

PAC QUESTIONS

2021-2022 Audit Report on Municipal Councils (PP No. 19 of 2023)

Nadi Town Council 2017 FY Audit:

Draft financial statements

1. What is the Status of the 2018 to 2022 draft financial statements? The 2018 draft financial statements have been submitted to Office of the Auditor General, but we had requested to hold the audit as two of my Senior accounting staffs resigned. So we are in the recruitment process and should be finalized by next week. We also did advertise the preparation of financial statement for the years 2019 – 2023. It will be finalized by end of month. So we are confident that we should be able to submit by October this year. Why weren't the financial statements submitted within the statutory timeline? There had been a lot of changes to the management of the council. What is the Council's solutions for the issue of the delays in the preparations of the draft financial statements within the Statutory timeline? The 2018 draft FS are ready for audits, from 2019 till 2024 we will ensure that by end of November all is submitted to office of the Auditor General. All the source documents for the year 2019 till date has been compiled with monthly management accounts for the preparation of the financial statement. This will ensure timely preparation and submission for audit upon confirmation of the Manager Finance.
2. How is management remaining current with respect to changes in accounting and financial reporting requirements? Are there appropriate training mechanisms in place? Through our recruitment process we will ensure that the successful person should have knowledge and experience in the field. Council already has training and development plans so that our staffs could attend forums to get the appropriate updates in the changes that are taking place. MLG also briefs us regarding the changes that are taking place through CEO forums.

Audit Report – Qualification Issues

A disclaimer of opinion was issued and there were 17 issues reported in the Audit Report.

3. What are the reasons for the unsubstantiated balances identified in the audit report? Basically, the way the accounting departments and the staffs got information together was without proper reconciliations and they did not see the reasoning and the importance behind recs, this is a historical issue with the council. We have introduced reconciliation of all revenue against receipts and bank statements. The same staffs are doing this now, therefore I strongly feel that we should have a competent Manager Finance.
4. Have efforts been made to investigate and reconcile the unsubstantiated balances and other issues in the Audit Report? An effort has been made but getting the past year source documents and recs in order has been a real challenge. The archiving of the source documents and retrieving the same has also been a challenge with the multiple locations not helping either. We have put up a strategy that we will first submit all the accounts to the office of the Auditor General and then the same team will be redirected to work on the reconciliations and resolving the variances that are before us.
5. Has the Council implemented measures to prevent and reduce unsubstantiated balance and other issues in the future? The measures are as follows:
 - The council organizational structure was reviewed, amended and adopted. In the previous Council 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, 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.

- Council has also started to prepare monthly accounts whereas this was not being done previously.
- Through this audits we started with the random spot checks for our revenue centers, monthly profit and loss meetings are being undertaken with respective departments to ensure compliance to budgetary allocations, for all leave there are two records being kept one is with the payroll and the other with the Human Resources officer as this will ensure accurate records are reflected, all financial records are checked and reconciled on a monthly basis to ensure that all records are kept in order, time and attendance biometric machine instead of manual writing of time in and time out.
- The SOP's are being prepared for individual positions to ensure that all the processes and procedures are clearly outlined and followed by respective staffs.
- The adoption and implementation of revised Manual of Accounts, New Human Resources Policy and New Whistle Blower Policy.
- Rates reconciliation is being done monthly whereas this was not being done before which resulted in huge variances.
- Council is maintaining a daily receipt reconciliation whereby the individual transactions are recorded with specific details relating the payment which includes for rates, assessment number and owners details, for building it reflects individual categories like rezoning, subdivision, search fee etc.
- We have created sundry deposit register which is being maintained by the cashier and accounts payable. This ensures that whatever was received is reconciled to what has been paid out. Before there was not such records maintained.
- All vats and taxes paid are reconciled monthly with FRCS portal to ensure correct payments and avoid variance. Since the portal was introduced, it has made it easier for Council to identify and correct payments made.
- Salaries and wages are being reconciled monthly and are expenses out correctly.
- All miscellaneous postings are now being categorized and records kept by the cashier and the payments clerk which is reconciled monthly.
- A separate grant account has been created for all grants and council is maintaining separate records for each grant.

The Council will ensure that the Heads of Departments are made accountable to ensure that the changes and processes are being continuously followed and maintained. The recruitment of the internal Auditor will ensure that the breaches are continuously monitored.

6. Has the Council established a monitoring and reporting mechanism to track and rectify unsubstantiated balances and other issues reported in the Audit Report and Management Letter? Yes, we have the process and timelines made aware to the finance team, we have recs done monthly with management accounts. As a preventative measure measures and controls are implemented to ensure that these issues are not repeated, but the issues that has been identified in the reports will continue until we will resolve all issues. For the back log we will have the audit team to complete all the FS and commence with resolving the balances and variances.
7. Were there any indications of fraud or misappropriation of funds related to the unsubstantiated balances and other issues? No, as far as we have gone into the accounts with the team, we have noted that the major issue is the reconciliation and source documents. We need all our revenue centers to issue monthly invoices, but this was not being done therefore a reconciliation cannot be done. This is one of the major issue.

Internal Controls

8. What action has the Council taken to address the internal control deficiencies identified by the Office of the Auditor General? We are now adhering to the MOLG finance manual and staffs are now trained to work with the process identified in the manual, Other processes that has been initiated are GPS in vehicles, rotation of staffs, daily banking with reconciliations, issuance of invoices, profiling of vendors to name a few.
9. Internal controls depend on the participation of all employees at every level. Does the Council have any plans to implement disciplinary policy and take actions against staff who do not comply with the Policies, Procedures, and Manuals of the Council? Yes, the disciplinary measures are already highlighted in our HR manuals and operational plans and we are very strict with non-compliance. Warning letters have been issued to staffs if they do not issue receipts during spot checks, if adequate invoices are not issued to the tenants.
A very detailed SOP with respect to all processes are being established and if the officers evade steps then warning letters are being issued.
10. Do the Special Administrators exercise appropriate actions to ensure that identified deficiencies in internal control are addressed by management on a timely manner? Yes, we have been given strict timelines on the submission of the accounts and after that as discussed earlier we will move into resolving the issues that has been raised in our reports.
Ongoing in terms of the operation we are implementing control measures that we have highlighted earlier. The control measures that have been implemented are as follows:
 - Daily banking with reconciliation
 - Salary and wages variance reports
 - Move to online banking
 - Payment of VAT through FRCA online portal
 - Payment of FNPF through FNPF portal
 - Sequencing of all receipts
 - Issuance of invoices to tenants
 - Installation of CCTV
 - Rotation of staff at revenue collection centers
 - Spot checks
 - Installation of GPS in vehicles
 - Submission of management accounts to the Board monthly

Common Significant Issues

11. Common significant matters relates to delay in the submission of the draft financial statements for audit, non-compliance with the accounting standards and Local Government Act, lack of sufficient appropriate supporting documents ,poor records management, assets management, revenue management, payroll and human resource management and cash management, lack of strategic, risk management and operational plans, weaknesses in corporate governance, financial reporting processes and procurement and payment process.
Has the Council taken appropriate actions to address the recommendations made by the Office of the Auditor General to address these issues?

We acknowledge the importance of addressing these concerns to ensure accountability and efficiency within our organization. In response to your question, we would like to provide an overview of the actions taken by the Council to address the recommendations made by the Office of the Auditor General:

1. Delay in Submission of Draft Financial Statements for Audit:
 - Implemented revised internal processes and timelines to ensure timely preparation and submission of draft financial statements for audit.

- Strengthened communication and coordination among departments involved in financial reporting to streamline the process.
2. Non-compliance with Accounting Standards and Local Government Act:
 - Conducted comprehensive training sessions for relevant staff members to enhance understanding and compliance with accounting standards and legal requirements.
 - Established regular audits and reviews to monitor compliance and address any discrepancies promptly.

 3. Lack of Sufficient Appropriate Supporting Documents and Poor Records Management:
 - Implemented a centralized electronic document management system to improve documentation storage and retrieval – work in progress
 - Instituted rigorous documentation procedures and provided training to staff members on proper record-keeping practices.
 4. Assets Management:
 - Conducted a thorough inventory of all assets. Board of survey undertaken.
 - Developed clear guidelines and protocols for the acquisition, maintenance, and disposal of assets.
 5. Revenue Management:
 - Enhanced revenue collection processes through automation and increased oversight.
 - Implemented measures to minimize revenue leakage and improve transparency in revenue reporting.
 6. Payroll and Human Resource Management:
 - Reviewed and updated payroll processes to ensure accuracy and compliance with regulations.
 - Provided training to human resource staff to improve payroll administration and personnel management. Recruitment of a HR officer.
 7. Cash Management:
 - Implemented tighter controls and monitoring mechanisms to optimize cash management practices.
 - Enhanced cash flow forecasting and budgeting processes to ensure liquidity and financial stability.
 8. Lack of Strategic, Risk Management, and Operational Plans:
 - Developed comprehensive strategic, risk management, and operational plans aligned with organizational objectives.
 - Established monitoring and evaluation frameworks to track progress and adapt plans as needed.
 9. Weaknesses in Corporate Governance, Financial Reporting Processes, and Procurement and Payment Process:
 - Strengthened corporate governance structures and oversight mechanisms.
 - Enhanced internal controls and accountability measures in financial reporting, procurement, and payment processes.
 - Implemented regular audits and reviews to identify and address weaknesses proactively
12. What action has the Council taken to address the issues on Value Added Tax? The VAT issue is being investigated; we are targeting reconciliations to be completed by end of October, 2024. Currently we are doing the lodgments through the FRCS online portal therefore all the information is intact, but the previous year's remains to be reconciled.

Specific Significant Matters

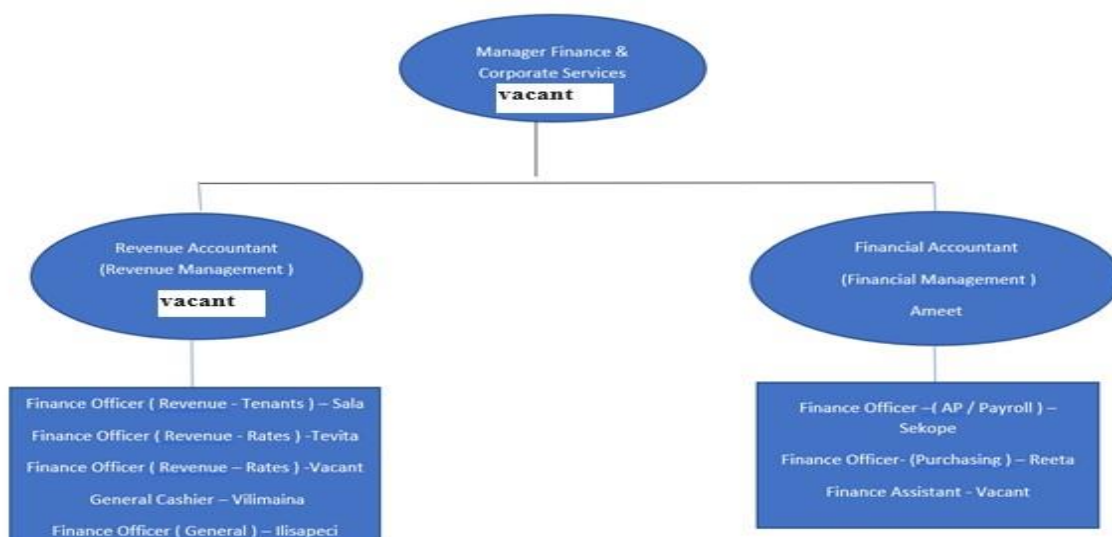
13. Why weren't the requirements of the Local Government Act in terms of seeking approval for investment and transfers between banks accounts complied with? How will the Council ensure that the requirements of the Local Government Act are complied with? Probably they were not aware. We are ensuring that any transfers and or investment through fixed term deposits are approved by the Hon. Minister prior to investing.

14. What action has the Council taken to address the issue on unsubstantiated balance relating to rent miscellaneous debtors of \$80,862 and enforcement and parking meter infringement balance of \$43,717 and rent debtors of \$240,685? We have tried to get to the bottom of this but due to the lack of supporting documents and the hardship faced with reconciliations, we are yet to have this resolved fully. A through work will commence on this from December once the draft financial statements are submitted to the office of the auditor general.

Moving forward we are reconciling individual rental debtors against the debtor’s general ledger which was not being done previously to eliminate this issue. We suspect that the miscellaneous debtors consist of Nadi soccer, Nadi rugby and Bula festival which has been cleared but a thorough search will need to be conducted.

The figure for enforcement has accumulated from 2010, and a significant work is required in terms of getting source documents to carryout reconciliation from the number of tins issued and for which the payments were receipted. We have implemented a process where all tins that are paid are also forwarded to the enforcement to ensure that the ones that are not paid is reflected accordingly. A separate bank account has also been created for parking meter funds.

15. What is the status on the issue on Value Added Tax? This is a work in progress from August 23, but currently the focus is to complete all the draft financials.
16. What is the detail of this Sewerage Services Account? Is this account still in existence? This account was created to allow for developers to pay a contribution which will assist with the installation of the sewer reticulation at a later stage. This account is not in existence.
17. Can the Council provide the breakdown of the expenditures listed as others which amounted to \$1,014,930 in the Abridged Statement of Financial Performance?
A detailed work is yet to commence on this. As highlighted earlier our intention is to complete the FS and then move into reconciliation to resolve these balances.
We noted that previous petty cash vouchers did not specifically list the spending and this amount has continued to increase from 2010.
18. Can the Council provide an explanation on Staff composition and?



19. How competent are the staff responsible for the Finance Section? We need a competent Manager Finance who can adequately guide the team to ensure that all the processes that we have implemented are followed. The finance team is a competent team but there was no training provided. Issue was high turnover as a result of below market salary, 3 year contractual employment,

Stringent employment conditions such as no cost of living conditions, review of collective agreements, termination of senior staffs without proper handovers.

20. What action has been done by the Ministry to ensure that the system across all the Councils is standardized to enable the financial accounts to be updated? A tender has already been done for consultancy works to identify a standardized software.
21. Does the Council have a Finance Manual to guide the day-to-day operation of the Council? Provide evidence. Yes, this has been provided to us by the MLG, which has been adopted by the Council. It provides a thorough and detailed processes.
22. Can the Ministry provide the Job Description and responsibilities of the Special Administrators?
23. Can the Ministry provide the financial breakdown of all Board meetings held by the Council from 2015 until to date?

Years	Amounts
2015	946.30
2016	1,140.00
2017	1,350.75
2018	722.00
2019	1520.00
2020 (7 months)	85.00
2020-2021	493.80
2021-2022	868.00
2022-2023	610.00
2024 – till date	311.00
Total	\$8046.85

PAC QUESTIONS

2021-2022 Audit Report on Municipal Councils (PP No. 19 of 2023)

Sigatoka Town Council 2020 FY Audit:

Draft financial statements

1. What is the Status of the 2021 and 2022 draft financial statements?
2021 Draft Financial Statement is on the preparation stage and will submit to OAG by December 2023.
Why weren't the financial statements submitted within the statutory timeline?
There had been Management turnover proper handover was not done.
What is the Council's solution for the issue of the delays in the preparations of the draft financial statements within the statutory timeline?
The 2022 draft FS will be ready by the 1st quarter of 2024. Council will make sure that the draft financial statement is submitted within the statutory timelines.
2. How is management remaining current with respect to changes in accounting and financial reporting requirements? Are there appropriate training mechanisms in place?
Council is in the process of advertising the Manger Finance Position. Once the Manager Finance is recruited he/she will trained the staff in the Finance Section. At the moment the HR section is looking in to short course where employees can upgrade their skills.

Audit Report - Qualification Issues

A qualified opinion was issued and there were 4 issues reported in the Audit Report.

3. What are the reasons for the substantiated balances identified in the audit report?
This mainly due to the source documents submitted was without proper reconciliation.
4. Have efforts been made to investigate and reconcile the unsubstantiated balances and other issues in the Audit Report?
An effort has been made but getting the past year documents has been a challenge. Council is now performing reconciliation on Expenses and Revenue and improving our filing system so that the source documents is well maintained and easy to retrieve
5. Has the Council implemented measures to prevent and reduce unsubstantiated balance and other issues in the Future?
This is work in progress. Once the Manager Finance is recruited this will be addressed and will make sure that the preparation of Financial Accounts with individual revenue and expenditure reconciliation are done on a monthly basis
6. Has the Council established a monitoring and reporting mechanism to track and rectify unsubstantiated balance and other issues reported in the Audit Report and Management Letter?
Yes, Council has implemented the followings:
 1. Reconciliation on a sundry deposit is carried out on a monthly basis.
 2. Council has now preparing the creditors and accrual listing and reconciliation is carried out on a monthly basis.
 3. Vat is reconcile on a monthly basis
 4. Council has properly account for the income received in an advance and listing is well maintained
7. Were there any indications of fraud or misappropriation of funds related to the unsubstantiated balances and other issues? Yes, the matter will be called for plea on 27th November, 2023.

Internal Controls

8. What action has the Council taken to address the internal control deficiencies identified by the Office of the Auditor General?
Council is now following the Finance Policy Manual for Municipal Councils and this are being administer on : day to day operation by the Management.
9. Internal controls depend on the participation of all employees at every level. Does the Council have any plans to implement disciplinary policy and take actions against staff who do not comply with the Policies, Procedures, and Manuals of the Council?
Council has now following the Human Resources Policy & Procedures for Municipal Council and staffs are informed on the processes in place.
10. Do the Special Administrators exercise appropriate actions to ensure that identified deficiencies in internal control are addressed by management on a timely manner?
Finance process has been improved by the Finance manual in place and Council working on getting a Accounting software which will have a positive impact on the consistency, speed, and accuracy of finance processes

Common Significant Issues

11. Common significant matters relates to delay in the submission of the draft financial statements for audit, non-compliance with the accounting standards and Local Government Act, lack of sufficient appropriate supporting documents, poor records management, assets management, revenue management, payroll and human resource management and cash management, lack of strategic, risk management and operational plans, weaknesses in corporate governance, financial reporting processes and procurement and payment process.

Has the Council taken appropriate actions to address the recommendations made by the Office of the Auditor General to address these issues? Yes, Office of the Auditor General

12. What action has the Council taken to address the issues on Value Added Tax?

Monthly reconciliation is being performed between Statement of Vat Account (SVA) and monthly submission.

Specific Significant Matters

13. What is the status of the issue relating to the misappropriation of funds? The issue indicated lack of internal controls surrounding the MYOB software used by the Council in receipting. Has the Council work with the provider of the Software to install controls/restrictions in the software?

The matter is before the Courts as answered in Question 7 above. The improvement of the software with the software provider is work in progress.

14. What action has the Council taken to address the issue of the variances between the subsidiary listings and financial statements of the rates receivable and creditors and accruals account?

Reconciliation for rates receivable, Creditors and Accruals reconciliation is being are done on a monthly basis.

15. What action has the Council taken to address the issue of the variances between the pay report and financial statements relating to the Assistant Building Inspector and Resilience Officer's salary?

Agreement has been signed with Department of Housing for the reimbursement of Resilience Officer's Salary.

16. What action has the Council taken to address the issue of the unsubstantiated balance relating to the sundry deposits balance of \$57,820? There is challenge to retrieve the source documents from prior years and currently Council is carried out a monthly reconciliation.
17. What is the status on the issue on Value Added Tax? Vat reconciliation is carried out on a on a monthly basis.
18. What is the detail of this Sewerage Services Account? Is this account still in existence?
The account is non-existence.
19. Can the Council provide an explanation on Staff composition and how competent are the staff responsible for the Finance Section? What I believe in is that we did not have leaders that had finance knowledge on corporate governance and the need for accountability, Staffs were not trained as they were hired on junior roles, and it was the responsibility of the council to train them which did not happen until recently. Steve to attach structure.
20. What action has been done by the Ministry to ensure that the system across all the Councils is standardized to enable the financial accounts to be updated? ACEO to respond
21. Does the Council have a Finance Manual to guide the day-to-day operation of the Council? Yes Provide evidence.
22. Can the Ministry provide the Job Description and responsibilities of the Special Administrators? ACEO to respond
23. Can the Ministry provide the financial breakdown of all Board meetings held by the Council from 2015 until to date? ACEO to respond

Tavua Town Council 2016 FY Audit:

Draft financial statements

1. As per audit status, the 2017 to 2020 financial statement audits have been completed and Audit Reports signed.

What is the Status of the 2021 and 2022 draft financial statements? Why weren't the financial statements submitted within the statutory timeline? What is the Council's solutions for the issue of the delays in the preparations of the draft financial statements within the Statutory timeline?

Our response:

The 2021 Financial Statement has been prepared and will be submitted to the Office of the Auditor General and the Council is now compiling the 2022 Financial Statement.

The Council was unable to submit financial statements within the required timeline as it cannot engaged a qualified accountant due to limited financial resources. There was a backlog of unprepared Financial Statement from year 2014 to 2018 and the Council's strategy is to update the submission of FS. Audit was conducted on 2017, 2018 and 2019 last year and we are on track to submit all outstanding Financial Statement.

2. How is management remaining current with respect to changes in accounting and financial reporting requirements? Are there appropriate training mechanisms in place?

Our response:

This has been a challenge to Tavua Town Council. With unqualified accountant, it has been a struggle with the Council to meet financial reporting requirements. However, the Council has been able to submit all FS and complies with the International Financia Reporting Standards [IFRS] through outsourcing the preparation of FS.

Audit Report – Qualification Issues

A qualified opinion was issued and there were 3 issues reported in the Audit Report.

3. What are the reasons for the substantiated balances identified in the audit report?

Our response:

The reported balances occurred due to the incorrectly entered transaction. Reconciliations were not conducted regularly thus balances cannot be verified.

4. Have efforts been made to investigate and reconcile the unsubstantiated balances and other issues in the Audit Report?

Our response:

One of the tools that we are using is to reconcile and verify past records. Council is dedicated to verify the unsubstantiated balances and noted that some incorrect balances were due to wrong accounting treatment in the past. However, we have also noted that some of the documents needed for verification could not be located.

5. Has the Council implemented measures to prevent and reduce unsubstantiated balance and other issues in the future?

Our response:

Yes. The Council is now preparing monthly reconciliation statements and have improved our checking system where we have a preparer, a checker, an affirmer and an approver. The new checking system will reduce incorrect accounting process. The Council has also improved on record keeping to ensure that documents are available for verification when the need arise.

6. Has the Council established a monitoring and reporting mechanism to track and rectify unsubstantiated balances and other issues reported in the Audit Report and Management Letter?

Our response:

We are devoted to the proper recording of transactions and the safe storage of records. This will assist the Council to perform reconciliation on monthly records. The following are our monthly statements submitted during the HOD meeting as part of the Council's monitoring mechanism:

1. Monthly revenue and expenditure statement
2. Bank reconciliation
3. Rates reconciliation
4. Rental income reconciliation
5. PSV reconciliation
6. Salaries and Wages Reconciliation
7. Garbage fees reconciliation
8. Leave reconciliation
9. Revenue analysis

7. Were there any indications of fraud or misappropriation of funds related to the unsubstantiated balances and other issues?

Our response:

With the assistance of Auditor General, the Council were not able to ascertain any fraud or misappropriation of funds.

Internal Controls

8. What action has the Council taken to address the internal control deficiencies identified by the Office of the Auditor General?

Our response:

The Council do not have enough officers in the Accounts section therefore have engaged other officers to be part of our checking system to ensure that there is separation of duties. The Council now have a 3-tier checking system. There is a preparer, checker, affirmation and approver. Detailed Monthly reports are prepared and discussed during the HOD's meeting.

9. Internal controls depend on the participation of all employees at every level. Does the Council have any plans to implement disciplinary policy and take actions against staff who do not comply with the Policies, Procedures, and Manuals of the Council?

Our response:

Revenue collections are closely monitored and the Council conducted surprise checks in collection booths and also rotate revenue collectors. Officers who do not comply with Policies, Procedures and Manuals were subject to disciplinary process such as Counseling and were issued with warning letters.

10. Do the Special Administrators exercise appropriate actions to ensure that identified deficiencies in internal control are addressed by management on a timely manner?

Our response:

The Special Administrators were informed and approved areas of improvement. They usually demand a full report so to base their decisions.

Common Significant Issues

11. Common significant matters relates to delay in the submission of the draft financial statements for audit, noncompliance with the accounting standards and Local Government Act, lack of sufficient appropriate supporting documents, poor records management, assets management, revenue management, payroll and human resource management and cash management, lack of strategic, risk management and operational plans, weaknesses in corporate governance, financial reporting processes and procurement and payment process.

Has the Council taken appropriate actions to address the recommendations made by the Office of the Auditor General to address these issues?

Our response:

The Council is dedicated to improve in the submission of its financial statement. The statements were prepared according to the International Financial Reporting Standard since 2016. We now ensure all supporting documents to payments, proper record of management and assets record are updated regularly. The Council now has a strategic plan, risk management policy and corporate plan.

12. What action has the Council taken to address the issues on Value Added Tax?

Our response:

The Council is now preparing VAT reconciliations on quarterly basis.

13. Can the Council provide an explanation on Staff composition and how competent are the staff responsible for the Finance Section?

Our response:

ESTABLISHED : 7
GENERAL WORKERS : 10
PROJECT WORKERS : 3

The Accounts Officer has just resigned 2 weeks ago and the Council is in the process of recruiting a new officer.

14. What action has been done by the Ministry to ensure that the system across all the Councils is standardized to enable the financial accounts to be updated?

Our response:

The MLG regularly encouraged all Councils to update their FS. Municipal Councils are pushed to update their FS and this is part of the CEOs KPI. The SAs also followed up regularly during the monthly Board Meetings. The FM is also tasked to ensure the submission of FS on time and working towards an unqualified audit opinion.

15. Does the Council have a Finance Manual to guide the day-to-day operation of the Council? Provide evidence.

Our response:

Yes, the Ministry assisted the councils in the issuance of the new Financial Manual and HR manual with random Ministry of Local Government audit.

16. Can the Ministry provide the Job Description and responsibilities of the Special Administrators?

Our response:

The Job Description and responsibilities of the Special Administrators are attached herein.

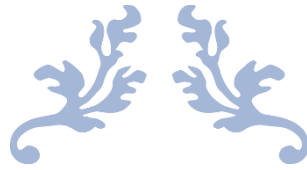
17. Can the Ministry provide the financial breakdown of all Board meetings held by the Council from 2015 until to date?

Our response:

From Year 2015 to 2018 there was no board. However, the meetings were conducted by CEO with the Heads of Dept of the Council.

Summary of Meetings 2019 - 2022

Year	Meetings	Remarks
2019	3 meetings	October - December
2020	10 meetings	There was no board meeting in March due to lock down
2021	12 meetings	January 2021 – December 2021
2022	11 meetings	February 2022 – December 2022



RAKIRAKI TOWN COUNCIL PUBLIC ACCOUNTS COMMITTEE MEETING

RTC Response to PAC Questions



OCTOBER 23, 2023
RAKIRAKI TOWN COUNCIL
Rakiraki

Internal Controls

1. What action has the Council taken to address the internal control deficiencies identified by the Office of the Auditor General?

The Council has engaged a Clerical Officer to assist in the Accounts Section. Other technical officers are also part of the checking system to ensure that there is separation of duties. The Council now have a 3-tier checking system. There is a preparer, checker, affirmation and approver.

2. Internal controls depend on the participation of all employees at every level. Does the Council have any plans to implement disciplinary policy and take actions against staff who do not comply with the Policies, Procedures, and Manuals of the Council?

Council takes it seriously if it notes that a serious breach has incurred. We have terminated 2 officers and downgrade the position of another because of serious breach of Council procedures which deals with revenue collection and numerous acts of insubordination.

3. Do the Special Administrators exercise appropriate actions to ensure that identified deficiencies in internal control are addressed by management on a timely manner?

The Special Administrators were informed and approved areas of improvement. They usually demand a full report so to base their decisions.

Common Significant Issues

4. Common significant matters relates to delay in the submission of the draft financial statements for audit, non-compliance with the accounting standards and Local Government Act, lack of sufficient appropriate supporting documents, poor records management, assets management, revenue management, payroll and human resource management and cash management, lack of strategic, risk management and operational plans, weaknesses in corporate governance, financial reporting processes and procurement and payment process.

Has the Council taken appropriate actions to address the recommendations made by the Office of the Auditor General to address these issues?

The Council has improved in the preparation of the financial statement and all FS for Rakiraki Town Council is up to-date. The statements are prepared according to the IFRS – International Financial Reporting Standard since 2016. We now ensure all supporting documents to payments, proper record of management and assets record are updated regularly. The Council now has a strategic plan, risk management policy and corporate plan.

5. Has the Council implemented measures to prevent and reduce issues reported in the Audit Report and Management Letter in the future?

We are working on the qualification issues and other audit recommendations. We are dedicated to obtain our first unqualified report and our main priority is the elimination of qualification issues.

6. Has the Council established a monitoring and reporting mechanism to track and rectify unsubstantiated balances and other issues reported in the Audit Report and Management Letter?

The Council is working on the reconciliation of figures highlighted by the auditor general, for example, VAT receivables which for so many years being highlighted by the Auditor General and was resolved in 2022. We are devoted to the proper recording of transactions and the safe storage of records. This will assist the Council to perform reconciliation on monthly records. The following are our monthly statements submitted during the HOD meeting as part of the Council's monitoring mechanism:

1. Monthly revenue and expenditure statement
2. Bank reconciliation
3. Rates reconciliation
4. Rental income reconciliation
5. PSV reconciliation
6. Salaries and Wages Reconciliation
7. Garbage fees reconciliation
8. Leave reconciliation
9. Revenue analysis

Specific Significant Matters

7. What is the status of the investigation by the Ministry of Finance on the allowances claimed by the former Special Administrator?

The investigation was conducted in 2022 and the Ministry of Finance, Special Investigation Team must have forwarded the report to the Ministry of Local Government. The Council is not privy to the report.

8. Can the Council provide an explanation on Staff composition and how competent are the staff responsible for the Finance Section?

Total number of staff: 27.

Office Staff: 8

GW: 19

Finance Section – We have only one Finance Manager and a Clerical Officer however the revenue collectors are not part of Finance Section.

Finance Manager has a Diploma in Banking & Finance and the Clerical Officer has a Form 7 pass.

9. What action has been done by the Ministry to ensure that the system across all the Councils is standardized to enable the financial accounts to be updated?

The MLG regularly encouraged all Councils to update their FS. Municipal Councils are pushed to update their FS and this is part of the CEOs KPI. The SAs also followed up regularly during the monthly Board Meetings. The FM is also tasked to ensure the submission of FS on time and working towards an unqualified audit opinion.

10. Does the Council have a Finance Manual to guide the day-to-day operation of the Council? Provide evidence.

Yes, the ministry assisted the councils in the issuance of the new Financial Manual and HR manual with random Ministry of Local Government audits to correct if there's a need.

11. Can the Ministry provide the Job Description and responsibilities of the Special Administrators?

The Special Administrator's Job Description and responsibilities are attached herein.

12. Can the Ministry provide the financial breakdown of all Board meetings held by the Council from 2015 until to date?

Year	Meeting	Allowance	Remarks
2019	3 meetings	\$4,142.00	October – December 2019
2020	10 meetings	\$37,131.00	COVID19
2021	12 meetings	\$738.16	Jan-Dec 2021
2022	11 meetings	\$1565.27	February – December 2022
2023	9 meetings	\$206.40	January – September 2023

Levuka Town Council

P.O. Box 70
Levuka Fiji

Phone: 3440014
Fax: 3440288
E-mail: ceolevuka@gmail.com



Our Ref: LTC/nl/90/24

Date: 27th March, 2024

Hon. Esrom Immanuel
Chairperson, Pc Accounts Committee
Suva.

RE: CLARIFICATION OF ISSUES – OFFICE OF THE AUDITOR GENERAL 2021 -2022 AUDIT REPORT ON MUNICIPAL COUNCILS (PP.No. 19 Of 2023)

Reference is made to your letter of 21st of March 2024, regarding the above and responses to the questions raised therein are provided as follows.

Levuka Town Council Annual Reports 2014 and 2015.

Draft financial statements:

Question 1:

As per audit status, the 2016 and 2017 financial statements audits have been completed and the 2018 draft financial statements have been submitted to the Office of the Auditor General.

- i) What is the Status of the 2019 to 2022 draft financial statements?

Response:

Reconciliations of Accounting books and records for the years 2019- 2022 are yet to be completed. These processes are necessary to ensure accuracy of figures required to compile draft Financial Statements before submission to the Office of the Auditor General. The lack of funds to recruit support staff has been a hindrance and challenge in meeting statutory timelines.

- ii) Why weren't the financial statements submitted within the statutory timeline?

Response:

A lot of factors have continuously contributed to Council not submitting its Financial statements within the statutory timeline.

These are as follows.

- Lack of qualified and experienced staff to accurately maintain and record accounting transactions and produce reliable data on time for the compilation of financial statements.
- Council have not been able to recruit these calibre of staff due to the lack of funds.

Although, Council has recruited an Accountant in 2021, improvements have been hampered due to the lack of clerical support staff for reasons stated above.

- lii) **What are the Councils solutions for the issue for the delay in the preparations for the draft financial statements within the statutory timeline?**

Response:

Apart from meeting the challenges raised above, the assistance by Government to provide a software for Council including training would greatly assist Council in its current dilemma. Meanwhile, Council in its efforts to meet the challenge has managed to recruit an Accounts Clerical Assistant two weeks ago to support the Accountant who is also Acting CEO. Bearing in mind, the time expected to train the incumbent Clerk, improvements in this regard will build up slowly.

Question 2:

How is management remaining current with respect to changes in Accounting and Financial reporting requirements? Are there appropriate training mechanisms in place?

Response:

Due to the lack of funds, Council continues to operate in the Cash Accounting system manually and provides its draft Financial Statements under the International Financial Reporting Standards for SME'S (IFRS). Since its establishment, Council has operated under this system and draft Financial Statements have been prepared and submitted by private accounting firms until 2017. From 2018, for the first time, draft Financial Statements have been prepared and submitted in House by the Accountant. On the job training has been conducted by the Accountant in the current cash accounting system with assistance by the line Ministry at times.

Hopefully, this should change if Government assist Council for the provision of an Accrual Accounting software which meets Council needs in line with the changes in accounting and financial reporting requirements.

Audit Report – Qualification Issues:

Question 3:

What are the reasons for the substantiated balances identified in the audit report?

Response:

As mentioned in our responses to PAC Questions 1 and 2 above, the lack of qualified and experienced staff coupled with staff turnover have been the major factors to the anomalies over the years.

Question 4:

Have efforts been made to investigate and reconcile the unsubstantiated balances and other issues in the Audit Report?

Response:

The unsatisfactory manner in which accounting transactions were recorded and books and records maintained during the Financial periods under review made it impossible to investigate and reconcile the unsubstantiated balance. Furthermore, staff turnover also contributed to the dilemma.

Question 5:

Has the Council implemented measures to prevent and reduce unsubstantiated balance and other issues in the future?

Response:

Yes. From 2021, the Accountant has reconciled and balanced transactions from accounting records (Revenue and Expenditure) from 2018 onwards to ensure that figures used to compile and prepare draft Financial Statements are not only accurate but reliable.

Question 6:

Has the Council established a monitoring and reporting mechanism to track and rectify unsubstantiated balances and other issues reported in the Audit Report and Management Letter?

Response:

Yes. With the recent recruitment and on the job training of the Accounts Clerk, whose responsibilities include payments, ledger keeping and other accounting duties we have been lacking, some semblance of separation of duties and internal control will exist where the Accountant will be able to monitor, track and rectify anomalies to ensure transactions are accurate, reliable and with proper authority.

Question 7:

Were there any indications of fraud or misappropriation of funds related to the unsubstantiated balances and other issues?

Response:

There have been no irregularities involving management or employees who have a significant role in the accounting and internal control systems or others where fraud could have a material effect on the financial statements.

Question 8:

What action has the Council taken to address the issue of recording transactions on Accrual basis of accounting?

Response:

Council has sought assistance both technical and human resources through an acquisition of a software in Accrual basis of Accounting that meet the needs of Council from its line Ministry, the Ministry of Local Government. Lautoka City Council has made an expression of interest to seek interest from reputable software companies to provide a standard software program and hardware for all Municipalities. Whilst waiting for the above to eventuate, Council is also seeking funding assistance through grants from overseas Governments in this regard.

Internal Controls:**Question 7:**

What action has the Council taken to address the internal control deficiencies identified by the Office of the Auditor General?

Response:

The lack of staff due to the lack of funds has been a great challenge for Council to tackle this pertinent issue over the years, however, with its scarce staff, Council has sought Board of Special Administrators for their assistance in providing oversight in this regard where needed. These include passing and authorization of payment vouchers and counter signing of drawing accounts cheques for Council and Grant Funds.

Question 8:

Internal Controls depend on the participation of all employees at every level. Does the Council have any plans to implement disciplinary policy and take actions against staff who do not comply with the Policies, Procedures and Manuals of the Council?

Response:

Policies, Procedures and Manuals of Council provided by the Ministry of Local Government exist and are in use by Council. The challenge for Council is the lack of

staff to provide these internal Controls. To alleviate the issue we have taken action as mentioned in our response at 7 above.

Question 9:

Does the Special Administrators exercise appropriate actions to ensure that identified deficiencies in internal control are addressed by management on a timely manner.

Response:

Yes, they do. All sections of Council operations come under sub committees headed by Special Administrators who oversee all reports and transactions made monthly. After careful scrutiny and deliberations, these are then tabled before the Board of Special Administrators headed by the Chair.

Common Significant Issue

Common Significant matters relates to delays in the submission of the draft Financial Statements for Audit, non-compliance with the accounting standards and Local Government Act, lack of sufficient appropriate supporting documents, poor records management, assets management, revenue management, payroll and human resource management and cash management, lack of strategic, risk management and operational plans, weaknesses in corporate governance, financial reporting processes and procurement and payment process.

Question 11:

Has the Council taken appropriate actions to address the recommendations made by the Office of the Auditor General to address these issues?

Response 10 & 11:

Council confirms that the following policies have been formulated and implemented as recommended by the Office of the Auditor General.

- Disaster Recovery Plan
- Human Resources Policy
- Standard Operational Procedures (SOP)
- Risk Management Policy and Risk Register

The policy under process is the Asset Capitalization Policy

Question 12:

What action has the Council taken to address the issues on Value Added Tax?

Response:

The calculations of the Value Added Tax (VAT) where applicable, have been in accordance with the VAT Act and also reconciliation of VAT account is still underway from 2015 onwards.

Specific Significant Matters:

Question 13:

Why wasn't the WBC Account challenge Fund, WBC Japan Embassy grant and WBC New Zealand Embassy Grant Bank accounts which were under the Council's name accounted for the Financial Statements?

Response:

Council confirms that the above accounts were not included in the financial statements for the period under review due to the lack of expertise of staff responsible at the time who did not maintain the accounting books and records in the manner they should have been kept. Furthermore, due to the above and negligence on their part, these accounting records were not provided to the private accounting firm hired to prepare the draft Financial Statements, hence its exclusion.

From 2018 draft Financial Statements these accounts have been included after thorough reconciliations have been made with the bank audit certificate.

Question 14:

What action has the Council taken to address the issues on unsubstantiated general ledger journal adjustment?

Response:

Council confirms that apart from adjustments made through Virements, general journal adjustments have not been made due to the lack of staff to handle these clerical duties.

Question 15:

Can the Council provide an explanation on Staff composition and how competent are the staff responsible for the Finance Section.

Response:

The Finance Section comprises of an Accountant with a Bachelors Degree in Accounting and Management from FNU, a Revenue Clerk/Office Assistant with 20 years work experience. Two(2) weeks ago Council recruited an Accounts Clerk who is still undergoing on the job training. The Accountant is performing dual roles as the Acting CEO of Levuka Town Council as well since August, 2022

Question 16:

What action has been taken by the Ministry to ensure that the system across all Council's is standardized to enable the financial accounts to be updated?

Response:

The Ministry has given the Lautoka City Council to seek expression of interest from reputable software companies to provide standardized software and hardware for all Municipalities. The process is still underway.

Question 17:

Does the Council have a Finance Manual to guide day to day operation of the Council? Provide evidence.

Response:

Yes. Copies of the Standard Operational Procedures (SOP) are attached as evidence.

Question 18:

Can the Ministry provide the Job Description and responsibilities of the Special Administrators?

Response:

Attached

Question 19:

Can the Ministry provide the financial breakdown of all Board meetings held by the Council from 2015 until to date?

Response:

Attached

Supplementary Questions:

Question 1:

How many rate payers and Non rate payers reside within the Municipal boundaries and what kind of services does the Council provide?

Response:

Ratepayers: 144

Non- Ratepayers: 80

Services provided for the ratepayers:

- Garbage collections twice a week
- White goods collection- quarterly
- Green collections – quarterly
- Grass cutting
- Beautification in town area
- Building applications
- Anti- Mosquito spray
- Drain inspections in town area
- Larva sampling
- Food establishment inspection in **town area**
- Composting training

Services provided for Non ratepayers:

- Garbage collection twice a week
- White goods collection - quarterly

Question 2:

What are the Ministry and the Council's views towards those non rate payers?

Response:

Non ratepayers pay these garbage collections only.

The views are for government to formalise informal settlements within the town boundary.

Question 3:

Can the Council provide an update on the Annual Board of Survey and correct classification of assets?

Response:

Reconciliation of purchase documents against items and ledger entries are currently being undertaken with correct classifications noted and recorded accordingly in their respective ledgers by responsible Council staff. On completion of this exercise, Board of Survey members will be appointed from Government Ministries in Levuka to formally carry out the Survey and submit its Report accordingly.

Question 4:

Can the Council update the Committee on the current level of profit and loss, net assets and rate arrears?

Response:

Current - 2017

Profit and Loss = (\$128,743)

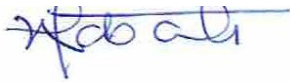
Net Assets = \$4,026,167

Rate arrears as at 29/02/2023:

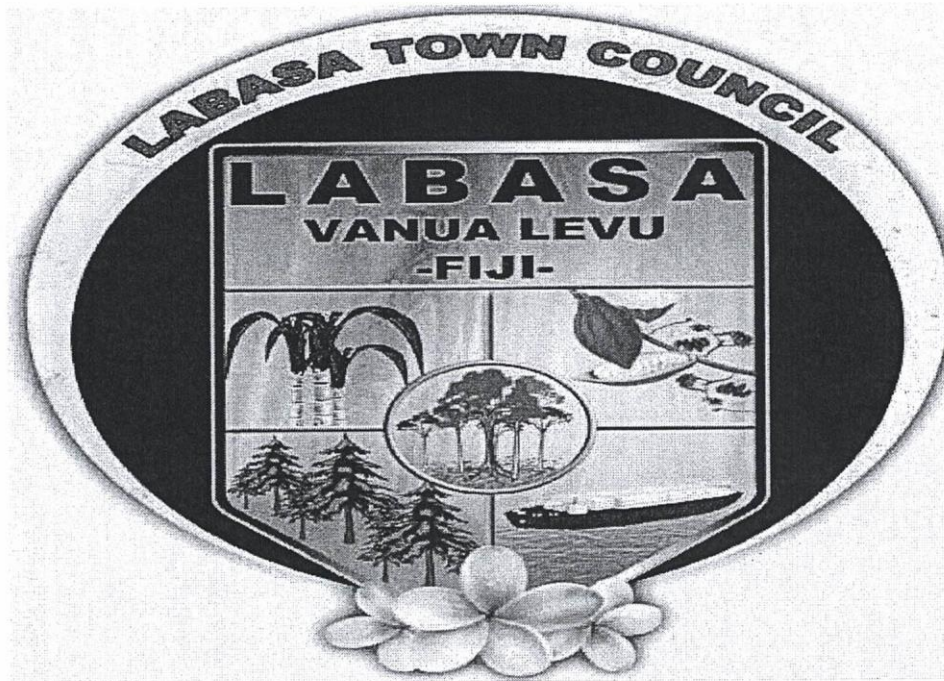
Current rates: \$48,334.01
Arrears: \$113,817.04
\$162,151.05

Respectfully submitted as requested.

Yours faithfully,



.....
Nunia Labati
Acting CEO
Levuka Town Council



LABASA TOWN COUNCIL
CLARIFICATION OF ISSUES –
2018 FY AUDIT

PARLIAMENT STANDING COMMITTEE ON PUBLIC ACCOUNTS
Office of the Auditor General 2021- 2022 Audit Reports on Municipal Councils
(PP. No. 19 of 2023)

[27th November, 2023, Time 3.00pm. Venue: Labasa Town Council Chambers]

LABASA TOWN COUNCIL

Labasa Town Council 2018 FY Audit

1. Qualification Issues

The audit of the 2018 accounts of the Labasa Town Council resulted in a modified (qualified) audit opinion. A matter was raised as basis of modified audit opinion.

Provide an update on this matter raised as a basis of qualification.

Council acknowledges the qualified opinion in 2018 based on the **Trade Receivables** balance.

However as suggested in the Audit reports, Council when preparing future accounts, we will be taking into account impairment testing.

On the contrary, Council has taken some of the measures below to overcome aging for town rates:

- Rate profiling was carried out to update the ratepayer's profile
- Title search was done to locate owners of the property and updating our records.
- Engaged with the community out each program to build awareness relating to the impact of unpaid rates and services offered and also hear grievances etc.
- Council took advantage of the amnesty periods offered by the Ministry
- Council recruited an in-house lawyer
- Council used social media such as vibre to reach out to its ratepayers specially residing out of Labasa.
- Council made an MOU with I'TLTB for transfer of lease and debt outstanding on leased proeprties..
- Collaboration made with law firms to recover outstanding rates while property transfer
- Changes made to the process of issuing building permits to ensure rates are cleared before proceeding with the application
- Field officers regularly communicate with the property owners about their outstanding rates through door-to-door visits.
- Offer flexible payment plans to property owners who are facing financial difficulties such weekly or fortnightly deduction from pay.
- Taking options by engaging matters before the Small Claim Tribunnal.
- Providing convenient online payment options to encourage timely payments.

- As stated in the audited financials accounts receivable for 2018 picks a figure of \$1,819,755.00 however this new FY, Council has managed to collect close to 49% (920,682.99) of the arrears.

2. Financial Reporting

Please provide an update on the draft financial statement submitted to audit and the status of the Councils Audit. OAG to also provide comments.

The 2019 accounts were finalized and submitted to OAG and auditing was to have commenced from January this year. However, we decided to resubmit the 2019 draft financials as the balances changed after 2018 audit was finalized.

Note, with the given resources, Council has also invited expression of interest in the local newspaper to hire accounting firms to clear all pending financials.

3. Internal Controls Assessment

What has the council done to address the internal control deficiencies identified?

To address the internal control deficiencies, Council has taken some of the measures mentioned below:

- Developed written policy, MOU's and procedures:

a) Policies:

- Risk Managements, Code of Ethics, Code of Conduct, Board of Survey, Customer Service Policy, Risk and Disaster Management, SOP Manual, Market SOP, Financial Manuel, Oil Spill Policy, Whistle Blower policy, HR Manuel and Social Media policy, Project Management policy.

b) MOU·

- FPSA, I'TLTB, NEC

Apart from the above, we also carry out regular reconciliations to ensure that we have:

- Adequate supporting documentation maintained when making any transactions (financial or administration)
- Computerized bookkeeping (Council is planning to install MYOB softer ware for market fee revenue collection and reconciliation etc.)

4. Can the council provide an explanation on staff composition and how competent are the staff responsible for the Finance Section.

Finance team is a composition of four competent staff with the position held as Manager Finance, Accounts Officer, Rates officer and a Cashier.

- **The Manager Finance** holds a Degree in Accounting with a work experience of 13 years
- **Accounts Officer** has Diploma in accounting with a work experience 10 years; currently is a university student pursuing Bachelor's Degree through Council training program.
- **Rates Officer** has Diploma in accounting with a work experience of 15 years: currently is a university student pursuing Bachelor's Degree through Council training program.
- **Cashier** has been working with the Council for 27 years with a certificate in computing.

5. Does the Council have a Finance Manual to guide the day –to- day operation of the council? If yes provide evidence?

Yes, we have one.

6. What action has been taken by the Ministry to ensure that the accounting system across all the councils is standardized to enable the financial accounts are updated and reporting in timely manner?

MLG to respond

7. Can the ministry provide the Job Description and responsibilities of Special Administrator and the Chief Executive officer?

Role of Special Administrators.

The Role of the Special Administrators is as spelt under section 9 of the Local Government Act (1972). The Special Administrators make the composition of the Council and carry out functions in accordance with Local Government Act (1972). As members of the Council, the Special Administrators are members of the Standing Committee, Special and Emergency Meetings and Ordinary Council meeting. The meetings are conducted in accordance with the Local Government and resolutions passed at Ordinary (Full) Council are acted upon by the Town Clerk/Chief Executive Officer.

The Special Administrators also consider and approve annual Budget of the Council, receive and endorse monthly reports through standing committee meetings. The Act states that one of the Special Administrators is to be signatory to the cheque account.

The Special Administrators also play a civic responsibility by taking part on Town Civic programs.

The Special Administrators are appointed by the Minister for Local Government and more so involve in policy matters of the Council.

Role of Town Clerk/Chief Executive Officer

Section 35 defines the position of Town Clerk/Chief Executive Officer as an officer of the Council. The act makes it mandatory on the Council to appoint a Town Clerk/Chief Executive Officer. The person is to be appointed by the Council and the salary/benefits approved by the Higher Salaries Commission. In case of acting appointment, 95% of the previous approved minimum salary base is paid to the incumbent appointed as approved by the Council.

The Town Clerk/Chief Executive Officer is to manage the day-to-day operations of the Council, organize meetings of the Councils, manage stakeholders, perform statutory duties as per Local Government including associated Acts.

8. Can the ministry provide the financial breakdown of all Board meetings held by Council from 2015 until date?

Information with MLG- refer to supporting documents.

FINANCIAL BREAKDOWN OF ALL BOARD MEETINGS HELD BY EACH COUNCILS FROM 2015 UNTIL to DATE

Board Meetings	2015				2016				2017				2018				2019				2020				2021				2022				2023							
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
No. of Ordinary Council Meeting	4	3	3	2	1	1	3	1	3	1	1	1	1	1	4	1	1	4	3	3	2	4	3	2	4	3	3	2	4	4	3	3	2	4	3	2	4	4	3	2
Cost involved																																								
No. of Committee Meetings	3	3	3	3	1	2	2	1	3	2	1	3	1	1	2	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	1
Cost involved																																								

Note :
 Kindly note that Labasa Town Council does not get special catering or ordering done for council meeting or allowance paid to any staff. Tea, coffee and biscuits are purchased when needed which is used in the meetings

LABASA TOWN COUNCIL



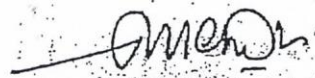
EXPRESSION OF INTEREST FOR PREPARATION OF 2019 -2022 ANNUAL ACCOUNTS

The Labasa Town Council invites written Expression of Interests (EOI) submissions from reputable Chartered Accounting firms operating in Fiji to provide services for preparation and completion of annual accounts from 2019 to 2022.

For any further clarification and terms of reference contact Council's Manager Finance on LL: 8811066 or M: 9923070 or by email: karishma@ltc.com.fj

EOI closes with undersigned on 21st of November 2023 at 4.00pm.

All EOIs are to be submitted in sealed envelopes marked: "CONFIDENTIAL - 2019-2022 ANNUAL ACCOUNTS" and addressed to the Chief Executive Officer, Labasa Town Council and to be dropped into the Box kept at the Council's Main Office, Civic Center Building, 11 Jaduram Street Labasa or posted to P.O.BOX 92, Labasa.


Ami C. Kohli
Special Administrator- Chair





LAMI TOWN COUNCIL ANNUAL AUDIT 2015
PUBLIC ACCOUNTS COMMITTEE HEARING - 27TH MARCH 2024 AT 2.00PM

QUESTION ONE - QUALIFICATION

The audit of the 2015 accounts of the Lami Town Council resulted in a modified (disclaimer) audit opinion. Six matters were raised as basis of modified audit opinion. Provide an update on each of these matters raised as the basis of qualification.

1. PARKING METER RECONCILIATION

The \$13,700 variance in reconciliation has been noted and discussed at the Council Finance Standing Committee meeting. Council has taken note that the variance arising may have been due to other general traffic revenue accounted for in the Parking Meter Account. As a way forward, reconciliations have been strengthened.

The Lami Town Council has established the following policy guideline to ensure timeliness reconciliations as follows for all accounts:

- a. The Finance team shall maintain a Chart of Accounts for all General and Subsidiary Accounts. Any amendments or modifications would require the endorsement of the Council.
- b. Every quarter, reconciliations of all accounts shall be carried out including subsidiary and balances produced before the Council Finance Standing Committee signed off by the head of Finance. Every month bank reconciliations shall be produced at the Finance Standing Committee meeting.
- c. Daily banking shall be signed off by the Head of Finance and all online transactions weekly reconciled.
- d. The reconciliations are to be in line with the Financial Manual issued by the Ministry for Local Government.

2. RECEIPT POSTING

The Council has taken note of this comment. Practice at the Council had been to use deposit books (daily banking sheets) to record cash received. Council notes the recommendation that receipts issued shall be used as a source document to record cash received and deposit summaries master sheet shall be used to reconcile daily banking. The following policy in summary has been introduced:

- a. All money received shall have a receipt issued.

- b. Monthly Cash Receipts Journal shall be prepared and posted to Ledger. All transactions are to be entered into Journals and this is to be upgraded monthly. The transaction entry shall have folio number column and source document referrals shall be recorded. This is to be in effect from the first half of the year 2023/24. Half yearly internal audits shall inspect books and provide opinion to the Chief Executive Officer who shall table the report at the Finance Standing Committee meeting.
- c. All source documents are to be maintained by the Head Finance and produced for Final Audit.
- d. Effective 4th quarter 2023/24 source documents shall be electronically stored as a backup and the responsible officer shall be Head of Finance.

3. RATES COLLECTION

Council has taken note of the comments and taken steps to ensure rates revenue assurance. The Council has segregated rates accounts in three divisions as follows:

- a. Low Risk in Collection - Where rates are collected upon invoicing or during the year. 70% of the 1220 properties fall under this category.
- b. Medium Risk in Collection - Where rates are collected on payment arrangement due to financial difficulties, probate issues or transfer. 20% of the 1220 properties fall under this category.
- c. High Risk in Collection - Where rates have not been received for more than 6 years due to financial difficulties, property disputes or owners not traceable. 10% of the 1220 properties fall under this category and make up 77% of the total arrears. A work plan has been developed to address collection in this area and other options to reduce rates in arrears.

4. RATES RECONCILIATION

Council has strengthened reconciliation in this area. Rates subsidiary and general accounts are effectively maintained to account for collections, discount, interest and balances. System generated data reconciliations have been improved upon. Council has introduced a new financial software to support data integration including reconciliations.

Policy has been developed to account for Rates revenue realization and manual adjustments. Policy in brief states:

- i. All Rates shall be recorded as revenue upon invoicing.
- ii. All cash received from ratepayers shall have cash at bank increase and debtors reducing. It shall have nil effect on revenue.
- iii. Quarterly reconciliation of accounts shall take place.
- iv. Monthly rates reports submitted to the Council shall include General Rates Account.

Policy has also stated that the manual adjustments to the financial software shall be restricted to Head of Finance.

5. SUNDRY DEPOSIT RECONCILIATION

The Council has noted the Sundry Deposit opinion. The Council system has been noted at that time unable to trace and maintain a subsidiary detail of Sundry Deposits. Brief on policy developed are:

- a. SUNDRY DEPOSIT ACCOUNT MAINTENANCE – The account shall be classified as a short-term liability account and quarterly reconciliations (subsidiary and general) performed by the Manager Finance shall be tabled before the Finance Standing Committee. All movements from the account shall require the approval of the Chief Executive Officer and concurrence of the Chairman of the Finance Standing Committee.
- b. WORKING BALANCE – The working balance as per 2015 annual audit shows \$55718. Movement of the Sundry Account since 1st January, 2013 shows:

Particulars	Debit	Credit	Balance
Balance on 1/1/13			51,589
Deposits Received as at 31/12/15		6738.26	
Refunds made as at 31/12/15	2608.86		55718.60

The balance brought forward on 1st January, 2023 requires an adjustment consideration. The deposit has been noted to have accumulated from prior years from Construction permit deposits (maximum \$200 per transaction), Rental deposits and Tender deposits. There maybe a situation that refunds were made and account not adjusted. Council has not received any claims on Sundry Deposits claim prior to 2013. A legal opinion shall be obtained and discussed with Office of the Auditor General on way forward during the 2019 audit cycle.

- c. A dedicated Bank Account has been endorsed to be in place for Sundry Deposits purpose from May, 2024. The account shall have all deposits received and disbursements managed separately. An amount of nine thousand six hundred dollars shall be transferred to open the account which shall account for net Sundry Deposit transaction balance accounted for over the last ten years.

5. INTERNAL CONTROL SYSTEM

Council has taken note of the opinion from the Office of the Auditor General. The following actions have been taken:

- a. The reconciliations of all accounts as per schedule shall be prepared and tabled at Finance Standing committee meeting.

- b. An internal auditor from one of the Municipals in the Central division be engaged for a week at the interval of every six (6) months to carry out audits and submit reports to Finance Standing Committee.
- c. Balance Day stock count including cash count to have Office of the Auditor General representative present.
- d. An internal audit committee to be formed by the Council effective April, 2024 which shall spot check on systems and processes and report to the Council.

QUESTION TWO - INSUFFICIENT CASH TO REFUND DEPOSITORS

What action has the Council taken to address the audit issue raised. Please provide an update on whether this issue has been fully resolved.

Council has adequate funds to manage Sundry Deposits received over the last ten years which is \$9600. The balance figure brought forward on 1st January, 2013 has been reviewed and adjustments shall be discussed with the Office of the Auditor General. A separate bank account has been approved to be established to maintain sufficient cash and a policy developed.

QUESTION THREE - FINANCIAL REPORTING

What has the Council done to ensure quality draft financial statements are submitted to audit? Please provide an update on the draft financial statements submitted to audit and the status of the Council’s audit. OAG to also provide comments.

The Lami Town Council has approved an upgraded financial organizational structure which shall be implemented before the end of the third quarter of this financial year. The Council has used the 2015 annual audit of accounts as a benchmark to understand the gaps to plan for subsequent financial planning. A Manager Finance position has been created and advertised. The position shall be filled during the month of April, 2024.

The Council expects to generate unqualified accounts from the financial year 2023/24.

YEAR	STATUS	COMMENTS
2016	Audit accounts signed	
2017	Audit accounts signed	
2018	Audit accounts signed.	
2019	Draft Accounts upgraded following finalization of 2018 annual accounts	OAG to commence Audit in April, 2024
2020		
2020/21	Draft Accounts to be submitted in May, 2024	OAG will be requested to complete audit during this calendar year.
2021/22	Draft Accounts to be submitted in May, 2024	
2022/23	Draft Accounts to be submitted in May, 2024	

QUESTION FOUR - INTERNAL CONTROL ASSESSMENTS

What has the Council done to address the internal control deficiencies identified?

CONTROL	ACTIONS FOR 2023/24	RESPONSIBILITY
Monitoring Activities	Regular Finance Standing Committee meetings Framework for Finance Standing Standing Committee meeting to be used for preparing reports.	Council and CEO
Information and Communication control	Transactions as per manual of accounts, Financial Policy and Council financial instructions are effectively channeled	Manager Finance responsibility from May, 24 to introduce 100% implementation
Control Environment	Implement Manual of Accounts, Financial Policy, Budget and Yearly transaction approved framework.	Council has approved policy. 100% in implementation
Risk Assessment	2 cycle internal audits per year with reports generated to Council Finance Standing Committee	Implemented
Control Activities	Policies and Process	Policies and process approved by Council. Internal Audit cycle in place.

QUESTION FIVE - STAFF COMPOSITION

Can the Council provide an explanation on Staff composition and how competent are the staff responsible for the Finance Section?

Council has created a position of Manager Finance and the position has been advertised. Position shall be filled during the month of April, 2024. Position holder shall have knowledge and experience to manage financial accounts preparation and reporting. The Council has other intermediate positions filled and the persons have relevant qualification and experience.

POSITION	2015 (Including JD)	2019 (Including JD)	2024 (Including JD)
Manager Finance			Position created in 2023 and advertised. Position shall be filled in April, 2024. Position requires BA in Finance and 8 applications received. Position shall replace Senior Accounts and person be in charge for Finance management

Senior Accounts Officer		Position introduced in 2018. Person resigned in December, 2023.	Position upgraded to Manager Finance
Accounts Officer	Position holder manages procurement and disbursement and used to manage annual accounts until 2018.	Position holder manages procurement, disbursements and cash flow. [Diploma Holder position]	Position holder manages procurement, disbursements and cash flow. [Diploma Holder position]
Revenue Officer	Diploma Holder level position. Person manages collection and rates/property account maintenance.	Diploma Holder level position. Person manages collection and rates/property account maintenance.	Diploma Holder level position. Person manages collection and rates/property account maintenance.
Junior Clerk			Introduced in 2024 to support source document storage and general account maintenance.
Cashier	Managing Receipts and preparing daily banking including deposit in safe management	Managing Receipts and preparing daily banking including deposit in safe management	Managing Receipts and preparing daily banking including deposit in safe management

STAFFING DETAILS

POSITION	REMARKS
CHIEF EXECUTIVE OFFICER	Current relieving from mid - 2020. Position shall be advertised during this financial year.
MANAGER FINANCE	Senior Accounts Officer resigned 3 months ago and the position has been regraded to Manager Finance. Position advertised and shall be filled by end of December, 2023.
ACCOUNTS OFFICER	FILLED
REVENUE/RATES OFFICER	Person resigned and position advertised which shall be filled before end of November, 2023.
JUNIOR CLERK	FILLED
CASHIER	FILLED
SECRETARY	FILLED
OFFICE REGISTRY CLERK	FILLED
BUILDING SURVEYOR	FILLED
HEALTH INSPECTOR	FILLED
ASSISTANT HEALTH INSPECTOR	FILLED
ENFORCEMENT OFFICER	FILLED
WORKS SUPERVISOR	ACTING
HEALTH/BUILDING	Filled

INSPECTOR/OFFICER SUPERVISOR - NAVUA	
MARKET MASTER - NAVUA	Filled
ASSISTANT CASHIER - NAVUA	Filled
CLERICAL STAFFS * 3 NAVUA	Filled
ENFORCEMENT OFFICER	Filled

QUESTION SIX - FINANCIAL MANUAL

Does the Council have a Finance Manual to guide the day-to-day operation of the Council? Provide evidence.

The Council has received a Financial Manual from the Ministry for Local Government. In addition, to support various activities financial standard operating procedures have been prepared.

**FINAL MANAGEMENT LETTER
31 DECEMBER 2015
NAUSORI TOWN COUNCIL**



OFFICE *of the* AUDITOR GENERAL

Risk Rating and Caution about Audit Findings

Risk Rating of Audit Findings

The audit findings have been classified in order of relative importance, which is explained as follows:

Risk Rating	Definition
High	A control or compliance weakness of such fundamental significance that it requires immediate attention of line and senior management and priority action for resolution.
Medium/Moderate	An issue of substantial importance to the Council, which requires the immediate attention of responsible line management and an agreed program for prompt resolution.
Low	An issue which does not necessarily warrant immediate attention but which should have an agreed program for resolution.

Caution about Audit Findings

This report contains findings that were detected from normal audit procedures designed primarily for the purpose of forming an opinion on the accounts of Nausori Town Council. There is an unavoidable risk that some material misstatement(s), fraud, or irregularity may not have been detected despite the fact that the audit was planned and conducted with due care.

Hence, this Final Management Letter should not be regarded as a comprehensive statement of all the weaknesses that may exist or of all improvements that could be made.

The Nausori Town Council is therefore advised to maintain perpetual vigilance on the internal controls and conduct its own investigation where deemed necessary to ensure that irregularities are appropriately addressed.

CURRENT YEAR AUDIT ISSUES



OFFICE *of the* AUDITOR GENERAL
Republic of Fiji

1. Errors and Variances in the Draft Financial Statements

Description	Root-Cause/implication	Risk Rating	Recommendations	Agreed Management Action	Officer Responsible
<p>The audit review of the draft financial statements noted the following:</p> <ul style="list-style-type: none"> It was also noted that the Council included the Government grant for roads as its deferred income despite it being transferred to FRA effective from December 2013. Audit also noted that deferred income was overstated by \$208,150.00 Bank overdraft of \$369,480 was net-off against the debit balances of cash and cash. Likewise, the same bank overdraft of \$369,480 was reflected under current interest bearing borrowing. As a result the cash and cash equivalent is incorrectly reflected in the Financial Statement. 	<p>The errors and variances indicate that the Council lacks appropriate personnel to carry out accounting work including reconciliations of subsidiary ledgers with the general ledger.</p> <p>In addition, it appears that the financial statements were not properly checked before submitting for audit.</p> <p>These errors and variances in the Financial statements increase the risk of incorrect financial reporting and decision making at the Council</p>	<p>★ High</p>	<p>The Council should ensure:</p> <ul style="list-style-type: none"> that proper reconciliation and effective reviews are carried out to ensure correctness and accuracy of balances presented in the financial statements. assess its officers capabilities particularly in finance department and consider provision of training on preparation of financial statements under accrual basis of accounting. Financial statements are prepared in compliance with IFRS for SMEs. The Council should ensure that expenditures are charged to the correct fund account so that correct financial performance are reported in the financial statements. 	<p>Refer to slide 7 and 8</p>	<p>Manager Finance</p>

1. Errors and Variances in the Draft Financial Statements (continued)

Description

The following errors were noted in upon reviewing the Financial Statements.

- A variance of \$81,291.00 was noted in value added tax payable between the amount reported in the Council's trial balance and the financial statement. Refer below for details;

Details	Amount (\$)
VAT payable as per trial balance	260,038.00
VAT payable as per financial statement	178,747.00
Variance	81,291.00

- Payables worth \$17,385.00 was not in the trial balance but shown in the financial statement. Refer below for details;

Details	Amount (\$)
Advance from parking meter	5,981.00
Trade and other payables	4,780.00
Vat payable	6,624.00
Total	17,385.00

- Bank fees and charges totaling to \$15,483 was shown in the trial balance. However, there was no corresponding General Ledger maintained by the Council.
- Audit noted that insurance expense was recorded on cash basis and prepayment expense of \$28,658.63 was recorded. Refer to *Appendix 1* for details.
- A variance of \$25,549 was noted in rent & lease expense as per audit calculation and the amount reported in the financial statement. Refer below for details;

Details	Amount (\$)
Rent and lease calculation as per audit	54,162.00
Rent and lease expense as per GL	28,613.00
Variance	25,549.00

1. Errors and Variances in the Draft Financial Statements (continued)

Description

- FNU levy was recorded on cash payment basis and FNU levy of 5,239.28 was not recorded. Refer to *Appendix 3* for details.
- The Council did not account for discount allowed on rates for the financial year ended 31 December 2015. Furthermore, relevant details and records for discount allowed was not provided by Council.
- The Council did not comply with the requirements of IFRS for SMEs Paragraph 33 – Related Party Disclosures by not completely disclosing related party transactions in the financial statements for the year ended 31 December 2015.
- Paragraph 16 of the IFRS for SMEs defines Investment property as “property (land or a building, or part of a building, or both) held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both...” The Council has leased properties which were not disclosed separately as investment property in accordance with IFRS for SMEs.
- The Council paid the salaries, wages and FNPF employer contribution related to parking meter from the General Fund bank account instead of Parking Meter Fund. The Council was unable to provide the total salaries, wages and FNPF employer contribution paid from the general fund account.

1. Errors and Variances in the Draft Financial Statements (continued)

Agreed Management Action	
Council Response	Management Action
<p>Deferred Grant:</p> <ul style="list-style-type: none"> Japanese Grant - commerce prior to 2005, Council do not have a contract. Roads Grant - commerce in 2009, Council do not have a contract. Roads transferred to FRA in 2013. ITP grant commenced in 2013, grant copy maintained by council & a copy forwarded to auditors. From 2014, all grants released to Council are to be fully utilized within the financial period. Council has fully utilized the grant. <p>In order to resolve the issues of prior year's opening balances, Council with the assistance of HLB MANN JUDD advisory & accounting firm with whom Council is currently engaged with for the preparation of financials from 2016 to 2020, Proposed adjustment is to fully realize the deferred income as grants are fully utilized within the financial period, but as this is in relation to prior years, the adjustment would be reflected under Council's Accumulated Funds.</p> <p>Bank Overdraft recorded in "Cash Balances and Interest bearing borrowings":</p> <p>The Council has been recording bank overdraft of in cash balances (Note 3) and in Interest Bearing borrowings (Note 10) from year 2013 after Council's financial were prepared according with IFRS for SME. Council has been using a formulated template for preparation of Financial Statements which has been set by previous accounting firms (out sourced). The formulated template has been used by Council from past years and the designed template includes bank overdraft in the interest bearing borrowing.</p> <p>Please note, none of finance staffs are trained (Manager Finance included) in preparing the financials, hence Council normally uses the "Template" provided by the accounting firm who converted the Council Financials to IFRS for SME in 2013. Council has also advised and highlighted the same to the auditors during 2015 audit process and seek their advice on the above matter.</p>	<p>The Council agrees to the recommendation proposed through Office of the Auditor Generals.</p> <p>To rectify Council's books, the following action has been currently implemented since August 2020.</p> <p>Proper Revenue Reconciliations:</p> <ol style="list-style-type: none"> Rate Levy Garbage Levy Base Commercial Rental Market Income Ratu Cakobau Park Gate Takings profit share <p>Note, Council is working to implement cashless revenue collection solution in Market from June 2021 onwards.</p> <p>The Council has also implemented the following since 2019.</p> <ul style="list-style-type: none"> Monthly VAT Returns Lodged Timely payment of VAT Through VAT reconciliation performed through HLB's assistance for 2016 & 2017. VAT reconciliation for 2018 to 2020 in progress through the assistance of HLB. FS reflects VAT outstanding on invoice figure, whereas Council pays VAT on actual collection.

1. Errors and Variances in the Draft Financial Statements (continued)

Agreed Management Action	
Council Response	Management Action
<p>Variance in VAT as per financials & Trail Balance: The Vat anomalies reflected in Council financial dated 31st December relates back to 2013, whereby the VAT on Grant received from Ministry of Local Government, Housing and Environment for the Inter-transport Project. During the 2016 VAT Audit by FRCA, Council was notified through a letter dated 21st November, 2016 to pay VAT on the grant as it was ratable.</p> <p>Council due to cash flow issues, went into arrangement with FRCA whereby it was decided that Council will continue to pay their monthly vat plus partial payment on vat arrears which resulted from the \$3,000,000 grant. In year 2019, Council successfully paid off all dues to FRCA and received a TAX COMPLIANCE CERTIFICATE dated 15th February 2019</p> <p>Payables worth of \$17,385 not reflect in Trail Balance but shown in FS:</p> <p>The trail balance prepared for 2015 in excel reflects the current years transaction, \$17,385 in the FS is the carried forward balances from prior years 2011 and 2013.</p> <p>Treatment of Insurance Expenses & Rent & Lease expenses:</p> <p>Council duly noted the concern raised and assures to correct the treatment in our books. Correct treatment of insurance expenses has been reflected from 2016 financials. Accrual basis of accounting for both revenue & expenses has been taken on board from the preparation of 2016 financials.</p>	<p>The Council would like to disclose that they are finding it challenging to validate the opening balances due to missing information and documentation.</p> <p>The Council will aim to conduct the below Training for Finance Team by December 2021 to help uplift the capability of Finance Team.</p> <ul style="list-style-type: none"> • Accounts Preparation (Commenced from March 2021 by HLB Team) • IFRS for SMEs • Manuals of Accounts/Policy • Recording Keeping • Statutory Requirements – FRCS, FNPf, FNU

2. Anomalies in Procurement and Payments

Description	Root-Cause/Implication	Risk Ratings	Recommendation	Agreed Management Action	Officer Responsible												
<p>Audit review of procurement and payments made by the Council during the year revealed the following anomalies;</p> <ul style="list-style-type: none"> • Payment vouchers valued at \$282,743.77 were not stamped "Paid". Refer to <i>Appendix 4</i> for details. • Payment vouchers amounting to \$52,871.62 were authorised without adequate supporting documents attached. Refer to <i>Appendix 5</i> for details. • Council failed to maintain and provide the service contract agreement with the following vendor's engaged for regular services throughout the year. 	<p>The findings indicate non-compliance to stated rules and regulations. It also indicate lack of supervisory checks and management override of controls.</p> <p>This is a serious violation of internal control procedures.</p> <p>Failure to stamp payment vouchers and supporting documents as "Paid" increases the likelihood of multiple payments based on the same set of documentations.</p> <p>Certifying payments without proper supporting documents increases the risk of improper payments such as duplicate payments and miscalculations, payments for inadequately supported purchases; payments for works/services not rendered; and payments resulting from outright fraud and abuse</p> <p>Also, failure to procure goods and services from the most economical or cost effective supplier and manipulating the competitive quotations process could result in loss of public funds through theft</p>	<p>★ High</p>	<p>The Council should ensure that:</p> <ul style="list-style-type: none"> • All payment vouchers are stamped 'paid' immediately after payment is effected • payments are authorised and supported with adequate supporting documents; • Proper oversight and supervisory check are in place in ensuring that the competitive quotes processes are strictly adhered to; and • Appropriate action should be instigated against officers failing to comply with procurement regulations. 	<p>Refer to next slide</p>	<p>Manager Finance</p>												
<table border="1"> <thead> <tr> <th data-bbox="0 896 219 996">Vendors</th> <th data-bbox="219 896 443 996">Description</th> <th data-bbox="443 896 596 996">Amount Paid in FY 2015</th> </tr> </thead> <tbody> <tr> <td data-bbox="0 996 219 1061">H G Leach (Fiji) Ltd</td> <td data-bbox="219 996 443 1061">Dumping charges at Naboro Landfill</td> <td data-bbox="443 996 596 1061">203,162.38</td> </tr> <tr> <td data-bbox="0 1061 219 1160">Professional Security Services</td> <td data-bbox="219 1061 443 1160">Security services</td> <td data-bbox="443 1061 596 1160">77,642.25</td> </tr> <tr> <td data-bbox="0 1160 219 1225">Whistle Security</td> <td data-bbox="219 1160 443 1225">Security services</td> <td data-bbox="443 1160 596 1225">39,247.50</td> </tr> </tbody> </table>	Vendors	Description	Amount Paid in FY 2015	H G Leach (Fiji) Ltd	Dumping charges at Naboro Landfill	203,162.38	Professional Security Services	Security services	77,642.25	Whistle Security	Security services	39,247.50					
Vendors	Description	Amount Paid in FY 2015															
H G Leach (Fiji) Ltd	Dumping charges at Naboro Landfill	203,162.38															
Professional Security Services	Security services	77,642.25															
Whistle Security	Security services	39,247.50															

2. Anomalies in Procurement and Payments (continued)

Agreed Management Action	
Council Response	Council Response
<p>Paid Stamp: Council duly noted the concern raised. This has been taken on board and corrected.</p> <p>Payment vouchers were authorized without adequate supporting documents, and Council failed to provide the service contract agreement for the regular services throughout the year</p> <p>The Council follows the approved manual of accounts. In reference to tender amount, attention is drawn page 99 item 6 Tender Procedure first paragraph where it is stated that “Once it becomes apparent or is determined that supply of a particular item of stores or services will exceed a certain limit approved by the Council (\$10,000 is reasonable amount in the present circumstance), a contract for the year or specific supply should be considered.</p> <p>This section refers to stores supply meaning regular purchase of materials and services. Council has been establishing approved limits for general tender.</p> <p>On the subject of Construction works and services, part 17.3 page 59 paragraph one allows the Council to decide on the system to procure goods.</p> <p>It suggests systems that may be suitable, however, leaves it to the Council to decide on way forward to purchase.</p> <p>In regards for \$52,671.62 vouchers without proper documentation, explanation as is updated in Appendix 5.</p>	<p>Failure to provide service contract:</p>

2. Anomalies in Procurement and Payments (continued)


Agreed Management Action

Management Action

To rectify Council's books, the following action has been currently implemented:

- Paid Stamp - since 2020
- Enforce the Procurement Processes which was endorsed and implemented since July 2020. A copy is attached for Audit.
- All payments voucher properly maintained and filed by Finance Team since 2020.
- 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.
- Work with Senior Human Resource to enforce the disciplinary process.

3. Payroll Anomalies

Description	Root-Cause/Implication	Risk Ratings	Recommendation	Agreed Management Action	Officer Responsible
<p>Audit review of the Council's personal file record management revealed the following anomalies:</p> <ul style="list-style-type: none"> Contract renewal documents were not filed and updated hence pay rates did not agree to contract; and Correspondences related to changes in wages/salaries and changes in employee position due to promotions or acting appointments were not filed; Likewise, the documents filed were not numbered for easy reference. <p>The Council revealed that the documents were misplaced, hence the records could not be produced for audit verification.</p> <p>As a result of above, Audit was not able to ascertain the accuracy of staff pay rates in the pay report due to the individual officers personal file record not updated.</p> <p>Likewise, the payroll reconciliations that are to be carried out fortnightly for salaries and weekly for wages could not be sighted due to the records being wet and not located. Similarly, the supporting documents for back-pay payment for the un-established workers could not be provided for verification.</p>	<p>This indicates poor and ineffective records management practices.</p> <p>The above anomaly increases the risk of irregularities or fraudulent activities which cannot be substantiated due to missing records.</p> <p>It also indicates that there is lack of rules and guidelines in place to govern how payroll/personal file records should be maintained.</p>	<p style="text-align: center;">  High </p>	<p>The Council should ensure that:</p> <ul style="list-style-type: none"> individual officer's personal files are updated and ensure that all correspondences relating to change in pay, position and any other staff related matter is updated on a regular basis; proper rules and guidelines are in place to govern record management and supervisory checks and monitoring over records management are strengthened; and personal file records are maintained in a neat and systematic . Salaries and wages reconciliations are prepared on a timely manners which should be verified by the manager finance. 	<p>Refer to next slide</p>	<p>Senior HRO</p>

3. Payroll Anomalies (continued)

Agreed Management Action


Management Action

Council duly noted the concern raised and assures to correct the treatment in our books.


The Council will aim to implement the below changes by December 2021.

- Senior Human Resource Officer has been recruited under shared services effective from February 2021. Planning to recruit HRO as well.
- Develop/Update and implement HR Policy
- Develop Shared Service HR Manual/procedure
- Update HR Personal Files and records
- Create Filing Room for HR.
- Implement new HR System.

4. Absence of Internal Control over Journal Voucher Entries in the General Ledger

Description	Root-Cause/Implication	Risk Ratings	Recommendation	Agreed Management Action	Officer Responsible
<p>Audit review of the journal voucher entries totalling \$15,695,546 noted that journal entries were passed in the general ledger without proper check, approval and supporting document at year end or during closure of accounts period.</p> <p>Refer to <i>Appendix 6</i> for details.</p>	<p>This is due to the absence of documented systems and processes for general journal entries.</p> <p>This also shows the lack of monitoring and supervision and this is a serious violation of internal control procedures.</p> <p>Failure to address this issue increases the risk of unauthorized or fraudulent entries being passed in the general ledger. Given that journals are means of correcting errors, absence of controls over its usage open avenues for abuse and concealment of fraudulent transactions.</p> <p>This can also lead to officers in not being diligent about their duties as the means of correcting errors is readily available without oversight.</p>	<p style="text-align: center;">  High </p>	<p>The Council should:</p> <ul style="list-style-type: none"> document the systems and processes for general journal entries. ensure that the journal vouchers contain proper narration and supporting documents. ensure that journal vouchers are checked and approved before entries are made in the general ledger. strengthen oversight and supervisory check over journal entries in the general ledger. 	<p><u>Council Response</u></p> <p>Journal of \$15,695,546 were processed in the GL without proper supporting documents:</p> <p>For all journals which was processed in the general ledger has supporting documents maintained and provided in the "Audit File" folder to the auditors on site and if needed can be resubmitted for their vetting.</p> <p>Detailed explanation as per Annexure 4.</p> <p><u>Management Action</u></p> <p>The Council agrees to the recommendation proposed through Office of the Auditor Generals.</p>	<p>Manager Finance</p>

5. Anomalies in Cash and Cash Equivalent

Description	Root-Cause/Implication	Risk Ratings	Recommendation	Agreed Management Action	Officer Responsible
<p>Audit review of Council's Cash and Cash Equivalent revealed the following anomalies;</p> <ul style="list-style-type: none"> Bank overdraft of \$369,480 was net-off against the debit balances of cash and cash. Likewise, the same bank overdraft of \$369,480 was reflected under current interest bearing borrowing. As a result the cash and cash equivalent is incorrectly reflected in the Financial Statement. Petty cash certificate that had details of the cash count on balance date was not maintained by the council. Hence, audit could not substantiate the accuracy of petty cash balance at year end. The Council does not maintain a register for the cancelled and stale cheques throughout the year. Likewise, for financial year 2015 the cheque books were not provided for verification due to being wet and not being located. Hence, audit could not substantiate the existence and accuracy of cancelled cheques posted in the general ledger. 	<p>The findings are mainly attributed to the lack of proper knowledge in the Finance Section.</p> <p>This findings also indicates that internal control procedures were not adhered to and there is lack of supervisory checks and oversight function towards the controls surrounding cash at bank.</p> <p>Due to improper record keeping, the risk of not detecting fraud is high.</p> <p>Cash at bank and Assets is misstated.</p>	<p> High</p>	<p>The Council should;</p> <ul style="list-style-type: none"> Review the current accounting of bank overdraft in the financial statements. <p>The bank overdraft should be recorded as a liability in the statement of financial position.</p> <ul style="list-style-type: none"> The Council should maintain a register to record the cancelled and stale cheques strengthen the oversight function to ensure that accounting records are prepared and well maintained. 	<p>Refer to the next page</p>	<p>Manager Finance</p>

5. Anomalies in Cash and Cash Equivalent (continued)

Agreed Management Action

Council Response

Bank Overdraft of \$369,480 was net-off against the debit balances and the same was reflected under interest bearing borrowings:

Council duly notes the concern raised.

The Council has been recording bank overdraft of in cash balances (Note 3) and in Interest Bearing borrowings (Note 10) from year 2013 after Council's financial were prepared according with IFRS for SME. In order to correct the above issue .


Council has been using a formulated template for preparation of Financial Statements which has been set by previous accounting firms (out sourced).

The formulated template has been used by Council from past years and the designed template includes bank overdraft in the interest bearing borrowing.

The Council agrees to the recommendation proposed through Office of the Auditor Generals.

Note, the Council is finding it challenging to validate the opening balances due to missing information and documentation.

6. Anomalies in Bank Reconciliation

Description	Root-Cause/Implication	Risk Ratings	Recommendation	Agreed Management Action	Officer Responsible								
<p>Audit review of Council's bank reconciliation revealed the following anomalies;</p> <ul style="list-style-type: none"> Monthly bank reconciliation were not prepared for all the bank accounts maintained by the Council. A variance of \$16,779.88 was noted in the Main Bank Account between the bank reconciliation and the council cash book. Refer below for detail. <p><u>Table 2.0 Variance between bank reconciliation and the council cash book.</u></p> <table border="1" data-bbox="37 828 627 1039"> <thead> <tr> <th>Details</th> <th>Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>Closing balance as per bank reconciliation</td> <td>(367,740.64)</td> </tr> <tr> <td>Closing balance as per cash book</td> <td>(384,520.04)</td> </tr> <tr> <td>Variance</td> <td>(16,779.40)</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Separate cash books for each bank accounts were not maintained by the council. 	Details	Amount (\$)	Closing balance as per bank reconciliation	(367,740.64)	Closing balance as per cash book	(384,520.04)	Variance	(16,779.40)	<p>This is attributed to the lack of supervisory checks and oversight function towards the controls surrounding cash at bank.</p> <p>The anomalies indicate that the Council lacks appropriate personnel to carry out accounting work such as reconciliations.</p> <p>As a result of the variances noted, audit was not able to ascertain that all receipts and payments had been properly accounted in the general ledger and it is highly likely that errors and incorrect posting may not be detected promptly.</p>	<p style="text-align: center;">  High </p>	<p>The Council should ensure that:</p> <ul style="list-style-type: none"> Monthly reconciliations are prepared between the bank account and the general ledger and any variances arising are properly investigated and resolved.; Supervisory and review functions are strengthened.; and Separate cash books for each bank accounts is maintained. 	<p>Refer to the next page</p>	<p>Manager Finance</p>
Details	Amount (\$)												
Closing balance as per bank reconciliation	(367,740.64)												
Closing balance as per cash book	(384,520.04)												
Variance	(16,779.40)												

6. Anomalies in Bank Reconciliation (continued)

Management Action

The Council agrees to the recommendation proposed through Office of the Auditor Generals.


To rectify Council's books, the following action has been currently implemented:

- Internal Auditor has been recruited under shared services effective from March 2021.
- Through her assistance, where gaps have been identified, Finance department will be working to "Add Value" to the current practice.
- Monthly bank reconciliation will be implemented from April 2021.

Currently the following is being performed:

- Daily cashier takings are reconciled against receipts and a excel report generated. This is verified by the Revenue Officer. The excel report is filled with the daily deposit slips.
- Daily cashier analysis is forwarded to Finance Department, whereby Senior Accounts Officer verifies and enters a day- to day revenue collection analysis against the cashier report and prepares a daily bank movement report.
- Daily day to day revenue collection report is verified and checked by the Manager Finance monthly prior to the preparation of the Monthly reports and cash flows.
- Monthly cash payments analysis is maintained and prepared by the Senior Accounts Officer.

7. Anomalies in Trade and Other Payables

Description	Root-Cause/ Implication	Risk Ratings	Recommendation	Agreed Management Action	Officer Responsible																				
<p>Audit review of the Council trade and other payables revealed the following anomalies:</p> <ul style="list-style-type: none"> • Invoice related to 2016 and 2017 totaling to \$220,428.70 was recorded as accrual in year 2015. Hence, resulting trade and other payables to be overstated. Refer to <i>Appendix 7</i> for details • The accuracy and existence of trade and other payables worth \$397,447 could not be ascertained due to no listing nor adequate supporting documents provided. Refer to the below table for details; <p><u>Table 3.0 Details of Trade and Other Payables with no listing</u></p> <table border="1" data-bbox="41 832 602 1172"> <thead> <tr> <th>Details</th> <th>Total (\$)</th> </tr> </thead> <tbody> <tr> <td colspan="2">General Fund</td> </tr> <tr> <td>Advance from parking meter</td> <td>31,544.00</td> </tr> <tr> <td>Refundable deposits</td> <td>169,771.00</td> </tr> <tr> <td>Value added tax payable</td> <td>178,747.00</td> </tr> <tr> <td colspan="2">Parking Meter Fund</td> </tr> <tr> <td>Advance from parking meter</td> <td>5,981.00</td> </tr> <tr> <td>Trade and other payables</td> <td>4,780.00</td> </tr> <tr> <td>Vat payable</td> <td>6,624.00</td> </tr> <tr> <td>Total</td> <td>397,447.00</td> </tr> </tbody> </table> <p>In absence of relevant supporting documents, it could not be determined whether the Council will ever have the above payables cleared from its accounts.</p>	Details	Total (\$)	General Fund		Advance from parking meter	31,544.00	Refundable deposits	169,771.00	Value added tax payable	178,747.00	Parking Meter Fund		Advance from parking meter	5,981.00	Trade and other payables	4,780.00	Vat payable	6,624.00	Total	397,447.00	<p>The findings are mainly attributed to the lack of proper knowledge in the Finance Section.</p> <p>The findings also indicates that internal control procedures were not adhered to and there is lack of supervisory checks and oversight function towards the controls over trade and other payables.</p> <p>Due to improper record keeping, the risk of not detecting fraud is high</p>	<p style="text-align: center;">  High </p>	<p>The Council should;</p> <ul style="list-style-type: none"> • assess its officers capabilities particularly in Finance and consider provision of training to understand the requirements of accrual basis of accounting; • review and improve its record keeping; and • strengthen the oversight function to ensure that accounting records are prepared and well maintained. 	<p>Refer to the next page</p>	<p>Manager Finance</p>
Details	Total (\$)																								
General Fund																									
Advance from parking meter	31,544.00																								
Refundable deposits	169,771.00																								
Value added tax payable	178,747.00																								
Parking Meter Fund																									
Advance from parking meter	5,981.00																								
Trade and other payables	4,780.00																								
Vat payable	6,624.00																								
Total	397,447.00																								

7. Anomalies in Trade and Other Payables (continued)

Agreed Management Action

Council Response

Invoice related to 2016/2017 totalling to \$220,429.70 was recorded as accrual in year 2015:

As per the Appendix 8 per draft DML report, audit to note the payments relates to Inter- Transport Project (New Market & Bus Station) constructions. The project construction completed in 2015, and the market was officially opened in September 2015 for operations. Due to financial constraints, Council continued the partial payments to the consultants, project manager and Raghwan Construction till 2019, hence Council recorded the payments as accruals for 2015 as it relates to the year 2015.

The accuracy and existence of trade & other payables worth \$397,447 could not be ascertained due to no listing nor adequate supporting documents:

The Vat anomalies reflected in Council financial dated 31st December relates to the VAT on Grant of \$3,000,000 received from Ministry of Local Government, Housing and Environment for the Inter-transport Project (New market & Bus Station Project). During the 2016 VAT Audit by FRCA, Council was notified through a letter dated 21st November, 2016 to pay VAT on the grant as it was ratable.

In year 2019, Council successfully paid off all dues to FRCA and received a TAX COMPLIANCE CERTIFICATE dated 15th February 2019. Currently Council is performing the following actions:

- Monthly VAT Returns Lodged
- Timely payment of VAT
- Through VAT reconciliation performed through HLB's assistance for 2016 & 2017.
- VAT reconciliation for 2018 to 2020 in progress through the assistance of HLB.
- FRS reflects VAT outstanding on invoice figure, whereas Council pays VAT on actual collection.

In order to resolve the issues of prior year's opening balances, Council with the assistance of HLB MANN JUDD advisory & accounting firm with whom Council is currently engaged with for the preparation of financials from 2016 to 2020.

The Council agrees to the recommendation proposed through Office of the Auditor Generals.

7. Anomalies in Trade and Other Payables (continued)

Agreed Management Action

Council Response

The accuracy and existence of trade & other payables worth \$397,447 could not be ascertained due to no listing nor adequate supporting documents (cont'd):


Refundable deposits figure of \$169,771 has been carried forward from year 2005 for which council does not have any related documentations. Refer to Table below. Advance from parking meter fund & creditors worth \$50,929 is a carried forward opening balance prior to 2011.

Particulars	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Kiosk	6,196	6,196	6,196	6,196	6,196	6,196	6,196	6,771			
Other Deposit	46,323	46,323	61,290	53,790	53,790	53,790	53,790	53,790			
Election	280	280	280	280	280	280	280	280			
Shopping complex	4,830	4,830	3,830	5,830	5,830	5,830	5,830	6,830			
Car park	88,260	90,760	90,760	90,760	90,760	90,760	90,760	90,760			
Building	4,340	5,340	6,340	6,340	6,340	6,340	6,340	6,340			
ITP Bond	---	---	---	---	---	---	---	6,000			
Total	150,229	153,729	168,696	163,196	163,196	163,196	163,196	170,771	169,771	169,771	169,771

8. Anomalies in Property Plant and Equipment

Description	Root-Cause/Implication	Risk Ratings	Recommendation	Agreed Management Action	Officer Responsible
<p>Audit review of the Council Property, Plant and Equipment revealed the following anomalies:</p> <ul style="list-style-type: none"> • Invoice and payments related to 2016 and 2017 totaling to \$220,428.70 was recorded as addition in year 2015. Hence, resulting Property, Plant and Equipment to be overstated. Refer to <i>Appendix 7</i> for details • Purchase of software for printing of rates and garbage invoices with the implementing and developing cost for the software worth \$5,400 was not capitalized rather expensed in the general ledger. Refer to <i>Appendix 8</i> for details • Office Equipment and Fitting's addition for Financial Year 2015 incorporated Invoice related to 2014 totaling to \$4,980.88. Refer to <i>Appendix 9</i> for details • The existence of the assets in the Fixed Asset Register could not be ascertain due to the assets not being tagged. • The council does not have an Asset Management Policy, Hence, the value of assets to be capitalized can not be determined. 	<p>The findings are mainly attributed to the lack of proper knowledge in the Finance Section.</p> <p>The findings also indicates that internal control procedures were not adhered to and there is lack of supervisory checks and oversight function towards the controls over trade and other payables.</p> <p>Due to improper record keeping, the risk of not detecting fraud is high</p>	<p>☀ High</p>	<p>The Council should;</p> <ul style="list-style-type: none"> • assess its officers capabilities particularly in Finance and consider provision of training to understand the requirements of accrual basis of accounting; • review and improve its record keeping; and • strengthen the oversight function to ensure that accounting records are prepared and well maintained. • Review the accounting for PPE and make necessary adjustments to correct the balances. 	<p>Refer to next page</p>	<p>Manager Finance</p>

8. Anomalies in Property Plant and Equipment

Description	Root-Cause/Implication	Risk Ratings	Recommendations	Agreed Management Action	Officer Responsible
<p>Contrary to the requirements IFRS for SME paragraph 27.7 and the accounting policy of the Council as explained under Note 1.5 (d) of the financial statement, the Council did not carry out impairment testing for its fixed assets and intangible assets to test for any indication that the assets maybe impaired.</p>	<p>As a result of numerous fully depreciated assets, property, plant and equipment and the related accumulated depreciation is overstated in the notes to the financial statements.</p>	<p> High</p>	<p>Management should periodically perform a physical verification of its fixed assets. Management should review the Fixed Assets Register and reconcile this with the underlying assets to determine whether there are assets that no longer exist or are no longer in use so that the underlying accounting records can be adjusted.</p> <p>The Council should also establish a policy for the periodic verification of fixed assets. This would ensure the existence of assets included in the fixed asset listing and improve the accuracy of periodic financial reporting as misappropriation and errors would be detected on a timely basis.</p>	<p>Refer to next page</p>	<p>Manager Finance</p>

8. Anomalies in Property Plant and Equipment (continued)

Agreed Management Action

Council Response

Invoice related to 2016/2017 totalling to \$220,429.70 was recorded as accrual in year 2015:

As per the Appendix 8 per draft DML report, audit to note the payments relates to Inter- Transport Project (New Market & Bus Station) constructions.

The project construction completed in 2015, and the market was officially opened in September 2015 for operations.

Due to financial constraints, Council continued the partial payments to the consultants, project manager and Raghwan Construction till 2019, hence Council recorded the payments as accruals for 2015 as it relates to the year 2015.

Purchase of software for printing of rates & garbage invoice worth \$5,400 was not capitalized rather expensed and \$4,980.88 in relation to 2014 is recorded in 2015:

Council duly noted the concern raised and assures to correct the treatment in our books.

The existence of the assets in the Fixed Assets Register could not be ascertain due to assets not being tagged:

Council duly noted the concern raised and assures to correct the treatment in our books.


The Council does not have an Asset Management Policy, hence value to be capitalized cannot be determined:

Council duly noted the concern raised. Management would look into this in operational level.

The Council agrees to the recommendation proposed through Office of the Auditor Generals.

Also agree to develop and implement Asset Management Policy.


9. Variance between Contract Price and Actual Payment to Jenn's Construction

Description	Root-Cause/Implication	Risk Ratings	Recommendation	Agreed Management Action	Officer Responsible								
<p>Audit review of engagement with Jenn's Construction revealed the following;</p> <ul style="list-style-type: none"> Jenn's Construction was engaged as contractor to join stalls at the Nausori Market via Expression of Interest on 26th May, 2015. Payments made within 8 months (till 15/01/16) of engagement revealed variance of \$106,393.64 between the contract price and actual payment. Refer to below table for details and <i>Appendix 10</i> for details. <p><u>Table 4.0 Details of variance between Contract Price and Actual Payment to Jenn's Construction</u></p> <table border="1" data-bbox="58 829 528 1015"> <thead> <tr> <th>Jenn's Construction</th> <th>Amount (\$)</th> </tr> </thead> <tbody> <tr> <td>Actual Payments (VIP)</td> <td>654,949.69</td> </tr> <tr> <td>Contract Price (VIP)</td> <td>548,551.05</td> </tr> <tr> <td>Variance (VIP)</td> <td>106,393.64</td> </tr> </tbody> </table> <ul style="list-style-type: none"> The Council also failed to provide the approved variation to the contract price signed by both parties and documents in relation to the evaluation and selection process for Jenn's Construction. 	Jenn's Construction	Amount (\$)	Actual Payments (VIP)	654,949.69	Contract Price (VIP)	548,551.05	Variance (VIP)	106,393.64	<p>The findings indicates that proper review of scope of work was not carried out.</p> <p>It also indicate lack of supervisory checks and management override of controls.</p> <p>Due to improper record keeping, the risk of not detecting fraud is high.</p>	<p> High</p>	<p>The Council must ensure that:</p> <ul style="list-style-type: none"> proper reviews of the scope of works is carried out. proper oversight and supervisory check are in place and properly functioning; and monitoring over records management are strengthened. 	<p>Refer to next page</p>	<p>Manager Finance</p>
Jenn's Construction	Amount (\$)												
Actual Payments (VIP)	654,949.69												
Contract Price (VIP)	548,551.05												
Variance (VIP)	106,393.64												

9. Variance between Contract Price and Actual Payment to Jenn's Construction (continued)

Agreed Management Action	
Council Response	Management Action
<p>Variance between Contract Price and Actual Payments to Jenns Construction:</p> <p>The price as per Jenn's Construction contract excluded the tables for Handicraft section.</p> <p>The payments varies as construction of Handicraft section table was an addition to the initial jobs scope. For the construction of handicraft table, "value and measure methodology" was used to determine the cost.</p> <p>Under the "value & measure' methodology, the design was carried by project architect – Ashok Balgovind & Associates and the value of works was accessed by the project quantity surveyors – William & Associates.</p> <p>As per the project team, the initial budget had a price cost established for this specific work. During tender evaluation and discussion, this additional scope was noted.</p>	<p>The Council agrees to the recommendation proposed through Office Of the Auditor Generals.</p> <p>Note, this will be covered by the enforcement of the Tender Policy and process.</p>


10. Governance Issues

Description	Root-Cause/ Implication	Risk Rating	Recommendation	Agreed Management Action	Officer Responsible
<p>The following governance issues were noted :</p> <ul style="list-style-type: none"> • There was no Anti-Fraud & Corruption Policy in place to address how the Council will detect fraud. • There was no strategic plan for the financial year. The Council was using strategic plan for the financial year 2010-2014. • The VITI Solutions valid service level agreement was not provided to audit for review. 	<p>The absence of policies and plans indicate the following:</p> <ul style="list-style-type: none"> • Unawareness of good governance practices. • The lack of capacity to develop framework and policies. • In the absence of the policies the Council would not be able to identify and manage risks in timely manner. 	<p style="text-align: center;">  High </p>	<p>The Council should:</p> <ul style="list-style-type: none"> • Build capacity with Senior Management • Develop and enforce Anti Fraud Policies. 	<p><u>Council Response</u></p> <p>There was no Anti-Fraud & Corruption Policy, no current Strategic plan, Council was using strategic plan for 2010-2014. Viti Solution valid service agreement was not provided during audit:</p> <p>Council duly noted the concern raised. Management would look into this in operational level.</p> <p><u>Management Action</u></p> <p>The Council agrees to the recommendation proposed through Office of the Auditor Generals.</p> <p>Council will aim to develop and implement the Anti-Fraud & Corruption Policy by August 2021.</p>	<p>Senior Internal Auditor</p>

11. Non-Maintenance of Registers for Public Convenience Fees, Bus Stand Fees and Car Park Fees

Description	Root-Cause/ Implication	Risk Rating	Recommendation	Agreed Management Action	Officer Responsible
<p>A register or record should also be kept to show what receipt books were obtained from the printer and how they have been used.</p> <p>Revenue register for receipts used for public convenience ,bus stand and car park provides an audit trail for these revenue collecting areas , as it is the prime source for fees recorded in the financial statements.</p> <p>The Council did not provide registers for fees received from use of public convenience, bus companies and use of car park to show a record of receipt books used for receipting fees as a prime source.</p>	<p>The Market Master revealed that the documents were misplaced due to shift from old market to the new market.</p> <p>Hence records provided were in daily collection summary only without the receipt number and date stated.</p> <p>In absence of revenue register, audit was not able to perform necessary audit procedures to ascertain completeness of market revenue recorded in the financial statements.</p>	<p style="text-align: center;">✶ High</p>	<p>The council should have proper procedures for handling of official documents when shifting offices.</p> <p>The council should make all effort to have an updated distribution register for all the receipt books used for receipting fees.</p>	<p><u>Council Response</u></p> <p>Non-maintenance of Registers for Public Convenience Fees, Bus Station Fees and Car Park Fees:</p> <p>Council duly noted the concern raised. Management would look into this in operational level.</p> <p><u>Management Action</u></p> <p>The Council agrees to the recommendation proposed through Office Of the Auditor Generals.</p>	<p>Manager Finance and Market Master</p>

12. Anomalies in Receipts

Description	Root-Cause / Implication	Risk Rating	Recommendations	Agreed Management Action	Officer Responsible
<p>Audit noted the following anomalies when verifying the receipt books used by the Council in 2015:</p> <ul style="list-style-type: none"> • There were a total of 7 missing receipt books when verifying for the months of January to October 2015. Refer to <i>Appendix 11</i> for details. • No receipt books were located for the months of 2/11/2015 to 31/12/15. • Receipts dated in the current month was in receipt sequence for previous month i.e.: <ul style="list-style-type: none"> • Receipt dated in February 2015 fell into January receipt sequence; • Receipt dated in month of March and April 2015 fell into February receipt sequence and • Receipts dated May 2015 fell into March receipt sequence. <p>Refer to <i>Appendix 11</i> for details</p>	<ul style="list-style-type: none"> • Poor records management and lack of monitoring by supervisors. • Transactions were not recorded in the books of accounts as and when it occurred. • In absence of receipt books, repeated receipts numbers audit was not able to confirm existence and accuracy of transactions. 	<p style="text-align: center;">  High </p>	<p>The Council should review its internal control procedures for the process and procedures of accounting for revenue and implement sufficient internal control procedures that will ensure that all revenue transactions are correctly recorded in the books of accounts and supported by documentary evidence.</p> <p>Transactions should be recorded in the books of accounts as and when it occurs.</p> <p>Proper records management should be implemented to ensure systematic storage that will allow easy identification and retrieval of documents and records.</p>		<p>Manager Finance /Cashier</p>

12. Anomalies in Receipts (cont'd)


Description	Root-Cause / Implication	Risk Rating	Recommendation	Agreed Management Action	Officer Responsible
<ul style="list-style-type: none"> Audit also noted that receipt numbers were repeated and used for different receipt transactions and at different dates. Refer to <i>Appendix 11</i> for details Review of Councils daily collection summary files for 2015 showed that 220 daily summary sheets was not filed and could not be located in the files provided to audit. This summary sheets shows details of revenue earned by the Council daily. Refer to <i>Appendix 12</i> for details. 	<p>Error from printing receipts resulting in repeated receipt numbers.</p> <p>Poor records management and lack of monitoring by supervisors.</p> <p>In absence of , daily summary sheet audit was not able to confirm existence and accuracy of transactions.</p>		<p>The Council should ensure that receipt books issued are properly checked for record of transactions.</p>		<p>Manager Finance /Cashier</p>

PRIOR YEAR UNRESOLVED ISSUES




OFFICE *of the* AUDITOR GENERAL
Republic of Fiji

1. Excessive Leave Balance

Description	Root-Cause/Implication	Risk Ratings	Recommendation	Management Comments	Update
<p>Carried forward annual leave shall not be more than 10 days as stipulated in the Council's Human Resources Policy ²</p> <p>Audit noted 11 Council employees with excessive leave balance as at 31 December 2014 amounting to a leave liability of \$7,654.86</p> <p>The council is not complying with the leave policy.</p>	<p>Discussions with the Council revealed that the staffs have high annual leave balance because staffs could not take annual leave in the middle of the year due to the nature of the operation.</p> <p>Leave liability generally increases over time as salary rate increases which may impact on the Council's cash flow when officers are compensated upon retirement or resignations.</p>	<p> High</p>	<p>The Council should encourage employees to take annual leave when it falls due to avoid accumulation of leave balance.</p>	<p>Council duly noted the concern raised.</p> <p>Due to shortage of staffs and one person per position issues, Council were not in a position to release staffs for leaves.</p>	<p>Upon review of the Council's 2015 leave balances it was noted that 16 employees had excessive leave balance as at 31 December 2015 amounting to a leave liability of \$8,003.75.</p> <p>Refer to <i>Appendix 13</i> for details.</p>

2. Accounting system

Description	Root-Cause/ Implication	Risk Ratings	Recommendation	Management Comments	Update
<p>Major components of a manual accounting system include cash receipts and payments journals, detailed general ledger, general journal and trial balance which are used to prepare financial statements.</p> <p>Some of the observations made during the audit are as follows:</p> <p>The council does not have a computerized accounting system and therefore have to rely on manual accounting system for financial information. However, audit found out that separate general ledger accounts were not maintained for a number of accounts disclosed in the financial statements. This led to lack of audit trail for some of the amounts posted in the financial statements.</p> <ul style="list-style-type: none"> - A general journal was not maintained by the council to record adjustments made to the financial statements which were of non cash in nature. - There was no evidence that monthly management accounts were reviewed and signed off by relevant officers of the council. 	<p>The findings indicate that the Council's accounting staffs lack basic accounting knowledge. In addition the Council's accounting system and its supervision function were not effective. As a result vital accounting records were not maintained thus manipulation of accounting data cannot be ruled out.</p>	<p style="text-align: center;">  High </p>	<p>The Council should:</p> <ul style="list-style-type: none"> • provide adequate training to its accounting staff; • implement an accounting system that would provide accurate and timely financial reports; and • strengthen its supervision function in accounts section thereby maintaining all vital accounting records up to date. 	<p>Council financial system is partially manual and electronic designed from year 2014 onwards.</p> <p>All procurement related duties and monthly financial reporting are from manual system whereby excel records are being maintained for the following:</p> <ul style="list-style-type: none"> -Cash Book -Creditors Summary and subsidiary -Rates master subsidiary listing and records. -Bank reconciliation -Loan reconciliation -Budget vs. Actual spending -Monthly reporting 	<p>Issue still exists. No progress</p>

2. Accounting system (continued)

Management Comments (con't)

- Fixed assets register
- Market daily collection and reports
- Daily collection report and cashier report
- Ratu Cakobau Park taking reconciliation

Records and data for the following are being maintained in MYOB from September 2015:

- Rates subsidiary, billing and receipting
- Taxi subsidiary, billing and receipting
- Business License, billing and receipting
- Rental Debtors subsidiary, billing and receipting
- General receipting

All payment vouchers are being and recorded in sequence with all proper documents such as 3 quotations, requisition, LPO and invoices relating to the respective payments. Staffs are send on financial training based on the staff request and relative to work. These training are mostly provided by FNU or any other institute or bodies. Staffs are given proper duty statement detailing their respective areas of duties and responsibilities. Council has decided to establish a full electronic financial together with other municipality for which dialogs and meetings are being held with the line Ministry. Council's system for financial reporting (as mentioned above) has improved from 2014 to date which has been vetted and verified by the staffs of Auditor General's Office during the 2013 audit

3. Absence of Risk Management Policy and Risk Register

Description	Root-Cause/Implication	Risk Ratings	Recommendation	Management Comments	Update
<p>It is imperative that an entity must establish and maintain an entity specific risk management policy that outlines the following at least:</p> <ul style="list-style-type: none"> • defines the entity's approach to the management of risk and how this approach supports its strategic plans and objectives; • defines the entity's risk appetite and risk tolerance; • contains an outline of key accountabilities and responsibilities for managing and implementing the entity's risk management framework; and • is endorsed by the entity's accountable authority. <p>Audit noted that the Council does not have a Risk Management Policy.</p>	<p>There was no consideration from the Council's management to develop and implement the Risk Management Policy.</p> <p>In absence of a risk management policy the Council will not be able to address potential risks in a effective and efficient manner. This can cause damage to business operations.</p>	<p>High</p>	<p>The Council should prioritize formulating and implementing a Risk Management Policy.</p>	<p>Council duly noted the concern raised.</p> <p>Council with the help and formation of Board of Special Administrator's in November 2019 have started the process of designing and implementation of the policy.</p>	<p>Issue still exists.</p> <p>No progress.</p>

4. Absence of Disaster Recovery Plans

Description	Root-Cause/Implication	Risk Ratings	Recommendation	Management Comments	Update
<p>It is a best practice to have a Disaster Recovery Plan.</p> <p>Disaster recovery involves a set of policies, tools and procedures to enable the recovery or continuation of business following a natural or human-induced disaster. Disaster recovery focuses on the accounting records systems supporting critical business functions, as opposed to business continuity, which involves keeping all essential aspects of a business functioning despite significant disruptive events.</p> <p>It is imperative to have a Disaster Recovery Plan to ensure that all records are secure from data security breaches and natural disasters.</p> <p>The Council does not have a documented a disaster recovery plan in place.</p>	<p>There was no consideration from the Council's management to develop and implement the Risk Management Policy.</p> <p>Failure to have a Disaster Recovery Plan increases the risk of data loss in the event of natural disaster.</p>	<p>★ High</p>	<p>The Council should immediately formulate and implement Risk Management Policy</p>	<p>Council duly noted the concern raised.</p> <p>Council with the help and formation of Board of Special Administrator's in November 2019 have started the process of designing and implementation of the policy.</p>	<p>Issue still exists. No progress</p>

PRIOR YEAR RESOLVED ISSUES



OFFICE *of the* AUDITOR GENERAL
Republic of Fiji

1. Long Outstanding Creditors and Review Process

Description	Root-Cause/implication	Risk Rating	Recommendation	Agreed Management Action	Current Status
<p>Long outstanding liability increases doubts about its valuation and existence hence increases risk of incorrect financial reporting. It is imperative that long outstanding creditors' balances are reviewed, investigated and appropriately adjusted to ensure that creditors are fairly reported in the financial statements.</p> <p>Review of the aged accounts payable listing revealed long outstanding creditors or creditors that are more than 90 days old. Refer to Appendix 13 for details.</p> <p>Audit further noted that there is no evidence of the aged accounts payable listing being reviewed. Refer to <i>Appendix 14</i> for details.</p>	<p>The long outstanding creditor balances indicates that the Council does not have a system of periodic review of its creditors.</p> <p>Long outstanding creditor balances increases uncertainty on its valuation and existence. This increases risk of incorrect financial reporting of these balances.</p>	<p>✳ High</p>	<p>The Council should ensure that review process is implemented for creditors and long outstanding creditors are identified and for timely payments</p>	<p>Council duly noted the concern raised.</p> <p>Council had creditors over 90 days due to financial constraints. From year 2014, to present date, Council have been carrying forward large outstanding bills due to Inter- Transport Project (New Bus Station & Market).</p> <p>For the completion of the project, Council from their operating account funded \$801,000.</p>	<p>Review of 2015 creditors listing revealed that the long outstanding liability were cleared by the council.</p>

Appendix



OFFICE *of the* AUDITOR GENERAL
Republic of Fiji

Appendix 1: Details of Prepaid Insurance

CHQ No.	Supplier Name	Description	Period Paid For		Prepayment Period		# of Days Prepaid	Amount (VIP)	Amount Prepaid (VIP)	Amount Prepaid (VEP)
464784, 465046, 465069 & 465074	Aon (Fiji) Ltd	Coverage: Fire, Cyclone, Money and Burglary	10-06-15	10-06-16	01-01-16	10-06-16	161	\$ 43,391.16	\$ 19,139.66	\$ 16,643.18
465200 & 465282	Aon (Fiji) Ltd	Coverage: Material Damage	22-05-15	22-05-16	01-01-16	22-05-16	142	\$ 35,517.50	\$ 13,817.77	\$ 12,015.45
TOTAL								\$ 78,908.66	\$ 32,957.43	\$ 28,658.63

Appendix 2: Details of Variance on Rent

Particulars	Annual Rent	Description
Chandra Pal	5,400.00	Monthly rent of \$450
Govt of Fiji - Lands Department	20,000.00	Lease No: 19163
	4,000.00	Lease No: 5894
	3,900.00	Lease No: 9624
	5,100.00	Lease No: 827635
	100.00	Lease No: 10010
	250.00	Lease No: 12698
	100.00	Lease No: 12473
	100.00	Lease No: 8313
	100.00	Lease No: 14765
	100.00	Lease No: 10560
	10.00	Lease No: 8307
	2.00	Lease No: 12665
	Itaukei Land Trust Board	15,000.00
1,000.00		Lease No: 34110
2,500.00		Lease No: 34750
2,000.00		Lease No: 34160
300.00		Lease No: 19713
4,000.00		Lease No: 4138
Total	\$ 54,162.00	
Balance as per GL	\$ 28,613.00	
Variance	\$ 25,549.00	

Appendix 3: Details of Variance on FNU Levy

Total FNU Payment	Amount (\$)
Total Gross Pay	1,123,628.20
FNU Levy x 1%	0.01
Total FNU Levy	11,236.28
Amount as per General Ledger & Financial Statement	5,997.00
Variance	5,239.28

Appendix 4: Payment Voucher not stamped 'Paid'

No	Date	Cheque No.	Vendor	Description	Amount (\$)	Comments
1	07-09-15	465034	Cash	Payment for purchase of 7 only tabua for formal presentation on ITP opening on 11.9.15	5,600.00	PV not stamped "Paid"
2	06-01-15	464647	Power Electric	Payment for installing of temporary festoon holder with bulb from the bridge to Nausori Town Council Office for Diwali	5,652.10	PV not stamped "Paid"
3	09-12-15	465348	Formscaff (Fiji) Ltd	Payment for extra work done and 1 x 15m x 10m tent 10.9.15 night for market opening ceremony	4,999.93	PV not stamped "Paid"
4	07-12-15	465345	Cash	Payment for purchase of materials for Christmas Tree decoration	4,000.00	PV not stamped "Paid"
5	04-03-15	440285	H G Leach	Payment for dumping of garbage charges from Nausori area to Naboro Land fill	11,249.59	PV not stamped "Paid"
6	17-09-15	465069	Aon (Fiji) Ltd	Payment for insurance premium renewal from 10 June 2015 to 10 June 2016 for Nausori Town Council	10,847.79	PV not stamped "Paid"
7	31-03-15	440400	Post Fiji Ltd	Payment for printing and posting of invoices for town rates and garbage for 2015	2,971.07	PV not stamped "Paid"
8	30-09-15	465129	Kasabias	Payment for assorted materials for RCP upgrade and maintenance works at market	2,422.06	PV not stamped "Paid"
9	13-01-15	464691	Vinod Patel	Payment for purchase of assorted materials for maintenance of RCP	1,928.50	PV not stamped "Paid"
10	21-10-15	465187	Cash	Payment for subsistence allowance and breakfast for Swastika, Marilyn and Lavenia to travel to Nadi to attend TFL Beauty Pageant	630	PV not stamped "Paid"
11	04-03-15	440280	Joe Weeding	Payment for grass cutting, raking and drain cleaning works for Naulu/ Nakasi and Wainibuku Ward	8,000.00	PV not stamped "paid"
12	04-02-15	440733	Remington	Payment for purchase of time machine for market and field (Amono pix 3000 time clock)	2,150.00	PV not stamped "paid"
13	08-09-15	465036	Ashok Bagovind	Payment for progress claim: 2 for market stall joinery- Nausori Market and Bus Stand Project	10,751.60	Payment voucher not stamped 'Paid'.
14	06-02-15	423293	Ashok Balgovind	Architectural works for new market and bus stand - Payment for ITP Cliam 16	4,278.00	Payment voucher not stamped 'Paid'.
15	13-02-15	423294	Ashok Balgovind	architectural works for new market and bus stand	9,847.27	Payment voucher not stamped 'Paid'.
16	23-02-16	465623	Ashok Balgovind	Payment for disbursement claim no: 15 for market and bus stand project	17,120.73	Payment voucher not signed and not stamped "paid"

Appendix 4: Payment Voucher not stamped 'Paid' (continued)

No	Date	Cheque No.	Vendor	Description	Amount (\$)	Comments
17	25-02-15	440840	Ernst & Young	Payment for financial consultantion services for inter transport project	3,105.00	Payment voucher not stamped 'Paid'.
18	12-06-15	441054	Fiji Electricity Authority	Payment for deposit and connection fee for permanent permit and power supply for new market complex and new Nausori bus stand	9,139.10	Payment voucher not stamped 'Paid'.
19	17-08-15	464946	Fiji Electricity Authority	Payment for reconnection fee for permanent permit and power supply for restaurant in new market	594	Payment voucher not stamped 'Paid'.
20	28-08-15	464986	Jenns Construction	Payment for progress claim no. 7 for Nausori Market Stalls Joinery for ITP Project	19,794.83	Payment voucher not stamped 'Paid'.
21	18-09-15	465072	Jenns Construction	Payment for progress certificate no:1 for ITP new handicraft stalls	30,000.00	Payment voucher not stamped 'Paid'.
22	06-08-15	464918	MMF Consultant	Payment for july retainer fee for consultancy services provided for NTC relocation project	2,875.00	Payment voucher not stamped 'Paid'.
23	07-10-15	465146	MMF Consultant	Payment for retainer fee for the month of September 2015- consultancy services for NTC re location project	2,875.00	Payment voucher not stamped 'Paid'.
24	30-03-15	440376	MMF Consultants	Payment for retainers fee for consultancy service for TOR 5 NTC relocation project for February 2015	2,875.00	Payment voucher not stamped 'Paid'.
25	10-06-15	441049	MMF Consultants	Payment for retainer fee for providing consultancy services for TOR 5 of the NTC relocation project	2,875.00	Payment voucher not stamped 'Paid'.
26	01-04-15	440408	William & Associates	Payment providing services of quantity surveyor for ITP project	12,752.20	Payment voucher not stamped 'Paid'.
27	02-06-15	441015	Fariza Holdings	Payment for construction of mutipurpose court at Cargill place Davuilevu Housing	11,150.00	Payment voucher not stamped 'Paid'.
28	05-10-15	465140	Fariza Holdings	Payment for 10% retention for construction of Multipurpose Court at Cargill St	22,300.00	Payment voucher not stamped 'Paid'.
29	03-09-15	423310	Fariza Holdings	Payment for claim no: 5, 6, 19 and variation works carried out for construction of Multipurpose Court	42,960.00	Payment voucher not stamped 'Paid'.
30	18-09-15	423311	Tovolea Pipe Layer	Payment for drainage upgrade along the Nausori district scholl through Nausori village	11,000.00	Payment voucher not stamped 'Paid'.
31	20-11-15	423312	Tovolea Pipe Layer	Payment for progressive drainage works carried oit on the positioning of V drains and rock lining between Nausori Village	3,000.00	Payment voucher not stamped 'Paid'.
32	11-12-15	423314	Tovolea Pipe Layer	Payment for progressive drainage works carried oit on the positioning of V drains and rock lining between Nausori Village	3,000.00	Payment voucher not stamped 'Paid'.
TOTAL					282,743.77	

Appendix 5: Details of supporting documents not attached to payment vouchers

Date	Cheque No.	Vendor	Description	Amount (\$)	Council Comments
06-01-15	464655	Cash	Payment for purchase of flowers for gardening	700.00	<i>Cash issued for the purchase of red palm tree and flowers from the villages for planting around the new constructed market and gardens. Please note, there are less nursery business around Nausori, hence pot plants are purchased from small SME vendors.</i>
20-01-15	464699	Motor parts Traders	Payment for purchase of new time machine and time cards	273.91	<i>Payment for the timecards, as they were the supplier for the time cards and machine which Council uses.</i>
21-01-15	440684	Cash (Petty Cash)	Payment for reimbursement from 15.1.15 to 21.1.15 (Ticket Book - Jiten: \$22.50, Telecard - Nakasi Office: \$6.00 & Timecards - Remington: \$15.00)	43.50	<i>No LPO's and requisition forms are needed for use of petty cash, as its minor expenses which we used for emergency work. In this case hand gloves, taxi fare, photocopying and RM Vehicle.</i>
21-01-15	440684	Cash (Petty Cash)	Payment for reimbursement from 15.1.15 to 21.1.15 (Handgloves - A S Kumar - \$15.60)	15.60	<i>No LPO's and requisition forms are needed for use of petty cash, as its minor expenses which we used for emergency work. In this case hand gloves, taxi fare, photocopying and RM Vehicle.</i>
21-01-15	440684	Cash (Petty Cash)	Payment for reimbursement from 15.1.15 to 21.1.15 (Taxi: Jiten - \$20.00 & Kini - \$4.00)	24.00	<i>No LPO's and requisition forms are needed for use of petty cash, as its minor expenses which we used for emergency work. In this case hand gloves, taxi fare, photocopying and RM Vehicle.</i>
21-01-15	440684	Cash (Petty Cash)	Payment for reimbursement from 15.1.15 to 21.1.15 (Refreshment - Rajendra Food Town \$3.50 & Naresh \$53.00)	56.50	<i>No LPO's and requisition forms are needed for use of petty cash, as its minor expenses which we used for emergency work. In this case hand gloves, taxi fare, photocopying and RM Vehicle.</i>
23-01-15	440689	Nausori Diesel Services	Payment for maintenance works carried out in FH642 & FQ850	396.50	<i>Only Diesel Services at that time had machineries to carry out fuel pump repair works in Nausori- Nasinu Corridor. Other companies were based outside Suva areas and due to the emergency of works, it was approved that LPO be given to the nearest repair so that normal work continued.</i>

Appendix 5: Details of supporting documents not attached to payment vouchers

Date	Cheque No.	Vendor	Description	Amount (\$)	Council Comments
11-02-15	440758	Agchem Limited	Payment for purchase of insecticide for mosquito spraying during cleanup campaign	2,808.00	<i>Recommended company to purchase by the Ministry of Health based on availability and being the main supplier for the Ministry of Health.</i>
17-02-15	440798	Vinod Patel & Co. Ltd	Payment for purchase of assorted materials to use at RCP, Market, Office and Traffic Department	1,367.72	<i>All proper quotations received and LPO raised for the emergency work.</i>
17-02-15	440821	Cash	Payment for hire of plumber for connection of water meter on the restrooms constructed	120.00	<i>This was a grant project and a plumber was needed to certify and carry out connection works into water meter as per WAF requirements. The Council at that time did not have any in-house plumber and since the project was outsourced, a plumber was engaged to carry out the works. This project was managed by the then Building Inspector Taniela Taukeinikoro and the plumber was engaged by him. However I do remember as this was discussed in one of the meetings.</i>
19-02-15	440827	Green Gold Maritime Sawmilling Ltd	Payment for hire of truck for cartage of green waste and white goods during the cleanup campaign for Naulu, Nakasi and Davuilevu from 7th -14th February 2015	5,600.00	<i>This was during the Tropical Cyclone Winston. The Nation was declared state of emergency and were given one month to clear out all rubbish refuse from roadside. At that moment, any truck available were taken on board by Council's so that services resumes in the fastest way.</i>
25-02-15	440844	Jaspreet Singh Transport	Payment hire of truck for cartage of green waste and white goods during the cleanup campaign from 7th - 14th February 2015	3,200.00	<i>This was during the Tropical Cyclone Winston. The Nation was declared state of emergency and were given one month to clear out all rubbish refuse from roadside. At that moment, any truck available were taken on board by Council's so that services resumes in the fastest way.</i>
23-04-15	440876	Japanese Truck Parts (Fiji) Ltd	Payment for purchase of new engine for garbage truck FH642	7,999.90	<i>The engine was only available at the above mentioned supplier and since garbage collection is an essential service, normally CEO's approves such repair works on trucks especially so that service delivery is not stopped or delayed.</i>
23-04-15	440878	Pacific Coating Ltd	Payment for purchase of ground marking paints for RCP	1,039.99	<i>Audit to note, tender was called for the supply of ground marking paints, by the management. An official offer letter was issued to the successful bidders. Copy of the offer letter and tender evaluation report was provided to audit team, no legal contract was drawn up.</i>

Appendix 5: Details of supporting documents not attached to payment vouchers

Date	Cheque No.	Vendor	Description	Amount (\$)	Council Comments
07-09-15	465034	Cash	Payment for purchase of 7 only tabua	5,600.00	<i>This was paid to the Office of the Commissioner and the province chiefs for organizing the supply of 7 tabua for the opening of the new market and bus stations.</i>
21-10-15	465187	Cash	Payment for subsistence allowance and breakfast for Swastika, Marilyn and Lavenia to travel to Nadi to attend TFL Beauty Pageant	630.00	<i>Subsistence allowance paid for the 3 staffs to attend 3 day TFL Fiji Pageant as from 2015 all councils have been taking part in the Fiji Pageant whereby their queens compete with other queens for the Fiji Pageant title. Note Council has been processing subsistence and travelling allowance based on approval over memo and emails. Hence council do not prepare requisitions.</i>
28-10-15	465213	Clyde Equipment	Payment for purchase of materials for repair and servicing of back hoe	2,209.97	<i>The Council (discussion between Ministry and management, brought a back-hoe from Levuka Town Council for repairs. Only Clyde equipment had the mechanical parts to repair the backhoe. There were no other suppliers of the sample provided.</i>
12-11-15	465269	FEA	Payment for electricity charges for the month of October 2015	5,804.52	<i>FEA bill not attached to the PV</i>
07-12-15	465345	Cash	Payment for purchase of materials for Christmas Tree decoration	4,000.00	<i>Cash used to shop around for the Christmas tree decoration for the first time ever, whereby a Christmas tree height of 45 feet was installed at the new market for the public. Note, during the decoration stage, as there was limited decoration available in Nausori, Council had to shop-around upon management approval.</i>
29-12-15	414739	Mobil Service Station	Payment for purchase fuel for grass cutting and lawn mower	287.30	<i>Note, fuel prices are fixed under Price & Income Board, hence the need of quotation is not valid as across all service station, price will be fixed.</i>
31-12-15	465465	Lokia Foodcity	Payment for purchase of aqua safe water and cleaning equipment and detergents for general office cleaning	1,382.21	<i>Purchase of office supply such as tea items. Note, in 2015, Lokia Food – City was the only supermarket accepting purchase on credit terms for the council.</i>
08-01-15	464661	Bondwell Computers	Payment for purchase of HL - 1110 printer	99.00	<i>Purchase of printer base on the urgency was purchased from bond well as it was cheaper and easily available.</i>
11-02-15	440785	Daltron	HP Business desktop prodesk 600G1	2,713.00	<i>Audit to note, tender was called for the supply of office equipment and computers, by the management. An official offer letter was issued to the successful bidders. Copy of the offer letter and tender evaluation report was provided to audit team, no legal contract was drawn up.</i>

Appendix 5: Details of supporting documents not attached to payment vouchers

Date	Cheque No.	Vendor	Description	Amount (\$)	Comments
20-01-15	464699	Motor parts Traders	Payment for purchase of new time machine and set of timecards	555.00	<i>Payment for the timecards, as they were the supplier for the time cards and machine which Council uses.</i>
29-05-15	440995	Telecom Fiji	Payment for purchase of Brother Printer and toner cartridge	1,795.00	<i>No requisition and competitive quotes attached.</i>
17-12-15	465382	L B Masters	Payment for supply and installation of 1 only pre polish brass plaque for opening of new market and bus stand project	2,000.00	<i>No requisition and quotes attached. Payment for the New Market Opening for the plaque based on quality.</i>
04-02-15	440733	Remington	Payment for purchase of time machine for market and field (Amono pix 3000 time clock)	2,150.00	<i>No requisition and competitive quotes attached.</i>
Total				52,871.62	

Appendix 6: Details of journal voucher entries without proper supporting documents and approval

Date	Particulars	DR	CR
01-01-15	Rates Debtors	1,302,842.17	
	Vat		169,935.94
	Rates Income		1,132,906.23
	(To record invoice for the year 2015)		
	Business License - Fees & Other Debtor	224,068.72	
	Vat		29,226.35
	Business Licence Income		194,842.37
	(To record invoice for the year 2015)		
	Taxi/Mini/Carrier- Fees & Other Debtor	155,455.80	
	Vat		20,276.84
	Taxi/Mini/Carrier- Fees & Other		135,178.96
	(To record invoice for the year 2015)		
	Rates Debtors	236,369.87	
	Rates Interest		236,369.87
	(To record Rates Interest Revenue for the year)		
	Rental & Kiosk- Fees & Other Debtor	348,070.44	
	Vat		45,404.44
	Rental & kiosk- Fees & Other		302,666.00
	(To record invoice for the year 2015)		
	Interest Waiver	42,984.23	
	Rates Debtor		42,984.23
	(To record interest waiver 2015 received)		

Appendix 6: Details of journal voucher entries without proper supporting documents and approval (continued)

Date	Particulars	DR	CR
31/12/15	Bank Fees	42.26	
	Transfer to main account	50,000.00	
	Error in deposits	115.00	
	Parking Meter Bank account (To records direct debits and bank charges for Parking meter account)		50,157.26
	R & M - Parking Meter	31,082.88	
	Parking Metere Bank account (To records chq # 354197) for Parking meter account)		31,082.88
	Bank Fees & Charges	30.76	
	Error in posting	2,497.55	
	Cash at Bank - Market & Bus Station (To records direct debits and bank charges for Market & Bus Station Account)		2,528.31
	Cash at Bank -Market & Bus Account	7,200.00	
	Fees & Charges Income (To record direct deposits as per market account)		7,200.00
	Cash at Bank - Market & Bus Station	286,170.27	
	Cash at Bank - Main account (To correct receipts deposit in market account)		286,170.27
	Cash at Bank - Main account	250,000.00	
	Cash at Bank - Market & Bus Station (To record market account chq paymt of 467173,467184,506376)		250,000.00

Appendix 6: Details of journal voucher entries without proper supporting documents and approval (continued)

Date	Particulars	DR	CR
31/12/15	Grass Cutting Expenses	14,914.59	
	Vat input	2,237.41	
	FRA (Main Account)		17,152.00
	(To record payment made through FRA chq book for 2015)		
31/12/15	Rezoning	22.00	
	Travelling	1,561.30	
	Printing & Stationary	1,932.30	
	Civic	2,176.35	
	Cleaning & Sanitation	493.05	
	R & M - RCP	681.45	
	R & M - MV	465.30	
	R & M - Mrkt	114.50	
	R & M -P/Meter	26.50	
	R & M - Equip	47.00	
	Vodafone	574.00	
	Legal	34.50	
	Wages	302.80	
	Truck Hire	95.00	
	Protective Clothing	44.00	
	FEA	91.00	
	Brushcutter	233.40	
	Levuka	554.10	
	NFA - Town washing	160.00	
	Bank Fees	38.50	
	Fuel	52.00	
	Float & Reimbursement		9,699.05
	(To correct posting of Petty Cash & Cash chq #'s 441051,464782,464772,464951,465058,465141,465135,465193,465225,465270,465281,4 65362,465334,465023,465085,465114,465049 & 465182)		
31/12/15	Provision for annual leave	3,797.68	
	Wages		3,797.68
	(To reverse of 2014 provision for annual leave)		

Appendix 6: Details of journal voucher entries without proper supporting documents and approval (continued)

Date	Particulars	DR	CR
	Wages	29,487.69	
	Provision for annual leave (To record 2015 provision for annual leave)		29,487.69
31/12/15	R & M - Parking Meter Fund	219.55	
	R & M - Parking Meter Operating Account (To correct error in posting)		219.55
	Sign Writing - Parking Meter Fund	1,640.00	
	R & M - Taxi Operating Account (To correct error in posting)		1,640.00
31/12/15	FDB Loan drawdown	3,518,116.66	
	Interest on Borrowing - Sept to Dec	173,232.21	
	Bank Fees & Charges - Sept to Dec	15,385.23	
	Interest on Borrowing - Jan to Aug	192,757.23	
	Bank Fees & Charges - Jan to Aug	97,390.96	
	FDB Loan (To record FDB drawdown and interest & charges for the year 2015)		3,996,882.29
31/12/15	Vat	157,148.23	
	Drainage	58,694.90	
	ITP Consultants	860,300.38	
	NTC - Main Account	78,050.00	
	Cargil Court	128,554.84	
	Cash at Bank - Capital (To record payments made from Capital Account)		1,282,748.35
	Bank Fee	22.26	
	DD- Main deposited in Capital 2014	40,000.00	
	Cash at bank - Capital Account (To record direct debits - capital account)		40,022.26
	Cash at Bank - Capital	431,683.00	
	Vat		56,306.48
	Grant (To record direct grant deposited in capital account)		375,376.52

Appendix 6: Details of journal voucher entries without proper supporting documents and approval (continued)

Date	Particulars	DR	CR
	Accruals/Creditors	341,682.33	
	Wages & Salaries		10,956.59
	Staff Agency Deductions		3,318.91
	PAYE		1,956.21
	Telecom/Vodafone/Internet		1,195.91
	FEA		4,820.23
	FNPF		14,122.40
	Fuel		6,419.84
	Water Authority		2,222.58
	Security		4,998.00
	Minor Capital		64,747.75
	RM- Properties		41,639.49
	RM- Vehicle		7,217.05
	RM- Grounds		1,150.50
	RM- Equip		400.00
	Naulu Nakasi Contractor		5,285.00
	Grass Cutting		10,608.73
	Auditors		19,000.00
	Land Lease		35,838.71
	Dumping		80,153.14
	Printing & Stationary		10,098.30
	Cleaning & Sanitation		5,788.65
	Protective & Uniforms		1,008.00
	Advertisement		6,979.59
	Brushcutter Expenses		1,756.75
	(To record reversal of 2014 Creditors & Accruals)		
31/12/15	BOB Loan	44,000.00	
	Cash at Bank - main		44,000.00
	(To record Direct Payment)		
	Interest on Borrowing	5,500.96	
	Bank Fees & Charges	2.21	
	BOB Loan		5,503.17
	(To record Interest & Fees Charged)		

Appendix 6: Details of journal voucher entries without proper supporting documents and approval (continued)

Date	Particulars	DR	CR
31/12/15	Wages & Salaries	8,132.10	
	Staff Agency Deductions	2,678.98	
	PAYE	2,421.24	
	Telecom/Vodafone/Internet	6,320.10	
	FEA	10,398.50	
	FNPF	20,338.02	
	Fuel	5,991.56	
	Water Authority	2,025.48	
	Security	10,324.50	
	Minor Capital	8,979.50	
	RM- Properties RCP	8,216.87	
	RM- Vehicle	1,212.15	
	RM- Drains	1,380.00	
	RM- Equip	1,839.00	
	RM - Convenience	220.00	
	Naulu Nakasi Contractor	44,900.00	
	Grass Cutting	32,808.73	
	Auditors	15,000.00	
	Dumping	46,216.14	
	Printing & Stationary	9,617.30	
	Cleaning & Sanitation	7,515.75	
	Hire of trucks	5,440.00	
	Advertisement	9,980.60	
	Amenities	406.59	
	Civic	7,226.00	
	ITP	9,787.00	
	ITP Consultants	516,713.66	
	Accruals/Creditors		796,089.77
	(To record accruals and dues for the year 2015)		

Appendix 6: Details of journal voucher entries without proper supporting documents and approval (continued)

Date	Particulars	DR	CR
31/12/15	Cash at Bank - Main	4,432,953.53	
	Cash at Bank - Parking Meter	94,617.45	
	Cash at Bank - Market		
	Rates		998,269.07
	Garbage Fees		165,952.37
	Business License		335,866.91
	Taxi Base Fee / Mini Van/Carrier Base		148,008.72
	Fees, charges and rental & others		357,931.49
	Market Takings		512,521.13
	PM Fines		47,453.76
	PM Tolls		35,013.67
	Cash Float & RCP		432,581.77
	Grant		-
	FDB		1,093,713.42
	Levuka Town Council		1,328.25
	VAT Output		398,930.42
	(To record income as per cashier receipting 2015)		
	Vat on rates received	149,740.23	
	Vat on BL received	50,380.04	
	Vat on taxi received	22,201.32	
	Rates Debtor		149,740.23
	Business Licence		50,380.04
	Taxi Debtor		22,201.32
	(To record vat to debtors on amount received)		
	Jenns Construction - ITP main Account	139,897.80	
	FDB		139,897.80
	(To record direct deposit of FDB chq for Jenns Construction dated 22/6 in main acct)		
	Main bank account	842,123.73	
	Vat Refund		653,454.93
	Rates		44,802.73
	Other Fees & Charges		143,866.07
	(To record direct deposit as per main bank account)		
	(Note other income - 107,603.96 is rental while 36262.14 is other)		
	Bank Fees & Charges	26,095.46	
	Main Bank account		26,095.46
	(To record bank charges for main account)		
Total		15,695,546.65	15,695,546.65

Appendix 7: Details of 2016 and 2017 invoice and payments recorded in 2015

Date Paid	Cheque No.	Vendor	Invoice Date	DESCRIPTION	Amount
27-04-16	465821	H G Leach	31-01-16	Payment for dumping of garbage from Naulu, Nakasi and Nausori ward to Naboro Landfill (Gate fee for the month of January 2016)	10,641.78
26-02-16	465625	MMF Consultant	13-02-16	Payment for instutional review consultancy services provided for new market and bus stand	2,725.00
12-09-16	466209	Ashok Balgovind	12-09-16	Payment for fee claim 1 for Lady vendors accomodation for NTC	3,815.00
24-01-17	441103	Raghwan Construction	13-12-16	Payment for progress claim no: 23 Inter Transport Project (Invoice No: 7231, Total invoice claim: \$337,825.17)	100,000.00
02-03-17	441243	Raghwan Construction	13-12-16	Payment for progress claim no: 23 Inter Transport Project. (Invoice No: 7231, Total invoice claim: \$337,825.17)	50,000.00
24-03-17	440501	Raghwan Construction	13-12-16	Payment for progress claim no: 23 Inter Transport Project. (Invoice No: 7231, Total invoice claim: \$337,825.17)	30,000.00
31-03-17	440519	Raghwan Construction	13-12-16	Payment for progress claim no: 23 Inter Transport Project. (Invoice No: 7231, Total invoice claim: \$337,825.17)	40,000.00
07-04-17	440524	Raghwan Construction	13-12-16	Payment for progress claim no: 23 Inter Transport Project. (Invoice No: 7231, Total invoice claim: \$337,825.17)	15,000.00
19-06-17	439512	Raghwan Construction	13-12-16	Payment for progress claim no: 23 Inter Transport Project. (Invoice No: 7231, Total invoice claim: \$337,825.17)	30,000.00
10-07-17	439565	Raghwan Construction	13-12-16	Payment for progress claim no: 23 Inter Transport Project. (Invoice No: 7231, Total invoice claim: \$337,825.17)	20,000.00
20-03-18	572067	Raghwan Construction	13-12-16	Payment for progress claim no: 23 Inter Transport Project	20,000.00
12-02-19	600805	Raghwan Construction	13-12-16	Payment for final progress claim 23 for Nausori Market and Bus stand project. (Invoice No: 7231, Total invoice claim: \$337,825.17)	6,412.58
12-02-19	591634	Raghwan Construction	13-12-16	Payment for progress claim no: 23 Inter Transport Project. (Invoice No: 7231, Total invoice claim: \$337,825.17)	26,412.59
31-10-18	440608	Engineered Design	21-03-17	Payment for cyclone inspection and certificate for new market & bus stand. (Invoice No: 7231, Total invoice claim: \$337,825.17)	5,450.00
06-04-18	572109	Ashok Balgovind	15-12-16	Partial payment for final progress claim 25 for Nausori market and bus stand project carried out in year 2016 (Total Invoice claim - \$34,829.99)	10,000.00
01-02-19	591876	Ashok Balgovind	15-12-16	Payment for progress claim 25 (Final) being for market and bus stand project 2016. (Total Invoice claim - \$34,829.99)	10,000.00
12-02-19	600806	Ashok Balgovind	15-12-16	Payment for final progress claim 25 for Nausori Market and Bus stand project. (Total Invoice claim - \$34,829.99)	14,000.00
08-03-19	600859	Ashok Balgovind	15-12-16	Payment for final progress fee claim 25 for Nausori Market and Bus stand project 2016. (Total Invoice claim - \$34,829.99)	829.99
06-04-18	572110	G A Consultant	31-12-16	Payment for project management services provided for new market and bus stand for August 2016	7,441.18
01-02-19	591877	G A Consultant	13-10-16	Payment for fee claim 39 being for market and bus stand project 2016.	7,441.18
12-02-19	600807	G A Consultant	06-12-16	Payment for project management services provided for new market and bus stand for November 2016	7,441.18
TOTAL					220,428.70

Appendix 8: PPE Omission

Date	Chq #	Vendor	Particulars	Amount (\$)
17.2.15	440817	Softnet Solutions	Purchase of software for printing of rates and garbage invoices	2,700.00
17.12.15	465389	Soft Net Solution	Being paid for implementing and developing of software for printing of invoices for garbage	2,700.00
Total				5,400.00

Appendix 9: Details of Incorrect Additions to PPE

Office Equipment and Fittings

Date Paid	Cheque No.	Vendor	Description	Invoice Date	Invoice No.	Amount	Comments
04-02-15	440728	Delta Timber Supplies	Payment for 1000 Ltr Water tank	10-09-14	1379	269.57	2014 invoice added as addition in year 2015
20-01-15	464699	Motor parts Traders	Payment for purchase of new time machine and set of timecards	20-10-14	15912	482.61	2014 invoice added as addition in year 2015
04-02-15	440733	Remington	Payment for purchase of time machine for market and field (Amono pix 3000 time clock)	03-11-14	11154	1,869.57	2014 invoice added as addition in year 2015
11-02-15	440785	Daltron	HP Business desktop prodesk 600GI	26-08-14	41008	2,359.13	2014 invoice added as addition in year 2015
Total						4,980.88	

Appendix 10: Details of Actual Payments to Jenn's Construction

Date	Chq No	Supplier	Description	Amount VIP \$
12-06-15	441053	Jenns Construction	Payment for progress claim no. 1 for Nausori Market Stalls Joinery for New Market & Bus Stand Project	139,897.80
18-06-15	464751	Jenns Construction	Payment for progress claim 2 for joinery works - market stalls for new market	114,344.14
30-06-15	464773	Jenns Construction	Payment for progress claim 3 for joinery works - market stalls for new market	47,303.65
10-07-15	464813	Jenns Construction	Payment for valuation advice no. 4 for the new market stalls for ITP	72,024.41
23-07-15	464856	Jenns Construction	Payment for progress claim no. 5 for Nausor Market Stalls Joinery Project for New Market and Bus Stand	64,509.58
31-07-15	464900	Jenns Construction	Payment for variation claim no. 1 for NTC market stall for ITP Project	8,180.10
06-08-15	464916	Jenns Construction	Payment for progress claim no. 6 for Nausori Market Stalls Joinery for New Market Bus Stand Project	76,962.87
28-08-15	464986	Jenns Construction	Payment for progress claim no. 7 for Nausori Market Stalls Joinery for ITP Project	19,794.83
05-09-15	465022	Jenns Construction	Payment for variation claim no: 1 Nausori Town Council market stalls for ITP	2,638.08
15-09-15	465056	Jenns Construction	Payment for progress certificate no: 8 for market and bus stand development- stall joinery ITP for Nausori Town Council	6,765.76
18-09-15	465072	Jenns Construction	Payment for progress certificate no:1 for ITP new handicraft stalls	30,000.00
29-09-15	465113	Jenns Construction	Payment for progress certificate no: 1 for ITP new handicraft stalls	25,615.73
02-10-15	465139	Jenns Construction	Payment for progress claim no: 2- new handicraft stalls for NTC market	24,223.40
30-10-15	465230	Jenns Construction	Payment for progress claim no 3- new handicraft stalls for NTC market	2,101.04
31-12-15	465435	Jenns Construction	Payment for 2.5% retention paid for final claim for Nausori Market stall joinery	15,988.30
15-01-16	465504	Jenns Construction	Payment for variation no: 3 for additional works carried out fpr NTC market stalls and handicraft stall joinery	4,600.00
TOTAL				654,949.69

Appendix 11 : Anomalies in Receipt

Missing Receipt Books

Receipt Numbers:		Number of Receipts	Number of Receipt Books
From:	To:		
41201	41400	199	1
41801	42000	199	1
44001	44200	199	1
44201	44400	199	1
44801	45000	199	1
51601	51800	199	1
52201	52400	199	1
Total			7

Receipts dated in the month of February 2015 was in January receipt sequence

Dates:		Receipt Number: From	Receipt Number: To
From:	To:		
28/01/2015	29/01/2015	45201	45400
04/02/2015	20/02/2015	45401	45600
29/01/2015	30/01/2015	45601	45800
30/01/2015	31/01/2015	45801	46000
30/01/2015	03/02/2015	46001	46200

Appendix 11 : Anomalies in Receipt (continued)

Receipts dated in the month of March, April and May was in February receipt sequence

Receipts numbers 48801-49000 was repeated but dated differently

Dates:		Receipt Number: From	Receipt Number: To
From:	To:		
03/02/2015	07/02/2015	46201	46400
07/02/2015	12/02/2015	46401	46600
13/02/2015	18/02/2015	46601	46800
19/03/2015	25/03/2015	46801	47000
18/02/2015	23/02/2015	47001	47200
23/02/2015	26/02/2015	47201	47400
09/03/2015	30/03/2015	47401	47600
31/03/2015	07/04/2015	47601	47800
07/04/2015	13/04/2015	47801	48000
31/03/2015	23/04/2015	48001	48200
13/04/2015	20/04/2015	48201	48400
20/04/2015	28/04/2015	48401	48600
23/04/2015	21/05/2015	48601	48800
20/02/2015	09/03/2015	48801	49000
28/04/2015	04/05/2015	48801	49000
26/02/2015	03/03/2015	49001	49200

Appendix 11 : Anomalies in Receipt (continued)

Receipts dated in the month of May was in March receipt sequence

Receipts numbers 49201-49400 / 49401-49600 / 49601-49800 / 49801-50000 was repeated but dated differently

Dates:		Receipt Number: From	Receipt Number: To
From:	To:		
03/03/2015	09/03/2015	49201	49400
08/05/2015	15/05/2015	49201	49400
09/03/2015	13/03/2015	49401	49600
15/05/2015	25/05/2015	49401	49600
13/03/2015	19/03/2015	49601	49800
21/05/2015	27/06/2015	49601	49800
25/03/2015	31/03/2015	49801	50000
25/05/2015	01/06/2015	49801	50000

Appendix 12 : Missing Daily Collection Summary Sheets

Month	Day	Date
January	Monday	05/01/2015
March	Saturday	07/03/2015
	Monday	09/03/2015
	Tuesday	10/03/2015
	Friday	20/03/2015
	Friday	27/03/2015
	Saturday	28/03/2015
	Monday	30/03/2015
	Tuesday	31/03/2015
April	Wednesday	01/04/2015
	Thursday	02/04/2015
	Saturday	04/04/2015
	Tuesday	07/04/2015
	Wednesday	08/04/2015
	Thursday	09/04/2015
	Monday	20/04/2015
	Tuesday	28/04/2015
	Wednesday	29/04/2015
	Thursday	30/04/2015

Month	Day	Date
May	Friday	01/05/2015
	Tuesday	05/05/2015
	Wednesday	06/05/2015
	Friday	08/05/2015
	Saturday	09/05/2015
	Monday	11/05/2015
	Tuesday	12/05/2015
	Wednesday	13/05/2015
	Thursday	14/05/2015
	Friday	15/05/2015
	Saturday	16/05/2015
	Monday	18/05/2015
	Tuesday	19/05/2015
	Wednesday	20/05/2015
	Thursday	21/05/2015
	Friday	22/05/2015
	Saturday	23/05/2015
	Tuesday	26/05/2015
	Wednesday	27/05/2015
	Thursday	28/05/2015
	Friday	29/05/2015
	Saturday	30/05/2015

Appendix 12 : Missing Daily Collection Summary Sheets (continued)

Month	Day	Date
June	Monday	01/06/2015
	Tuesday	02/06/2015
	Wednesday	03/06/2015
	Thursday	04/06/2015
	Friday	05/06/2015
	Saturday	06/06/2015
	Tuesday	09/06/2015
	Wednesday	10/06/2015
	Thursday	11/06/2015
	Friday	12/06/2015
	Saturday	13/06/2015
	Monday	15/06/2015
	Tuesday	16/06/2015
	Wednesday	17/06/2015
	Thursday	18/06/2015
	Friday	19/06/2015
	Saturday	20/06/2015
	Monday	22/06/2015
	Tuesday	23/06/2015
	Wednesday	24/06/2015
	Thursday	25/06/2015
	Friday	26/06/2015
	Saturday	27/06/2015
	Monday	29/06/2015
	Tuesday	30/06/2015

Month	Day	Date
July	Wednesday	01/07/2015
	Thursday	02/07/2015
	Friday	03/07/2015
	Saturday	04/07/2015
	Monday	06/07/2015
	Tuesday	07/07/2015
	Wednesday	08/07/2015
	Thursday	09/07/2015
	Friday	10/07/2015
	Saturday	11/07/2015
	Monday	13/07/2015
	Tuesday	14/07/2015
	Wednesday	15/07/2015
	Thursday	16/07/2015
	Friday	17/07/2015
	Saturday	18/07/2015
	Monday	20/07/2015
	Tuesday	21/07/2015
	Wednesday	22/07/2015
	Thursday	23/07/2015
	Friday	24/07/2015
	Saturday	25/07/2015

Appendix 12 : Missing Daily Collection Summary Sheets (continued)

Month	Day	Date
July (cont'd)	Monday	27/07/2015
	Tuesday	28/07/2015
	Wednesday	29/07/2015
	Thursday	30/07/2015
	Friday	31/07/2015
August	Saturday	01/08/2015
	Monday	03/08/2015
	Tuesday	04/08/2015
	Wednesday	05/08/2015
	Thursday	06/08/2015
	Friday	07/08/2015
	Saturday	08/08/2015
	Monday	10/08/2015
	Tuesday	11/08/2015
	Wednesday	12/08/2015
	Thursday	13/08/2015
	Friday	14/08/2015
	Saturday	15/08/2015
	Monday	17/08/2015
Tuesday	18/08/2015	
Wednesday	19/08/2015	
Thursday	20/08/2015	
Friday	21/08/2015	
Saturday	22/08/2015	

Month	Day	Date
August (cont'd)	Monday	24/08/2015
	Tuesday	25/08/2015
	Wednesday	26/08/2015
	Thursday	27/08/2015
	Friday	28/08/2015
	Saturday	29/08/2015
	Monday	31/08/2015
September	Tuesday	01/09/2015
	Wednesday	02/09/2015
	Thursday	03/09/2015
	Friday	04/09/2015
	Saturday	05/09/2015
	Monday	07/09/2015
	Tuesday	08/09/2015
	Wednesday	09/09/2015
	Thursday	10/09/2015
	Friday	11/09/2015
	Saturday	12/09/2015
	Monday	14/09/2015
Tuesday	15/09/2015	
Wednesday	16/09/2015	
Thursday	17/09/2015	
Friday	18/09/2015	
Saturday	19/09/2015	

Appendix 12: Missing Daily Collection Summary Sheets (continued)

Month	Day	Date
September (cont'd)	Monday	21/09/2015
	Tuesday	22/09/2015
	Wednesday	23/09/2015
	Thursday	24/09/2015
	Friday	25/09/2015
	Saturday	26/09/2015
	Monday	28/09/2015
	Tuesday	29/09/2015
	Wednesday	30/09/2015
October	Thursday	01/10/2015
	Friday	02/10/2015
	Saturday	03/10/2015
	Monday	05/10/2015
	Tuesday	06/10/2015
	Wednesday	07/10/2015
	Thursday	08/10/2015
	Friday	09/10/2015
	Monday	12/10/2015
	Tuesday	13/10/2015
	Wednesday	14/10/2015
	Thursday	15/10/2015
	Friday	16/10/2015
	Saturday	17/10/2015
	Monday	19/10/2015
	Tuesday	20/10/2015

Month	Day	Date
October (cont'd)	Wednesday	21/10/2015
	Thursday	22/10/2015
	Friday	23/10/2015
	Saturday	24/10/2015
	Monday	26/10/2015
	Tuesday	27/10/2015
	Wednesday	28/10/2015
	Thursday	29/10/2015
	Friday	30/10/2015
	Saturday	31/10/2015
November	Monday	02/11/2015
	Tuesday	03/11/2015
	Wednesday	04/11/2015
	Thursday	05/11/2015
	Friday	06/11/2015
	Saturday	07/11/2015
	Monday	09/11/2015
	Tuesday	10/11/2015
	Wednesday	11/11/2015
	Thursday	12/11/2015
	Friday	13/11/2015
	Saturday	14/11/2015
	Monday	16/11/2015
	Tuesday	17/11/2015
	Wednesday	18/11/2015

Appendix 12 : Missing Daily Collection Summary Sheets (continued)

Month	Day	Date
November (cont'd)	Thursday	19/11/2015
	Friday	20/11/2015
	Saturday	21/11/2015
	Monday	23/11/2015
	Tuesday	24/11/2015
	Wednesday	25/11/2015
	Thursday	26/11/2015
	Friday	27/11/2015
	Saturday	28/11/2015
	Monday	30/11/2015
December	Tuesday	01/12/2015
	Wednesday	02/12/2015
	Thursday	03/12/2015
	Friday	04/12/2015
	Saturday	05/12/2015
	Monday	07/12/2015
	Tuesday	08/12/2015
	Wednesday	09/12/2015
	Thursday	10/12/2015
	Friday	11/12/2015
	Saturday	12/12/2015
	Monday	14/12/2015
	Tuesday	15/12/2015

Month	Day	Date
December (cont'd)	Wednesday	16/12/2015
	Thursday	17/12/2015
	Friday	18/12/2015
	Saturday	19/12/2015
	Monday	21/12/2015
	Tuesday	22/12/2015
	Wednesday	23/12/2015
	Monday	28/12/2015
	Tuesday	29/12/2015
	Wednesday	30/12/2015
	Thursday	31/12/2015

Appendix 13: Details of Excessive Leave Balance

No	Employee	Leave balance as at 31/12/15	Leave Balance > 10 Days	2015 Leave Balance > 10 days in Amounts (\$)
1	Azam Khan	17	7.00	\$ 1,437.45
2	Chandra Krishna	12.5	2.50	\$ 200.25
3	Swastika Rattan	11.5	1.50	\$ 255.38
4	Jitendra Singh	29	19.00	\$ 2,118.88
5	Atish Naidu	13	3.00	\$ 234.00
6	Epeli Nadraiqere	20.5	10.50	\$ 1,186.76
7	Inia Seniloli	16	6.00	\$ 179.82
8	Amar Chand	20	10.00	\$ 299.70
9	Biren	19	9.00	\$ 269.73
10	Alosio Bera	15	5.00	\$ 167.40
11	Rajendra	11	1.00	\$ 29.97
12	Veresa Qavia	29	19.00	\$ 569.43
13	Asad Ali	11	1.00	\$ 36.00
14	Mitieli Rokodua	17	7.00	\$ 209.79
15	Savenaca Waqa	27	17.00	\$ 509.49
16	Soloveni Qiokata	20	10.00	\$ 299.70
Total excessive leave balance as at 31 December 2015				\$ 8,003.75

Appendix 14: Long Outstanding Creditors

Creditors	Total amount owed as 31 st December 2014 (\$)	Amount over 90 days old (\$)
Auditor Generals Office	19,000.00	9,500.00
Classic paints	175.50	175.50
Daltron	10,532.00	1,264.00
Delta Timber	830.00	200.00
Deoji	168.00	168.00
Extreme Stationery	3,732.80	3,732.80
Fiji Sports Council	760.00	480.00
Govt of Fiji – Lands Dept	15,178.25	15,178.25
H L Leach Fiji Ltd	80,153.14	50,184.98
Handyman Colour Shop	1,626.45	1,404.45
HI Tech Spares	998.00	170.00
ILTB	20,660.46	20,660.46
Jaya Enterprise	98.00	98.00
Kasabias	3,300.86	1,409.41
Motoparts Traders	780.00	555.00
Nausori Printery	2,995.00	890.00
Newline Chemicals	1,995.00	225.00
Slenzer Electrical	1,695.00	60.00
Tarak Trading	760.75	410.75
Viti Aircon	400.00	400.00

Appendix 14: Long Outstanding Creditors (continued)

DETAILS OF CREDITORS THAT ARE NOT REVIEWED

Creditors	Total Amount owed as at 31st December 2014 (\$)	Amount over 90 days old (\$)
ILTB	20,660.46	20,660.46
Jaya Enterprise	98.00	98.00
Kasabias	3,300.86	1,409.41
Motoparts Traders	780.00	555.00
Nausori Printery	2,995.00	890.00
Newline Chemicals	1,995.00	225.00
Slenzer Electrical	1,695.00	60.00
Tarak Trading	760.75	410.75
Viti Aircon	400.00	400.00

Savusavu Town Council 2011 FY Audit

1. **Qualification Issues** The audit of the 2011 accounts of the Savusavu Town Council resulted in a modified (disclaimer) audit opinion. Three matters were raised as the basis of modified audit opinion. Provide an update on each of these matters raised as the basis of qualification.

- a) Rates reconciliation and arrears- the financials were prepared in 2021 for the financial year 2011 and Council was not able to obtain all the documents in relating to rates. Some of the missing documents were receipts and invoices whereby Council was not been able to verify the rate payer who has paid and ratepayers who were being invoiced. There will be no issues on rates reconciliation from 2019 onwards since all data is being entered and receipted into the MYOB software.

The CEO also brief staff on the importance of records management and carry out spot check on the filing.

Some of the strategies which Council has implemented to reduce rates are as follows:

- Council has done the rates profiling to update the rate payer's basic information such as phone contact, tin number and other relevant information.
 - Issuance of demand notice to rate payers, use of viber platform to send reminders on the outstanding dues, house to house visitation to remind the defaulters on payment of rates.
 - Rate payers' consultation on quarterly basis to remind the rate payers on the outstanding dues.
 - As part of the checklist for the development application, the Council has an item on rates. This avenue has reduced the rates outstanding.
 - Any sale of property within the council boundary, the outstanding dues owed to the Council is cleared prior to transfer of title.
 - Waiver of rates interest and offer of discount period to rate payers.
- b) Deferred Grant was assistance from Embassy of Japan in 2004. The assets supplied was a Truck and Backhoe. The truck was sold in 2013 or 2015. I cannot confirm the year since we have the records of receipt where it was paid for but not the vehicle number and 2 vehicles were sold. Backhoe is still being parked in the Council depot but it has fully depreciated.

In subsequent years, the issue on the deferred grant concerning the sufficient appropriate audit evidence has not been repeated.

- c) The disclosure of related party transactions is to document transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged. The issue on the disclosure

of related party transactions were disclosed as part of the draft financial statement for 2018 to 2021-2022FY.

Emphasis of Matter

- d) The Council is still trying to retrieve records relation to the sundry deposits by the public. The Council has advertised in Fiji Sun for those who has paid the deposits and not received the foreshore reclaimed land can apply for refund to the Council with provision of valid receipts issued council and signed offer and acceptance letter or agreement. The monies collected has been collected from public has been used in council operations.

This case relates to why back in 1980s.

2. **Financial Reporting What has the Council done to ensure quality draft financial statements are submitted to audit? Please provide an update on the draft financial statements submitted to audit and the status of the Council's audit. OAG to also provide comments.**

Council has now fully implemented use of accounting system, MYOB, whereby monthly reconciliations are performed. These monthly financial reports are discussed with management and signed off after everyone is satisfied.

The Council prepares the Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS). The Council engaged qualified accounts personnel to carry out financial duties in the day to day to operations. And also, through the Finance training organised by the line Ministry also assisted the Council to upskill the accounts personnel in relation to applying IFRS standards while preparing the Financial Statements.

The Council has submitted the draft Financial Statements to Office of the Auditor General from 2018 to 2021-2022 financial years for auditing on 31.8.23. The 2022-2023FY financial statements to be completed by end of second quarter (January 2024).

The audit for said financial statements is schedule to be audited in 2023-2024FY.

Internal Control Assessment

3. **What has the Council done to address the internal control deficiencies identified?**

The Council has adopted both Finance and Human Resource Manual which was rolled out by Ministry of Local Government in 2021 to guide the Council to effectively undertake the day-to-day operations. Apart from this, the Council has also implemented the governance policies which includes the following:

- Risk Management Policy
- Disaster Recovery Plan

- Capitalisation Policy
- Building application process map
- Rates Policy
- Taxi Base Application Policy
- Commercial Vehicle Policy
- Market Stall Application Policy
- Budget Policy
- Vehicle Policy
- Project Management Policy

4. Can the Council provide an explanation on Staff composition and how competent are the staff responsible for the Finance Section?

With the new recruitment now, Council has all experienced and qualified staffs. This can be proven with the back logs that was cleared by the team which was from 2011 to 2022. This was all done in- house. Also, Council's operations which was in overdraft resulted in profit with the effect on cost control by the new team.

The Finance Team comprises of the following:

- Manager Finance/Administration
- Human Resources/ Properties Officer
- Revenue/ IT Officer
- Finance/Cashier
- Enforcement Officer

5. Does the Council have a Finance Manual to guide the day-to-day operation of the Council? If yes, provide evidence.

Yes, this was initiative of Ministry of Local Government.

6. What action has been taken by the Ministry to ensure that the accounting system across all the Councils is standardized to enable the financial accounts are updated and reporting is done in a timely manner?

Ministry to Respond.

7. Can the Ministry provide the Job Description and responsibilities of the Special Administrators and the Chief Executive Officer?

Ministry to Respond.

8. Can the Ministry provide the financial breakdown of all Board meetings held by the Council from 2015 until to date?

Refer Attached.

DOWN OF ALL BOARD MEETINGS HELD BY EACH COUNCILS FROM 2015 UNTIL TO DATE

	2015				2016				2017				2018				2019				2020				2021				2022				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Meetings	4	3	3	3	2	2	2	3	1	2	2	2	1	2	1	1	2	2	1	1	2	2	1	1	3	2	1	1	3	2	1	1				
	\$ 125.00	\$ 122.00	\$ 122.00	\$ 122.00	\$ 123.00	\$ 123.00	\$ 123.00	\$ 122.00	\$ 60.00	\$ 123.00	\$ 123.00	\$ 123.00	\$ 123.00	\$ 60.00	\$ 60.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 60.00	\$ 60.00	\$ 30.00	\$ 60.00	\$ 60.00	\$ 30.00	\$ 90.00	\$ 60.00	\$ 30.00	\$ 90.00	\$ 60.00	\$ 30.00	\$ 90.00	\$ 60.00				
Settings	10	9	9	6	6	6	6	6	6	7	6	3	9	7	4	2	3	6	9	10	2	1	1	3	3	3	1	1	2	2	1	1				
	\$ 250.00	\$ 220.00	\$ 220.00	\$ 180.00	\$ 180.00	\$ 180.00	\$ 180.00	\$ 180.00	\$ 180.00	\$ 195.00	\$ 180.00	\$ 90.00	\$ 250.00	\$ 195.00	\$ 120.00	\$ 50.00	\$ 280.00	\$ 240.00	\$ 180.00	\$ 280.00	\$ 55.00	\$ 25.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 20.00	\$ 20.00	\$ 60.00	\$ 60.00	\$ 20.00	\$ 20.00				
	\$ 375.00	\$ 342.00	\$ 342.00	\$ 302.00	\$ 303.00	\$ 303.00	\$ 303.00	\$ 302.00	\$ 240.00	\$ 318.00	\$ 303.00	\$ 213.00	\$ 280.00	\$ 245.00	\$ 180.00	\$ 80.00	\$ 120.00	\$ 300.00	\$ 310.00	\$ 145.00	\$ 145.00	\$ 85.00	\$ 60.00	\$ 30.00	\$ 150.00	\$ 120.00	\$ 50.00	\$ 20.00	\$ 150.00	\$ 120.00	\$ 20.00	\$ 20.00				
	\$	\$ 1,361.00			\$1,169.00				\$1,074.00				\$ 785.00				\$ 970.00			\$250.00				\$ 340.00				\$ 320.00			\$ 30.00					

Qualifications Issues

Year	Audit Opinion	Qualification Summary	Council's Comment
2011	Disclaimer of Opinion	<p>1. The Council recorded bank statement deposits instead of individual receipts as a source of recording cash in the general ledger and performing of bank reconciliation. As with this approach there is a risk that receipts not banked will not be included in the general ledger. In addition, there was a variance of \$29,263 between Council Revenue Management listing and bank deposits. Therefore, I was unable to satisfy myself whether all cash receipts have been completely and accurately accounted for in the financial statements.</p>	<p>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.</p>
		<p>2. unreconciled variance of \$57,241 exist between the cash at bank balance and the cash flow statemnet balance. The Council was unable to provide appropriate documentations to support balances reported in the statement of cash flows. As result, I am unable to satisfy myself whether the statement of cash flows has been fairly reported in the financial statements.</p>	<p>All cash received is receipted and banked intact, monthly bank reconciliation are prepared and reconciled as per the GL balances. All source documents including invoices, payment vouchers are now filed as back up and can be used for verification purposes.</p>

		<p>3. Included in Trade and Other Receivables (Note7) are advances and deposits of \$68,100 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.</p>	<p>As per the new organization structure, senior accountant has been employed who is responsible for reconciliation of all GL accounts, refundable deposit have been traced back to the transaction and currently council maintains a record of all refundable deposits.</p>
		<p>4. The Council has recorded rates debtors amounting to \$8,765,340 (Note 7). I note that the Council has calculated the allowance for doubtful debts at 5% of the gross rates receivables. From the Council's disclosure in Note 7, I note that the rate payers owe 82% of the rates which are over 1 year old. No documentations were made available to substantiate the calculation of management's estimate of 5%. Consequently, I was not able to satisfy myself if the management's estimate of 5% is adequate for assessing the impairment of rates debtors and 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.</p>	<p>Provision for doubtful debts was calculated based on the council resolution. Currently council is pursuing legal action as a means of collecting long outstanding arrears. There is a inhouse legal team responsible debt recovery measures. With the implementation of MYOB from December 2023, council will be able to generate debtors aging to assist with individual rate payer doubtful debt provisioning</p>

		<p>5. The Council has not performed VAT reconciliation to support VAT receivable of \$18,597. I was also unable to satisfy myself from alternative audit procedure on the accuracy of the balance. Consequently, I am not able to confirm the accuracy of the VAT receivable stated in the financial statements.</p>	<p>All outstanding VAT/PAYE and Provisional Tax have been completed and updated with FRCS, as of August 2023 council has cleared all outstanding VAT arrears with FRCS. Lodgements are now done on a monthly basis.</p>
		<p>6. Included in the Property, Plant and Equipment balance of \$2,053,635 (Note 8) is Work in Progress (WIP) of \$431,660. I was not provided with the supporting documents to establish the existence of this balance as at 31 December 2011. In addition, I note that the council has disposed this WIP in 2012. Consequently, I was unable to satisfy myself on the accuracy of this balance as at 31 December 2011.</p>	<p>Council has adopted the procurement policy from its finance manual currently all requisitions are approved by the Manager Corporate, CEO and the SA Chair, these are then processed for LPO's or payments and filed. Records for all projects are maintained.</p>
		<p>7. Included in Trade and other payables (Note 11) are Trade payables of \$39,934 and other payables of \$55,015. I was not provided with a detailed listing of these balances. Consequently, I was unable to perform necessary audit procedures to satisfy myself on the accuracy of these balances as reported in the financial statements.</p>	<p>This has been rectified through monthly creditor reconciliations. We also request for vendor statements so we can validate the figures we have in the reconciliation.</p>

		8. The Council has recorded \$361,775 as commercial lot deposits. The Council has not maintained separate bank account for this deposits. As at balance date the Council has insufficient funds to meet the refunds of the customers should the need arise.	The matter was reported to FICAC for further investigation, very limited is available on hand on how these transaction were performed back in 2007.
		9. Included in total revenue of the Council is general rates amounting to \$1,957,698 and market rates of \$110,779. The Council was unable to provide appropriate records to support these balances. Consequently, this has limited my scope to perform appropriate test procedures to ascertain the accuracy of the rates and market revenue reported in the financial statements.	WINBIZ invoices for individual rate payers are now kept on file and also reflected in customer transaction history. Market vendor listings are maintained on excel and can be verified through manual receipt copies.
		10. Payment vouchers totaling \$137,159 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.	All payment vouchers are filed in monthly sequence and stored in filing room. From 2022 all payment vouchers are scanned and soft copies maintain for verification purposes.
		11. The Council's WINBIZ Rate System has not generated separate reports from 2005. As a result, special loan rates and street light rates were not appropriately disclosed in their respective accounts but included with general rates income in the General Fund Account contrary to section 47(2)(b) of Local Government Act.	Currently only general rates and garbage fees are charged these are reflected separately in the customer invoices.

		<p>12. Generally, internal control function f the Council was found to be weak. Poor cash and revenue management, poor payroll management and employee records, purchase and payment processes were not compiled with, and poor management and administration of leave records.</p>	<p>Nasinu Town Council has undergone a restructure in 2021, internal auditor position was created and is responsible for carrying our independent checks and provide reports to the SA's board. MLG finance manual has been adopted by council and work is carried out according to the set policy and procedures</p>
		<p>13. The Council did not provide solicitors confirmation at balance date. Consequently, I was unable to deteremine whether any disclosures to the financial statemnets in respectof contigent liabilities were necessary.</p>	<p>In-house legal team has been employed by council, also through a tender process external solicitors were appointed to assit with complicated and high court cases</p>

2012	Disclaimer of Opinion	<p>1. The Council recorded bank statement deposits instead of individual receipts as a source of recording cash in the general ledger and performing of bank reconciliation. As with this approach there is a risk that receipts not banked will not be included in the general ledger. In addition, there was a variance of \$29,263 between Council Revenue Management listing and bank deposits. Therefore, I was unable to satisfy myself whether all cash receipts have been completely and accurately accounted for in the financial statements.</p>	<p>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.</p>
		<p>2. unreconciled variance of \$30,350 exist between the cash at bank balance and the cash flow statemnet balance. The Council was unable to provide appropriate documentations to support balances reported in the statement of cash flows. As result, I am unable to satisfy myself whether the statement of cash flows has been fairly reported in the financial statements.</p>	<p>All cash received is receipted and banked intact, monthly bank reconciliation are prepared and reconciled as per the GL balances. All source documents including invoices, payment vouchers are now filed as back up and can be used for verification purposes.</p>

		<p>3. Included in Trade and Other Receivables (Note7) are advances and deposits of \$68,100 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.</p>	<p>As per the new organization structure, senior accountant has been employed who is responsible for reconciliation of all GL accounts, refundable deposit have been traced back to the transaction and currently council maintains a record of all refundable deposits.</p>
		<p>4. The Council has recorded rates debtors amounting to \$8,427,742 (Note 7). I note that the Council has calculated the allowance for doubtful debts at 5% of the gross rates receivables. From the Council's disclosure in Note 7, I note that the rate payers owe 82% of the rates which are over 1 year old. No documentations were made available to substantiate the calculation of management's estimate of 5%. Consequently, I was not able to satisfy myself if the management's estimate of 5% is adequate for assessing the impairment of rates debtors and 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.</p>	<p>Provision for doubtful debts was calculated based on the council resolution. Currently council is pursuing legal action as a means of collecting long outstanding arrears. There is a inhouse legal team responsible debt recovery measures. With the implementation of MYOB from December 2023, council will be able to generate debtors aging to assist with individual rate payer doubtful debt provisioning</p>

		<p>5. The Council has not performed VAT reconciliation to support VAT receivable of \$231,063. I was also unable to satisfy myself from alternative audit procedure on the accuracy of the balance. Consequently, I am not able to confirm the accuracy of the VAT receivable stated in the financial statements.</p>	<p>All outstanding VAT/PAYE and Provisional Tax have been completed and updated with FRCS, as of August 2023 council has cleared all outstanding VAT arrears with FRCS. Lodgements are now done on a monthly basis.</p>
		<p>6. Included in Trade and Other payables (Note 11) are Trade payables of \$39,934 and other payables of \$61,799. I was not provided with a detailed listing of these balances. Consequently, I was unable to perform necessary audit procedures to satisfy myself on the accuracy of these balances as reported in the financial statements.</p>	<p>Council has adopted the procurement policy from its finance manual currently all requisitions are approved by the Manager Corporate, CEO and the SA Chair, these are then processed for LPO's or payments and filed. Records for all projects are maintained.</p>
		<p>7. The Council has recorded \$361,775 as commercial lot deposits. The Council has not maintained separate bank account for this deposits. As at balance date the Council has insufficient funds to meet the refunds of the customers should the need arise.</p>	<p>The matter was reported to FICAC for further investigation, very limited is available on hand on how these transactions were performed back in 2007.</p>

		<p>8. Included in total revenue of the Council is general rates amounting to \$2,473,990 and market rates of \$110,171. The Council was unable to provide appropriate records to support these balances. Consequently, this has limited my scope to perform appropriate test procedures to ascertain the accuracy of the rates and market revenue reported in the financial statements.</p>	<p>WINBIZ invoices for individual rate payers are now kept on file and also reflected in customer transaction history. Market vendor listings are maintained on excel and can be verified through manual receipt copies.</p>
		<p>9. The council has disposed Work in Progress (WIP) of \$431,660 during the year. I was not provided with the supporting documents to verify the disposal of this balance. As a result, I was unable to satisfy myself on the accuracy of the disposal of this WIP.</p>	<p>Council has adopted the procurement policy from its finance manual currently all requisitions are approved by the Manager Corporate, CEO and the SA Chair, these are then processed for LPO's or payments and filed. Records for all projects are maintained.</p>
		<p>10. Sample of payment vouchers totaling \$53,812 was not provided to me for verification. Consequently, I was unable to confirm the accuracy of payments of \$53,812 and its disclosure in the financial statements.</p>	<p>All payment vouchers are filed in monthly sequence and stored in filing room. From 2022 all payment vouchers are scanned and soft copies maintained for verification purposes.</p>

		11. The Council's WINBIZ Rate System has not generated separate reports from 2005. As a result, special loan rates and street light rates were not appropriately disclosed in their respective accounts but included with general rates income in the General Fund Account contrary to section 47(2)(b) of Local Government Act.	Currently only general rates and garbage fees are charged these are refelected separately in the customer invoices.
		12. Generally, internal control function f the Council was found to be weak. Poor cash and revenue management, poor payroll management and employee records, purchase and payment processes were not compiled with, and poor management and administration of leave records.	Nasinu Town Council has undergone a restructure in 2021, internal auditor position was created and is responsible for carrying our independent checks and provide reports to the SA's board. MLG finance manual has been adopted by council and work is carried out according to the set policy and procedures
		13. The Council did not provide solicitors confirmation at balance date. Consequently, I was unable to deteremine whether any disclosures to the financial statemnets in respectof contigent liabilities were necessary.	In-house legal team has been employed by council, also through a tender process external solicitors were appointed to assit with complicated and high court cases
Anomalies in Cash and Cash Equivalentents			
Invoices are issued for all Council transactions, money is only received at the cashier booth and receipted immediately			
Excel reports are maintained for all 3 markets, receipts are issued for all payments and reconciled at month end to ensure that all revenue is receipted and recorded in the winbiz system			
Revenue codes have been created in Winbiz to record revenue from all sectors within the council			
Bank reconcilations are performed on a monthly basis and any unreconciled balances are investigated			

Council no longer does door to door collections, alternative payment methods such as online banking, Mpaia and Mycash are used to facilitate customer payments, these are reconciled and receipted

Financial Reporting		
2015-2017	Audited and submitted for finalization	
2018-2019	Prepared, reviewed and given back for changes before its submitted to OAG for audits	
2020-2022	In progress to be completed by 31/12/2023	

Internal Controls & Assesment

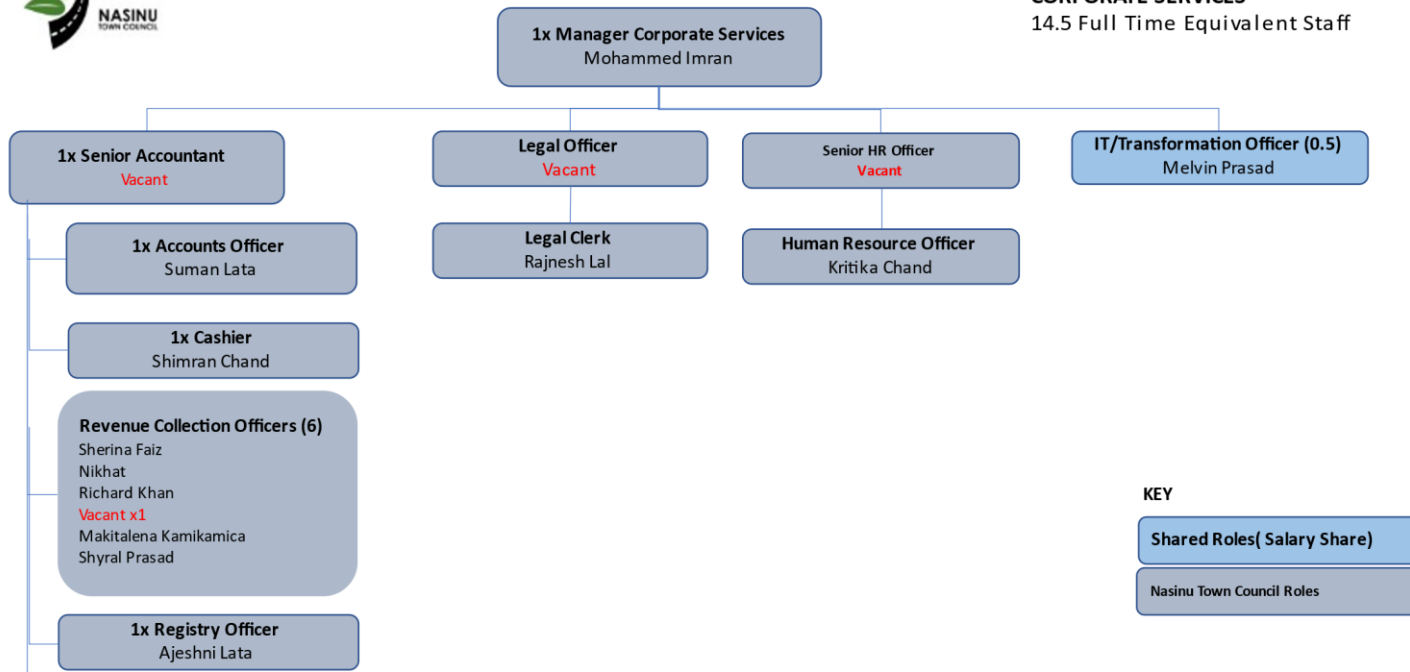
Nasinu Town Council has undergone a restructure in 2021, internal auditor position was created and is responsible for carrying our independent checks and provide reports to the SA's board. This position is currently vacant.

MLG finance manual has been adopted by council and work is carried out according to the set policy and procedures. SOP's for each activity is currently been designed under the guidance of SA Elizabeth, these will provide a detailed work flow process for each departmnet activity and further enhance the internal controls within the council.

Finance Section Staff		
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CORPORATE SERVICES
14.5 Full Time Equivalent Staff



KEY

- Shared Roles(Salary Share)
- Nasinu Town Council Roles

JDs and KPI have been designed for each position and council is currently working towards recruitment and filling all vacant roles.