR. J. RAKUITA.- River!

HON. RO T.V. KEPA.- Is it the drains there or the stream?

MR. J. RAKUITA.- The creek.

HON. RO T.V. KEPA.- The creek. So they are asking when is that likely to happen, the rehabilitation of the creek because they are losing land into the creek – soil erosion! That is the first question.

MR. J. RAKUITA .- Mr. Deputy Chairman, the revenue earned by Levuka Town Council is fairly enough to meet its operations of ratepayers. On that issue, we have submitted our Budget request to the Ministry of Agriculture, Waterways and Environment. They have been assisting us in terms of drainage. We have carried out drainage works in Delana - we have surrounded the school, and we have other primary schools where drainage works have been carried out through this Government grant.

We have done access roads into Baba settlement and we thank the Ministry for that grant. Also, we have made a request for the rehabilitation of the creek at Baba - it is part of new request Budget of the Budget for this year, again.

HON. A.M.RADRODRO.- So is it provided from the revised Budget?

MR. J. RAKUITA.- It is a new Budget request.

HON. RO T.V. KEPA.- So you have put in that request?

MR. J. RAKUITA.- Yes, honourable Member.

HON. RO T.V. KEPA.- Can we move on to the second question from Vanuabalavu on Levuka. My second question is, can you update on the teachers' quarters for Marist Convent School in terms of it being a heritage area. Can you update on the teachers' quarters that they are planning to build in that school? Are you able to update us?

MR. J. RAKUITA.- Mr. Deputy Chairman, I think we have already approved two there - one is a new one and one requires a little bit of changes. We have given them the guidelines that they need to follow so there is no problem with that request from the school.

HON. RO T.V. KEPA.- So that has been approved?

MR. J. RAKUITA.- Yes. There are some changes in the façade of the building. We have sought the Ministry's guideline and the other one is a new building on another other land which (I think) has also been given approval. But we have already advised them that there is no problem with that development as long as they follow the guidelines issued by the Department of Town and Country Planning which needs to be followed.

HON. RO T.V. KEPA.- Mr. Deputy Chairman, has that been conveyed to the school?

MR. J. RAKUITA.- I think we have already conveyed it to the school.

HON. RO T.V. KEPA.- Could you check upon that please? The third question from Vanuabalavu is on the construction of the service station which is opposite Mavida Lodge on heritage land. They want to find out from you how the land zoning was done since it supposed to be heritage land and you have a service station there.

MR. J. RAKUITA.- Part of that land was open space but it is included in the whole land package that was given for the Levuka Club. We were having difficulties with the service station in Levuka since the one at the far end was not operating, sometimes in a week we provide two days of service to the community. So, there was very much in need of a service station in Levuka and we have to build that one which is more suitable to the people from our maritime island who come in from the boat harbour side, they fill in and go back to the outer islands.

As of now the one that was operating from the other end has ceased to operate altogether so we have to rely on that one at the moment which has been operating in Levuka. Otherwise we would not have any other source.

HON. RO T.V. KEPA.- Mr. Deputy Chairman, will that be built according to heritage specifications?

MR. J. RAKUITA.- Which one?

HON. RO T.V. KEPA.- The service station?

MR. J. RAKUITA.- The service station is operating now with the guidelines that was given by the Town and Country Planning. As I had mentioned, one of the challenges in Levuka is balancing development and conservation. So, these are the guidelines that we need to adhere to and with the help of the Town and Country Planning we have done so accordingly. That is the one that in operation for Levuka now and other maritime islands such as Gau, Batiki come to Levuka for that matter.

HON. A.M. RADRODRO.- Mr. Deputy Chairman, a supplementary question to that question. That land where the current service station is, because part of it is under heritage land. So, now it has been re-classified as commercial land? And how was that process undertaken?

MR. J. RAKUITA.- The process was undertaken in terms of the need at that point in time. We have applied and because of the need to have a service station, and as you know there is not a lot of space in Levuka. You have the sea, you have a little space there and you have the mountains. So, I always say when we have a strategy meeting for disaster there is only two ways for Levuka, when there is an earthquake you run into the sea, when there is a tsunami you run to the hills and it is very close for that matter. So, for

this reason we are very mindful of the fact that development in Levuka is a big challenge and because of the needs basis we had assured that it followed the heritage guidelines.

HON. A.M. RADRODRO.- So, that comes under the municipalities or the ministry?

MR. J. RAKUITA.- That comes under the municipalities as I had mentioned earlier on, all the areas from Levuka town boundary are heritage, the land, the stone and the sand and the sea they are all heritage.

HON. A.M. RADRODRO.- In terms of the process of building that new service station, you mentioned about Levuka Club being part-owners. So, was there compensation paid out to the owners of that piece of land?

MR. J. RAKUITA.- The owners of that piece of land are also the owners of the service station. So, he was allowed to operate on that piece of land because of the need. As I had mentioned it is the only service station that provides fuel for Levuka, for the whole of Ovalau and for the Lomaiviti Group.

HON. A.M. RADRODRO.- Mr. Chairman, just a question regarding the staffing in Levuka. We note the process that they have highlighted in terms of internal control - the number of staff that are involved as they have highlighted. For instance the internal control in terms of bank lodgements, you have a revenue clerk, you have an accountant, you have a revenue collector and a council accountant. Can you just advise the Committee how many staff you do you have in terms of finance operations of the Levuka Town Council?

MR. J. RAKUITA.- Deputy Chair and Honourable Members, we only have one qualified accountant in Levuka who is here with me and you can see her. She is also from Baba, a heritage place of Levuka.

You will recall, Deputy Chair, the difficulties of maintaining qualified people in Levuka or in the maritime areas, because they always want to come to Suva for the bright light and green grass. She has come, graduated and gone back to the old heritage grass of Levuka so that she can assist in the running of the town. We have multi-skilled them so that they can do certain jobs, for instance the cashier is also the revenue collector, receptionist and secretary to the CEO, so that is being multi-skilled.

The accountant does all things in terms of revenue. She oversees the revenue clerk, cashier and also the reception. We have our Environment Officer who is also a Market Manager and also oversees the beautification for Levuka Town. We also have the Environment Health and Building Inspector overlooking the buildings for Levuka, Ovalau but not only Ovalau we oversee the Lomaiviti and Lau Group too. So, it can reach Vanua Balavu, Lakeba and Ono-i-Lau the furthest. I think Ono-i-Lau is too far again, Deputy Chair, for that matter.

We are thankful that this is the approved structure that the Ministry has given us and we are working on it. We are finding it challenging and very interesting too in the sense that we are a small Council.

HON. V. LAL.- The Council has a boat to visit these places?

MR. J. RAKUITA.- We do not have a boat. We travel on the normal boat that goes to Koro or Gau - that is when our Health Inspector goes and inspects building and development in those areas. We are also responsible for solid waste management not only in Ovalau but also the outer islands.

HON. A.M. RADRODRO.- The funding is being donated from Government?

MR. J. RAKUITA.- The funds are given by Government and we are fortunate to have that grant to help us in our operation in the outer islands because we can be flying out to Lakeba and come back by boat and we can do the inspection, do everything there and come back with a few coconuts because we want to come by boat.

DEPUTY CHAIRPERSON.- So you have rubbish collection in Levuka?

MR. J. RAKUITA.- We have a rubbish dump, Honourable Members. We have certain areas from town near to the rubbish dump which we collect rubbish from. For the other distance we go and dig a pit for them and they put their rubbish there and when it is full they call us and we bury it and dig another one for them. Our Health Inspector and Environment Officer provides training for them on how to manage the solid waste.

DEPUTY CHAIRPERSON.- Thank you very much, CEO. Any other questions or comments?

My last question from my side to the Ministry of Local Government regarding the anomalies and those staff that have left - do you have any powers to prosecute them or is there any action you can take?

MS. B. DEVI.- Sir, that is something that we can deliberate on in consultation with the Special Administrators and the CEO. We should be in a position to see how we take any actions against them.

DEPUTY CHAIRPERSON.- Thank you very much. If there is no other comment.

HON. V. LAL.- Sir, just one because it is in the sea, climate change is also affecting us so to protect the heritage sites, what was the Council doing in terms of building seawalls and things like that? Is it being done or are you seeking funds for that, or talking to Government. I think it is very important to protect those heritage sites, we need to have it because this climate change is affecting everyone.

MR. J. RAKUITA.- Thank you Mr. Chairman and honourable Members, thank you very much for all those concerns because that is the reality for Levuka. The Ministry has always given us a small amount for beautification of the area, a lot of work needs to be carried out in Levuka. On an annual basis, we have submitted our request to the Ministry for Environment and Waterways in terms of coastal protection, that is one of the very challenges that we have in Levuka; coastal protection. I know this Cession site is almost coming out, but I think the Ministry is providing funding for that one.

But in other areas in town, we thank our Government too because when I started in 2016 we did the seawall after it was damaged *TC Winston*. We have been getting dribs and drabs from Government to help in terms of environmental issues for Levuka. But with this awareness, we know that you can be our voice in Parliament for Levuka, the heritage of Fiji and we are proud to be part of Levuka.

HON. RO T.V. KEPÄ.- Mr. Deputy Chairman, we really need a site visit to Levuka.

DEPUTY CHAIRPERSON.- Thank you very much honourable Members, I give you some time for your final concluding remarks before we officially close this meeting.

MR. J. RAKUITA.- Mr. Deputy Chairman, I think this was a good opportunity for Levuka to come and present its issues and I thank the Office of the Auditor-General and the Ministry for their advice in terms of Levuka.

We are very fortunate in Levuka that we have our boats coming to Levuka now. We are still requesting that if the plane flight can be received for Levuka but the boats are available now. We also request if the city can also be transferred to Levuka; the first capital of Fiji so that you can have a hearing there and you can have a sightseeing.

Levuka is full of history and once you come there, you will be relieved of all the pressures that you have in Suva. That is an experience that I have experienced and it comes out from every person that comes out into Levuka, so with that we hope that Levuka will be seen as very important and special treatment for Levuka because it is putting Fiji into the world as world class heritage.

By going to Levuka too, you can see the Niukabe Hill where the first Parliament of Fiji was located, along with the first courthouse, and the first government for Ratu Cakobau was established. In terms of that, I would like to thank the Standing Committee on Public Accounts, Mr. Chairman, honourable Members, Auditor-General's Office for bringing us into this meeting and also the Ministry. I know that there is a lot of improvement needed for Levuka and a lot of hands that need contribute to Levuka's maintenance of heritage.

I always say that in every year, Levuka always looks to NGOs and Government for its funding because of the limited revenues that it gets from the rate payers. We are glad to say that most of our ratepayers that have gone overseas are contributing back to Levuka in terms of the rate that are paid. So far we only have

two outstanding rates from those that are overseas. But we are tracking and begging them to pay up their rates.

With that being said today was a good experience for us, coming from the maritime, coming from the heritage town and from the *colo* of Fiji (you might say in that way) - it was a good experience. Sorry, we were very frightened when we came in the morning but after the deliberation we were happy and we feel at home too.

DEPUTY CHAIRPERSON.- Thank you very much, CEO, on behalf of the Chairman of the Public Accounts Committee, I must say it was very lively presentation by your good-self and we look forward for future presentation when we come to Levuka, hopefully. So thank you very much, Office of the Auditor-General, the Ministry of Local Government officials, honourable Members, Secretariat Team and I officially close this consultation.

The Committee adjourned at 10.54 a.m.