



STANDING COMMITTEE ON PUBLIC ACCOUNTS

Consolidated Review Audit Report for Provincial Councils Volume 4 – 6 (2011 – 2018)



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1.0 - CHAIRPERSON'S FOREWORD

The review being conducted by the Committee follows the Report of the Auditor General of the Republic of Fiji on the financial statements for the 14 Provincial Councils from 31 December 2013 to the year ended at 31 December 2015. A total of forty-two (42) reports were audited from the collective Provincial Councils.

In view of the above, Standing Order 112 (1) (b) provides powers to the Standing Committee on Public Accounts to compel the production of documents or other materials or information as required for its proceedings and deliberations.

Standing Order 110(1)(c) authorises the Standing Committee to *scrutinise the government departments with responsibility within the committee's subject area, including by investigating, inquiring into, and making recommendations relating to any aspect of such a department's administration, legislation or proposed legislative program, budget, rationalisation, restructuring, functioning, organisation, structure, and policy formulation.*

Audit Report for Provincial Council Volume 4, 5 and 6 are the consolidated reports from 2011 to 2018 for which Modified audit opinions were issued on all the forty-two (42) financial statements with Disclaimer of Opinions. In the Auditor General's report, this was attributed to matters such as limitation of scope, non-compliance of disclosure requirements and the nature of transactions.

This disclaimer of opinion is becoming a "norm" to the provincial Councils, some municipal councils and even some of the Government agencies. It must be stopped and resolved now. We cannot allow such organisation and agencies to have such audited opinion, and it reflects negatively on the organisations and their leaders. When the Disclaimer of Opinion is given by the OAG to a Provincial Council (in this case all) it means that **Either** there are some elements of fraud and misuse of funds happening at the Provincial Councils **OR** the leaders and supervisors are incompetent to put through the necessary process, procedures, system and competent staff etc to ensure it does not happen again. Unfortunately, here, Disclaimer of opinion was there from Volume 1 of the OAG report on provincial councils which looked at Financial Statements from 2000 and we were advised by the OAG that the opinion exists in Volume 7 (Accounts to 2022) and possibly Volume 8 going forward to 2024.

My view is that those organisations with this level of opinion should undergo special investigation or audit to even include forensic audit, and its leaders made to account and/or changed. We can't allow this level of opinion to continue.

The Committee strongly encourages *iTaukei* Affairs Board and the Chairpersons of the fourteen provincial councils to continue to adhere to the Auditor General's recommendations in which they are advised to improve the timeliness and standard of their financial reports as well as record relevant notes to follow through with reports.


The Committee pleads that there be an ample sense of urgency and responsibility for the deficiencies that have been identified in the audit and to engage in necessary actions to rectify these matters. The clarifications provided to the Committee revealed that there are many Councils that have yet to implement

the Auditor-General's past recommendations.

The Committee imparts on the respective members of *iTaukei* Affairs Board and Provincial Councils the hopes that there will continue to be a fervent drive to provide consistent and reliable services that empower and elevate the lives of our beloved citizens residing in all areas of Fiji from the urban to the rural, informal and further into the interior and to far reaching maritime zones of our provincial homelands.

Overall, I thank the Chief Executive Officer of *iTaukei* Affairs Board for providing written responses to the audit issues that were raised in Sections 3 and 4 of the Report and to the Office of the Auditor General for providing an unprejudiced report on these issues.

I also wish to extend my appreciation to all the Honourable Members of the Committee who were part of the successful compilation of this bipartisan report namely Hon. Jovesa Vocea, Hon. Naisa Tuinaceva, Hon. Alvick Maharaj and Hon. Hem Chand and the Secretariat team.



Hon. Esrom Y. Immanuel
Chairperson

2.0 - COMMITTEE MEMBERS



Hon. Esrom Y. Immanuel
(Chairperson, Assistant Minister for Finance)



Hon. Jovesa Vocea

**(Deputy Chairperson, Assistant Minister for Rural and
Maritime Development and Disaster Management)**



Hon. Naisa Tuinaceva

**(Assistant Minister for Public Works,
Meteorological Services and Transport)**



Hon. Alvick Maharaj
(Opposition MP)



Hon. Hem Chand
(Opposition MP)

3.0 - INTRODUCTION

There are 14 Provinces in Fiji comprising of 190 districts and 1172 *iTaukei* villages. A Provincial Council is entitled with the duties of promoting the health, peace, order, welfare, and good governance of all *iTaukei* residing in that Province.

The Auditor-General has the mandate under *iTaukei* Affairs (Provincial Councils) Regulations 1996 to audit the Provincial Councils. Regulations 33(2) and 33(3) state requires that “the accounts of every Council shall be audited by the Auditor-General” and that financial statements of the 14 Provincial Councils are to be submitted to the Auditor General by 1 April each year.

The status audits of 213 of the 249 draft financial statements which was completed as at 31 July 2021, were progressively submitted to the Office of the Auditor General over the past six years. The results of these audits are reported in this Volume and in the earlier Volumes 1 to 5.

The audits for the financial year ended 31 July 2022, consisting of 56 financial statements, are scheduled to be carried out during the financial year from 1 August 2024 to 31 July 2025. The backlog audit work for all 14 Provincial Councils is expected to be completed by 31 July 2026.

The financial statements audit for the years 2016 to 2018 for the Provincial Councils will be undertaken during this financial year 1 August 2023 to 31 July 2024. This report contains:

- reviews and analysis of the audit findings,
- the quality and timeliness of financial reporting by Provincial Councils,
- the audit opinions issued on the financial statements,
- the key reasons for such opinions,
- internal control assessments,
- Other significant issues identified from the audits and high-level recommendations aimed at strengthening financial reporting, governance, and internal controls.

Types of Audit Opinions:

The Auditor-General offers an unaltered opinion in compliance with International Standards on Auditing when the financial statements are produced in line with the applicable financial reporting structure and legal requirements. This type of judgment implies that significant misstatements, either individually or collectively, were not discovered during the audit or would have an impact on an entity's financial statements.

- **Modified Opinions:** A qualified opinion is issued when we conclude that misstatements, separately or in aggregate, are material, but not pervasive, to the financial statements, or when we are unable to obtain sufficient appropriate audit evidence on which to base our assessment.
- An adverse opinion is issued when sufficient appropriate audit evidence is gathered and it is determined that misstatements, either individually or in aggregate, are both material and prevalent in the financial statements.
- A disclaimer of opinion is issued when sufficient appropriate audit evidence is unable to be obtained on which to base the opinion and is concluded that the possible effects on the financial

statements of undetected misstatements, if any, could be both material and pervasive.

A Disclaimer of Opinions (Audit opinion) had been issued to all the 42 financial statements audited which reflected negatively on i-Taukei Affairs Board and the Provincial Councils.

4.0 - BACKGROUND

The Provincial Councils must comply with the provision of the Audit Act 1969. The Auditor-General is mandated under *iTaukei* Affairs (Provincial Councils) Regulations 1996 to audit all Provincial Councils. Regulations 33 states that financial statements are to be submitted to the Auditor-General by 1st April of each year.

The following legislation (inclusive of subsidiary legislation) establishes the financial accountability frameworks and legislative time frames to complete financial statements audits for the Provincial Councils:

1. *iTaukei* Affairs Act 1944
2. *iTaukei* Affairs (Provincial Councils) Regulations 1996
3. Audit Act 1969.

The Management of Provincial Councils and *iTaukei* Affairs Board are responsible for the preparation and fair presentation of financial statements in accordance with applicable accounting standards, which is the International Financial Reporting for Small and Medium – sized Entities (IFRS for SMEs) for the financial statements reported and requirements of applicable laws and regulations.

The Annual financial statements are prepared by the Provincial Councils of Fiji. The issues discussed in these reports highlighted the need for immediate attention and prompt actions by *iTaukei* Affairs Board and the Provincial Councils to improve governance and financial accountability. The audits for all Provincial Councils are in backlog by 7 years. The delay in the audits is primarily due to the non-submission of draft financial statements to the Auditor-General for audit, by the legislated date of 1st of April annually.

Of the 249 draft financial statements received by the Auditor-General, the audits of 213 or 86% of financial statements for the 14 Provincial Councils have been completed for the financial years up to 31 December 2018 and has been reported in Volumes 1, 2, 3, 4, 5 and 6 respectively.

An early assessment made by the Office of the Auditor General established that the fourteen (14) Provincial Councils had ineffective internal controls. The Provincial Councils must strengthen controls over cash management, investments, loans and advances, journals, payroll, and purchases.

Other issues include:

- 1) Significant delays in submission of draft financial statements for audit
- 2) Non-compliance with the accounting standards,
- 3) Limitation of scope due to insufficient supporting documents,
- 4) Poor records management,
- 5) Poor asset management,
- 6) Lack of documentation for loans and advances to staff and public,
- 7) Policies & procedures not updated or non-existent,
- 8) Absence of confirmations of investments and shareholding agreements between Provincial Councils and their Provincial Companies,
- 9) Proposed Write-off of elements of Assets, Liabilities and Equities due to lack of documentation or reconciliation in support with Provincial Companies.
- 10) Write-off of investments and accounts receivable due to lack of documentation to support Existence.
- 11) Lack of proper and updated records relating to transactions with Provincial Companies.

12) Weaknesses found on supervision, control and management of Provincial Council by *iTaukei* Affairs Board particularly on;

- Internal Audit processes
- Accounting process
- System was changed over three times
- Poor coordination between provincial council and *iTaukei* affairs board to finalise their accounts, update them with the audit weaknesses and recommendations.

13) Staff of Provincial Councils need regular training, and, upskilling of Provincial Council accounting staff (Treasurer, Assistant Treasurer, Roko Tui and Assistant Roko Tui) so that they can carry out their financial management responsibility effectively.

5.0 COMMITTEE DELIBERATION AND FINDINGS

5.1 COMMITTEE PROCEDURES

The Committee commenced its review of the Audit report of the Provincial Council Vol 4 to Vol 6 from on 17 March 2025 with the agreed review process and a summary of this is as follows;

- i) ***Initial Analysis of the Audit report*** - The Members began with its initial reading of the Audit Report and discussed its contents. A variety of issues were then identified, prompting the Committee to seek clarification from the Ministry of *iTaukei* Affairs and *iTaukei* Trust board.
- ii) ***Seeking Clarification on pertinent issues and Review of evidence obtained*** - The Committee sought clarification on its concerns by writing to the Ministry of *iTaukei* Affairs and were also called for public submission on 25 March 2025. The Committee also undertook its own investigation and desktop research on these issues identified. The Committee then consulted with the Executives of the Ministry to listen to their explanations on the matters raised and to further address the performance of the Ministry. The Committee subsequently examined all the information it had gathered to formulate a comprehensive review of the Ministry's work and performance.
- iii) ***Public Consultation and site visit*** – the Committee undertook a Public Consultation and site visit to the 14 Provincial Council from 31 March to 16 April 2025.
- iv) ***Drafting of Committee Report*** - The final step of the review process was the compilation of all issues identified from the evidence received. Through its deliberations, the Committee formed its own independent view on all issues identified. The Committee then compiled and finalised this Report for tabling before Parliament.

5.2 SUMMARY OF FINDINGS

Committee Findings – Site Visit to the Provincial Councils

- 5.2.1 All 14 Provincial councils have disclaimer of opinion (the worst qualification) apart from delayed accounts from 1999 to 2018.
- 5.2.2 *iTaukei* Affairs Board together with the Provincial Council are proposing a reform which is currently being undertaken; however, the Committee reckons that it will not improve the status as bulk of the process and personnel are from within.
- 5.2.3 Delayed Financial Statements and subsequent Audited reports as well as poor quality of financial statements with disclaimer of opinions are due to missing of source documents, contracts, agreements, and other important documents. The fault is with iTAB who apart from being responsible were sent the source documents.
- 5.2.4 The Provincial Council commercial companies do not have a cordial relationship or disconnection with the Provincial Council's due to ownership issues and strict observance of independence under the Company's Act.
- 5.2.5 The Provincial Council and ITAB are not working closely with other government departments for the improvement or development in their respective provinces.
- 5.2.6 All except two Provincial Council commercial companies do not pay dividends to the Council as the shareholder, therefore defeating the purpose of their establishment. (appendix) (Provincial Council Commercial Company listing)
- 5.2.7 Most of the Provincial council do not have access to the Auditor-General's reports and are not aware of the findings and recommendations as the Audit and subsequent discussion and exit meeting are carried out at iTAB head office with little to no contribution from Provincial Council's.
- 5.2.8 Most or all the Provincial Councils have passive investments sitting in their Balance Sheet for years that needs proper investment management to improve the returns and values to the Provincial Council.
- 5.2.9 *iTaukei* Affairs Board now is trying to decentralize the operation and decision making to the Provincial councils, however, we reckon the Provincial Councils are not ready and will worsen the status further.
- 5.2.10 Provincial Councils are still collecting Soli ni Vanua when the government has stopped the collection of Soli ni Yasana (except Macuata PC) to supplement their income and pay part of the operations.
- 5.2.11 There is a task force at iTAB that is finalising the accounts of the Provincial Councils and expectation is they will try to complete all the accounts to 2022 by July 2025, which we doubt.
- 5.2.12 iTAB accounts are not updated, and they are currently only up to 2008, targeting to complete all accounts this year 2025 with the assistance of the Taskforce. iTAB should be leading the Provincial Councils however, their accounts are delayed more than the Provincial Councils.
- 5.2.13 All Provincial councils accounts have write-offs recommendations that will be undertaken by ITAB. However, all provincial councils are not aware of the amount and the accounts that will be written off and do not have proper documentation and justifications. The full details were suppose to be provided by ITAB but they did not provide the information that the Committee requested.

- 5.2.14 Education assistance from Soli ni Vanua is provided by the Provincial Council to those who cannot meet the TSLS or scholarship criteria, even though the government is providing scholarships and education assistance. This creates a burden to the villagers in contributing through Soli ni Vanua.
- 5.2.15 Some Provincial Councils have updated their 2019 to 2022 financial statements for Audit; however, some Provincial Councils are yet to finalise their 2016 to 2018 financial statements. iTAB reckon that they will try to complete all by July 2025.
- 5.2.16 The review report 2024 mentioned recommendation 3 that provincial council should be moved under the proposed Matanitu Taukei structure, and the functions and roles of provincial officers be redefined and adequately resourced as the implementation arm of the Taukei strategic Development Plan. How will that improve provincial councils' financial management status.
- 5.2.17 Absence of risk management policy or procedures, an issue that needs serious consideration due to the need for continuity and security of the Properties, Plant and Equipment plus the staff and systems and documentations.
- 5.2.18 That Provincial Councils including Ministry of *iTaukei* Affairs Board should be included in the High-risk Ministries due to the bad account status, the poor internal control and the potential high loss/write offs, for regular follow ups by the OAG.
- 5.2.19 Poor Internal Audit processes and practice carried out on Provincial Councils.
- 5.2.20 Urgent need of training of Provincial Accounting personnel/Treasurers on IFRS as well as the SAGE System in view of Provincial Councils finalising their own accounts for 2023, 2024 and onwards.
- 5.2.21 The need to address connectivity issues to the remote provincial councils such as Kadavu, Naitasiri, Bua, and Lomaiviti to address late updating of accounts and poor communication or liaison with iTAB HQ.
- 5.2.22 All Provincial Councils accounts from 2013 and beyond does not have Yasana Holdings Limited as their Investments even though the share registry depicts it and receive dividends from the company.
- 5.2.23 There were incidents of Fraud and misuse of funds and assets at the Provincial Council level as well as at iTAB and we are not surprised due to the weak financial management.

5.3 STATUS OF AUDITS

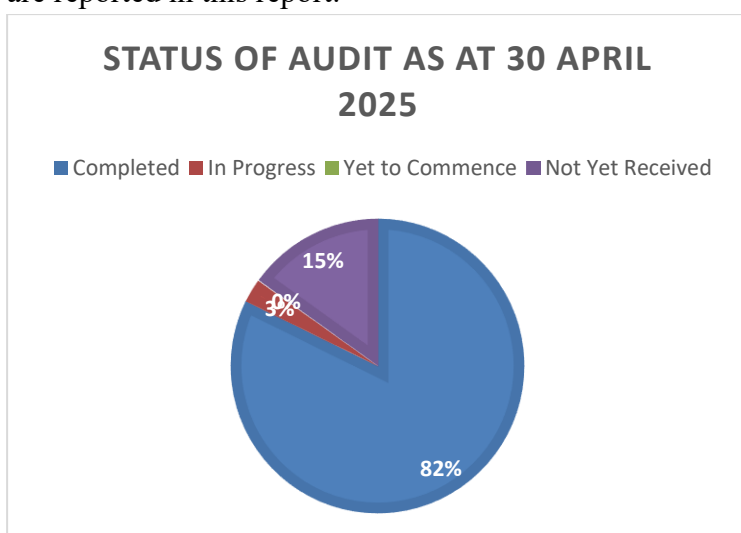
The OAG received 28 draft financial statements for the financial year 2019 -2022 being for 7 Provincial Councils as at 31 July 2024. However, these were recalled by the *iTaukei* Affairs Board at the commencement of the 2025 financial year. These were re-submitted progressively during the current financial year however, Macuata and Kadavu Provincial Council are yet to be resubmitted for audit as of to date.

Below is a summary of the Status of Provincial Councils Audit as at 30 April 2025.

Provincial Council	Draft Financial Statements Received	Audits Completed	Audits in Progress	Audits Yet to Commence	Draft Financial Statements not yet received for audit
Ba	2001 – 2022	2001 – 2018	2019-2022	-	2023
Bua	2003 - 2022	2003 – 2018	2019-2022	-	2023
Cakaudrove	2002 - 2018	2002 – 2018	-	-	2019 – 2023
Kadavu	2002 - 2018	2002 – 2018	-	-	2019-2023
Lau	2003 - 2022	2003 – 2022	-	-	2023
Lomaiviti	2006 - 2018	2006 – 2018	-	-	2019 – 2023
Macuata	2005 - 2018	2005 – 2018	-	-	2019 - 2023
Nadroga/Navosa	2002 - 2018	2002 – 2018	-	-	2019 – 2023
Naitasiri	2000 - 2018	2000 – 2018	-	-	2019 – 2023
Namosi	2001 - 2018	2001 – 2018	-	-	2019 – 2023
Ra	2000 - 2022	2000 – 2022	-	-	2023
Rewa	2002 - 2022	2002 – 2022	-	-	2023
Serua	2002 - 2022	2002 – 2022	-	-	2023
Tailevu	2002 - 2018	2002 – 2018	-	-	2019 – 2023
Total	259	251	8	-	46

Of the 259 draft financial statements submitted to the Auditor-General:

- Audits of 251 financial statements have been completed and audit results of 28 financial statements are reported in this report.



5.4 FINANCIAL REPORTING

The following two indicators were utilized in assessing the quality of the Councils' financial statements:

- Modified and unmodified audit opinions.
- Significant matters reported to management and those responsible for governance of the Councils (*iTaukei* Affairs Board)

The modified audit opinions issued on all 42 financial statements and the prevalence of the significant matters reported across the Provincial Councils indicated that the overall quality of financial reporting was ineffective and require substantial improvement.

Provincial Council	Year	Modified Opinion – Disclaimer of Opinion
Ba	2013 - 2015	✓
Bua	2013 - 2015	✓
Cakaudrove	2013 - 2018	✓
Kadavu	2013 - 2015	✓
Lau	2013 - 2018	✓
Lomaiviti	2013 - 2015	✓
Macuata	2013 - 2018	✓
Nadroga/Navosa	2013 - 2018	✓
Naitasiri	2013 - 2018	✓
Namosi	2013 - 2018	✓
Ra	2013 - 2018	✓
Rewa	2013 - 2018	✓
Serua	2013 - 2018	✓
Tailevu	2013 - 2018	✓

Key Reasons for Disclaimed Audit Opinions

Limitation of Scope – The audit was not provided with sufficient appropriate supporting documents to substantiate the balances reported in the financial statements. The limitations were pervasive and material to understanding the financial information disclosed in the financial statements.

Non-Compliance with Accounting Standards - The Provincial Councils have not complied with the disclosure requirements of the financial reporting framework used in preparing their financial statements under IFRS for SMEs. Some Councils reported Prior Year Adjustments that do not align with Section 10 (Accounting Policies, Estimates, and Errors) of IFRS for SMEs. Additionally, grants for allowances related to Turaga Ni Koro and Matana Ni Tikina were not recorded as income when realized.

Significant Breakdowns in Internal Controls - Nature of transactions inherent in the collection of provincial rates, it was not practicable to include audit procedures to extend beyond the amounts recorded in the official receipts issued by the Councils for provincial rates. The audit was unable to determine whether income from provincial rates/soli vakavanua were fairly stated in the financial statements.

Provincial Council	Year	Limitation of Scope	Non-Compliance with Accounting Standards	Significant Breakdown in internal controls
Ba	2013 - 2015	✓	✓	✓
Bua	2013 - 2015	✓	✓	✓
Cakaudrove	2013 - 2018	✓	✓	✓
Kadavu	2013 - 2015	✓	✓	✓
Lau	2013 - 2018	✓	✓	✓
Lomaiviti	2013 - 2015	✓	✓	✓
Macuata	2013 - 2018	✓	✓	✓
Nadroga/Navosa	2013 - 2018	✓	✓	✓
Naitasiri	2013 - 2018	✓	✓	✓
Namosi	2013 - 2018	✓	✓	✓
Ra	2013 - 2018	✓	✓	✓
Rewa	2013 - 2018	✓	✓	✓
Serua	2013 - 2018	✓	✓	✓
Tailevu	2013 - 2018	✓	✓	✓

Significant Matters Reported

The significant issues that were identified from the audit were rated from medium to high risks and were communicated to the i-Taukei Affairs Board. Issues pertaining to control and compliance weaknesses will require immediate attention of i-Taukei Affairs Board and Provincial Councils for their resolutions. The Audits had reported to the Provincial Councils through i-Taukei Affairs Board 272 significant matters on the audit of the 42 financial statements for the fourteen Provincial Councils.

Provincial Council	Year	No. of Significant Matters Reported
Ba	2013 - 2015	19
Bua	2013 - 2015	29
Cakaudrove	2013 - 2018	17
Kadavu	2013 - 2015	27
Lau	2013 - 2018	13
Lomaiviti	2013 - 2015	34
Macuata	2013 - 2018	15
Nadroga/Navosa	2013 - 2018	16
Naitasiri	2013 - 2018	16
Namosi	2013 - 2018	19
Ra	2013 - 2018	16
Rewa	2013 - 2018	17
Serua	2013 - 2018	21
Tailevu	2013 - 2018	13
Total		272

Timeliness of financial reporting

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

All fourteen Provincial Councils did not comply with the statutory requirements to submit to the Auditor-General financial statements for audit by 1 April each year. The submissions of financial statements to the Auditor-General were 7, 8 and 9 years behind the statutory deadlines for financial years 2013, 2014 and 2015, respectively. The timeliness of financial reporting was ineffective due to the length of time it took i-Taukei Affairs Board and the Provincial Councils to prepare the financial statements and submit them to the Auditor-General for audit.

Common findings:

Internal control deficiencies identified were communicated to i-Taukei Affairs Board through OAG Management Letters. Common internal control weaknesses relate to the following fundamental areas:

- Cash management
- Journals and reconciliation
- Receipting controls for provincial rates
- Purchases and payments.
- Payroll

The Audit also noted the following from the Vol 6 of the Provincial council Audit reports that there has been some improvement in the following area -

Financial Reporting Improvement – The Board is facilitating the relevant training to the Council Treasurers.

Finance and Audit Committees – has been established.

Investments Records – Improvements are noted as the Board is making effort to confirm balances with Provincial Holding Companies and at the same time updating the Council's records.

6.0 COMMITTEE RECOMMENDATION

The Committee in addition to the Office of the Auditor General's recommendations on the 14 Provincial Councils (PCs) further recommends that:

- 1. Due to the weaknesses found in terms of timeliness and quality (Disclaimer of Opinion for several years) in relation to Provincial Councils and at ITAB and the delay of their accounts (2008 for iTAB) the Committee recommends;**
 - 1.1 The government (with budget allocation) engage external accounting firm to work on and complete ITAB's accounts from 2009 to 2024 if they are not completed by 2025.
 - 1.2 A Special and Performance Audit to be carried out on ITAB for the same years 2008-2024 **in accordance with section 12 (1) and 13 (1), Audit Act, 2025.**
 - 1.3 The Special Audit referred above in 1.2 should include the sale transactions of Yasana Holdings Limited, an investment company for all the provinces including Rotuma,
- 2. With the expected further delays in finalisation of Provincial Council Accounts and if they cannot meet the proposed deadline, we recommend that another task force be setup or utilise external accounting firms, so all the accounts are updated and finalised by the next financial year 31st July 2026.**
- 3. The *iTaukei* Affairs Board and the Provincial Councils should urgently address all the issues that gave rise to the audit qualifications, internal control deficiencies and other significant issues discussed and identified and should be finalised by the next financial year 31st July 2026.**
- 4. iTAB should lead the process to Rejuvenate the Provincial Council's Business arm or companies through Strong Corporate Governance, Memorandum of Agreements (MOAs), Shareholding Agreements, as well as maintaining an accurate and current Share Registry that provides records/information for the investments of Provincial Councils with their respective Commercial companies. Rejuvenation should include financial and investment advisory and should be completed by the next financial year 31st July 2026.**
- 5. All Provincial Councils to engage a recognised Investment Adviser or stockbroker through an arrangement with the aim of improving and sustaining Investment yields, to ensure growth in the investment values of those Councils.**
- 6. The Provincial Councils should enforce and carry out audits on all their Provincial Companies on those that are not audited and those that have not provided accounts pursuant to statutory time frame.**

7.0 PROVINCIAL COUNCILS

Audit Opinion - The audits of the forty (42) Provincial Councils financial statements from the year 2013 - 2018 were all issued with Disclaimer of Opinions. The Final Management Letters for the fourteen Provincial Councils were sent to the Chief Executive Officer of *iTaukei* Affairs Board. The management of *iTaukei* Affairs Board is responsible for the accuracy, fairness, and balance of the comments for the Provincial Councils. All the inconsistencies in the financial statements are a result of the non-submission of financial documents to validate their Balance sheets.

Responses from *iTaukei* Affairs Board

Cash Management: The bank reconciliations were prepared from new financial management system SAGE ERP 300 from the financial year 2018/2019. The system is designed in such a way that bank reconciliations should be prepared on a monthly basis compared to what was being prepared under the manual system. The reconciliations are now current.

Journals & Reconciliations: Records and reconciliation are available from financial year 2018 to current.

Purchases & Payments: As part of the corrective actions introduced, Finance Manual and Standards Operating Procedures have been developed, and compliance is strictly monitored by Supervisors and by the Internal Audit Function.

Quality Assurance Check - is conducted in-house on financial returns received from Provincial Councils on a bimonthly basis. This is to ensure that anomalies are identified and addressed in a timely manner.

Roko Tui now no longer approve their own expenditure.

Payroll - Records and reconciliation are available from financial year 2018 to current.

Submission of financial statements for audit - All pending submission will be cleared in Quarter 2 of FY 2023/2024. TAB Board has been updated accordingly during the August 2023 sitting.

Compliance with the accounting standards - Improvements have been made in the 2016/2017 and subsequent years of financial statements currently being drafted.

Limitation of scope - Cut off period set for unsubstantiated brought forward balances. More records available from Financial Year 2018/2019.

Records management - Records management has been improved and auditors will notice a vast improvement from 2016 onwards.

Loans and advances to staff and public - The Provincial Councils have ceased loans to staff and public. The 2015 Finance Manual has clear provision on staff advances including a surcharge of 10% for late retirements. List of all staff imprest issued, and retirements is reported during the monthly

Senior Management Board meeting. Imprest refers to a type of cash account maintained by a company used to pay for small incidental or routine expenses.

Internal control has been strengthened such as all advances issued to Roko Tui requires Head Office assessment and approval. Strict measures now put in place for advances to staff. Retirement must be made within 7 days of return to station. No new advances issued to officers with outstanding imprest.

Policies & Procedures - ITAB and PCs now have a four-year Strategic Development Plan (SDP) and an Annual Operations Plan (AOP) and Business Plans. The Monitoring and Evaluation Unit has been established to monitor achievements of SDP and AOP targets on a monthly basis, quarterly and annual basis. Disaster recovery plan has been developed.

Confirmations for Investment with Provincial Companies – The management of i-Taukei Affairs Board is building good relationship with the Provincial Holding Companies in order to obtain information and from financial year 2018 onwards, Provincial Councils have no problem with Holding companies in terms of working relationship.

BA Provincial Council

Audit Finding -In 2013, the Council disposed of its Ba Holdings Limited investment worth \$1,987,644 without proper documentation or evidence of authorization. Additionally, there was no record of cash inflow from the disposal. This raises concerns about non-compliance with proper procedures and poses a high risk that approval was not obtained. The disposal had a significant impact on the Council's net assets.

Disposal of Investments not supported - The funds were collected during the Adi Salusalu Festival. The Directors of B Holdings Limited have divested these shares to the Tikina and villages within the Ba Province.

Qualification issues - there were no sufficient and appropriate documentation to ascertain the financial transactions incurred to determine the correct financial statements of the Ba Provincial Council. Annual leave for staff was not properly documented. The Council has not disclosed any related party transactions in the Notes to the Financial Statements in accordance with the requirements of Section 33 of the International Financial Reporting Standards for Small and Medium-sized Entities. In addition, the Council has not disclosed information on the Key Management Personnel. Consequently, the related party information is not completely disclosed in the financial statements.

Committee Findings

- Audit is lacking behind compared to other provincial council, whereby some are up to 2022, and BA Provincial is only up to 2018.
- The balances have been reconciled, and BOS has been approved for writing for assets that are obsolete and longer useful to the council.
- Ba Provincial Council investment maintains a share registry that records the details of shareholders, including the number of shares owned, shareholder names, addresses, and contact Details. This registry is updated whenever there are changes, such as new share issuances, transfers, or buybacks.
- PC Operation that is not funded by the Government. This is inclusive of Council paid staff – Ba Tavua clerk, Cleaner, Youth Coordinator, and PC Diver. Purchase of PV Vehicle, GCC expenses, Vanua expenses.

Bua Provincial Council

Audit Finding - The Council recorded a \$330,913 receivable from BB Provincial Holdings Limited for 2013, 2014, and 2015, which has remained unchanged. This amount relates to an advance given by the Council, but there is no documentary evidence to support its accuracy, raising concerns about recoverability and approval processes for the related party transaction. A loan repayment plan was signed, with BB Provincial Holdings Limited Directors agreeing to repay \$50,000 per year.

Qualification issues - there were no sufficient and appropriate documentation to ascertain the financial transactions incurred to determine the correct financial statements of the Bua Provincial Council. Annual leave for staff was not properly documented. The Council has not disclosed any related party transactions in the Notes to the Financial Statements in accordance with the requirements of Section 33 of the International Financial Reporting Standards for Small and Medium-sized Entities. In addition, the Council has not disclosed information on the Key Management Personnel. Consequently, the related party information is not completely disclosed in the financial statements.

Committee Findings

- The unsubstantiated financial balances identified between 2011 – 2018 have been written off. Currently the finance taskforce (TAB Project Team) is in the process of preparing a comprehensive paper for submission to the i-Taukei Affairs Board. This paper will seek formal approval for the write-off of the unsubstantiated balances.
- A formal agreement has been executed between Bua Provincial Council Holdings and the Bua Provincial Council regarding the repayment of an outstanding debt totalling \$333,213. However, despite the establishment of this agreement, the Bua Provincial Council had only received a partial repayment of \$55,000 as of May 29, 2024.
- Currently, the Bua Provincial Council is no longer receiving provincial rates for financial year 2024/2025. Hence, receiving subvention grants for the operation of the Council.
- The Council has a collection strategy known as the ‘Soli Vakavanua’ in which the council has planned to execute in June 2025. Thus, to ensure the integrity and proper management of financial documentation and internal control mechanism.
- The investment register is reviewed and updated each year after investment confirmations are received at the close of the financial year.
- The Provincial Council receives dividends from Investment Companies and there are directly deposited into the nominated PC Bank Accounts.

Cakaudrove Provincial Council

Audit Finding - The Council recorded \$2.0m as receivables from C Provincial Holdings Limited for 2013, 2014, and 2015, but the balance remained unchanged. The audit found that a share certificate confirms this amount was incorrectly recorded as a receivable instead of an investment.

Amount owed by Cakaudrove Provincial Holdings Company Limited – Cakaudrove Provincial Council

The Council will look into correct classification of the receivables to investment as the share certificate showed that the \$2,000,000 relates to the investment.

Qualification issues - there were no sufficient and appropriate documentation to ascertain the financial transactions incurred to determine the correct financial statements of the Bua Provincial Council. Annual leave for staff was not properly documented. The Council has not disclosed any related party transactions in the Notes to the Financial Statements in accordance with the requirements of Section 33 of the International Financial Reporting Standards for Small and Medium-sized Entities. In addition, the Council has not disclosed information on the Key Management Personnel. Consequently, the related party information is not completely disclosed in the financial statements.

Committee Findings

- The amount of \$2,000,000 is the council investments to Cakaudrove Provincial Holdings Company Pte Limited as our capital contribution.
- Also noted is that the Council is the major shareholder of the company and has not received any dividends.
- The Council could not locate receipts because it was all destroyed by fire in 2017 and currently the receipts are done through sage system, and a soft copy of the receipts is kept by Provincial Treasurers.
- SAGE financial system has been adopted by the Provincial Councils; whereby daily transactions are posted. The system will generate reports to support decision making for the council's chief accounting officer which is the Roko Tui.
- The council has updated the financial statement for the financial years 2019-2022 which is currently in the draft stage and under review.
- The SOP standards in the council has been developed and currently in use by the finance unit.
- The Council keeps track of its investments through the investment register while all the dividend and interest are reflected in the register while currently exploring with stockbroker to keep track of its investments.
- Cakaudrove Provincial Council received dividend from Fijian Holdings Ltd & Fijian Holdings Unit Trust. The Council recently open account with UTOF in October 2024 for PC Scholarship fund and its dividend are re-invested.

Lau Provincial Council

Audit Finding - The Council disclosed \$108,892 in advances to L Shipping in prior years, intended to assist X Trader with vessel repairs. However, the balance remained unchanged for 2013, 2014, and 2015, and recovery was contingent on X Trader's full operation, which did not occur. The audit found no supporting documents for approval, with the Council stating the advance was internally arranged by the then Chairperson of Y L Company and the Roko Tui Lau.

Lack of guidance in writing off investments

In the 2017 financial year, the Council wrote off a \$200,000 investment in Lau Shipping Company Ltd due to the company's winding up. However, the iTAB and Provincial Council Finance Manual do not offer specific guidelines for the write-off process. Without supporting documentation, the audit could not confirm whether the correct procedures were followed in writing off the investment.

The iTAB response in regard to the write off of the Investment was that the Lau Shipping had wound up and it makes no business sense to still record this under Investments, hence the write off.

Qualification issues - a disclaimer of opinion was issued on the financial statements from 2013 to 2018. There were no sufficient and appropriate documentation to ascertain the financial transactions incurred to determine the correct financial statements of the Lau Provincial Council. Annual leave for staff was not properly documented.

Committee Findings

- High turnover of staff which causes a delay in the preparation of the financial statements.
- The Council identified that the delay in submission of financial accounts was also due to the un-reconciliation of cash balance between the Council and the iTAB due to capacity issue and Technology.
- iTAB is not liaising efficiently with the Provincial Council office during audit process.
- Documents are submitted to iTAB but are missing.
- Nonpayment of dividends from the Fijian Holding invested by government, which are held up with iTAB.
- General Improvements to the Treasury's functions have been ongoing. Treasury was relocated to Suva in 2014 to improve on communication, reporting and documentation.

Macuata Provincial Council

Audit Finding - The audit lacked supporting documents for building additions of \$1,152,038 (2017) and \$93,260 (2018), reportedly for Macuata House renovations. Repairs and Maintenance to Macuata House not completely supported - The audit found missing supporting documents for Macuata House repairs, with \$241,618 (2017) and \$134,435 (2018) recorded in the Maintenance and Salaries account. Expenditures were posted via journal vouchers, often supported only by GL listings, which were deemed insufficient.

Absence of supporting documents for additions to building

The audit lacked the necessary documentation to verify building additions amounting to \$1,152,038 and \$93,260 for the financial years ended 2017 and 2018, respectively. However, discussions with iTAB clarified that these additions were allocated for renovations of Macuata House, for which a contractor had been engaged.

In the absence of appropriate and sufficient documentation, the audit was unable to verify the accuracy and completeness of the account as reported in the financial statements, nor could it confirm whether proper procurement procedures had been followed.

Qualification issues - a disclaimer of opinion was issued on the financial statements from 2013 to 2018. There were no sufficient and appropriate documentation to ascertain the financial transactions incurred to determine the correct financial statements of the Macuata Provincial Council. Annual leave for staff was not properly documented, Lack of accurate recording of assets and its value, Insufficient evidence on loan documentation from FDB and Lack of proper documentation of Tenancy agreements for Macuata House.

Committee Findings

- The current management has established a Taskforce to prioritize updating the backlog and this has been completed by the team and draft FS has been submitted to OAG.
- Bainivualiku Investment Pte Ltd, the investment company, continues to operate under the management of the Macuata Provincial Council. The Council remains the company's major shareholder and provides an annual funding injection of \$70,000 into MPC.
- Currently the PC Company have no investment. However, the Macuata Provincial Council Investment Register is updated at the end of each financial year after obtaining Investment confirmations.
- Since the fiscal year 2023/2024, the Macuata Provincial Council has ceased collecting rates from the public as its operations are now funded through Government Subvention.
- In 2019, the Provincial Councils adopted the SAGE ERP financial system, an integrated platform for posting daily transactions and generating real-time reports to support decision-making.
- If the Macuata Provincial Council resumes rate collection in the future, the SAGE ERP financial system will be utilized for record keeping.

Natasiri Provincial Council

Audit Finding - *Lack of supporting documents for the Council's investment* - Council's FS for 2017 and 2018 reported investments of \$104,052 and \$156,983 in a listed public company, but the audit was not provided with approval documents. The Council stated that approval was given by the Senior Executive of iTAB after the Staff and Finance Committee's recommendation, but meeting records were not available for verification.

Qualification issues - a disclaimer of opinion was issued on the financial statements from 2013 to 2018. There were no sufficient and appropriate documentation to ascertain the financial transactions incurred to determine the correct financial statements of the Naitasiri Provincial Council. Annual leave for staff was not properly documented. Lack of properly recording of assets and its value.

Committee Findings

- 2011 to 2018 - The unsubstantiated balances have been written off. Currently, a paper is being prepared by the Finance Task Force for the iTaukei Affairs Board's (iTAB's) approval on this unsubstantiated balance to be written off.
- 2019-2022 - Reconciliation has been completed by the Task Force team for liability accounts and draft financial statement has been prepared and currently under review.
- 2023-2024 - Reconciliation is not done by provincial council finance officers and will await closing balance amount from HQ for financial year 2022 before commencing.
- The Council highlighted the missing records and insufficient documentation are major obstacles to settling the loans. The options being explored include debt-equity conversion, partial settlement, and upfront recovery through direct salary deductions for current staff.
- Audit visits ensure that the current documentation is properly maintained, while immediate supervisors at the Provincial Council offices, along with the Senior Assistant Roko Tui, conduct checks on receipts and daily transactions to ensure compliance. Banking is carried out at the most convenient and cost-effective time, and rates reports are filed both with the registry and digitally.
- The investment register is updated at the end of each financial year, after obtaining investment confirmations. The provincial council received dividends from investment companies, and these are directly deposited to the provincial council dividend bank account.
- The main issue faced is poor internet connection as the office is located on top of a hill, and the connection is routed through the PA's office. If their Govnet connection goes down, the Council lose access to the SAGE system.

Namosi Provincial Council

Audit Finding - The Council recorded a \$774,310 loan to N D Company – TAB/SBAU for 2013–2015, which has remained unchanged from prior years. However, there is no documentary evidence to support its recoverability or approval process. The Council acknowledged this as a long-standing issue with Namosi Provincial Council and stated that discussions on recovery are ongoing, with positive indications of repayment.

Qualification issues - a disclaimer of opinion was issued on the financial statements from 2013 to 2015. There were no sufficient and appropriate documentation to ascertain the financial transactions incurred to determine the correct financial statements of the Namosi Provincial Council. Annual leave for staff was not properly documented. Lack of properly recording of assets and its value.

Committee Findings

- The Council is in the process of reconciling its current account, a task initiated two years ago. Daily reconciliations are now being conducted using a new format provided by the iTaukei Affairs Board, aimed at addressing discrepancies highlighted in previous audit reports.
- The preparation of the accounts and the reconciliation, 2018 has been done but from 2019-2022 is still in the process of being prepared so it is still not yet submitted to the Auditor-General's office.
- The accounting manual for provincial councils requires them to prepare monthly and bi-monthly cash books, complete remittances, and submit these to the iTaukei Affairs Board. Previously, remittances were conducted on a bi-monthly basis; however, with the new system now in place, remittances are processed monthly.
- The Vunivalu na Tui Namosi and his sons have met with the team and committed to handing over the company. The handover will enable the team to carry out a restructuring, including allocating funds to allow the provincial councils to acquire shares in the company. With their willingness, that is where approval was given to us to do the restructure of the Namosi Development Company.
- To address issues of inadequate or incomplete financial documentation and reporting, the Council has strengthened its record-keeping system by implementing and standardizing a framework for financial documentation. All relevant financial documents are now properly filed, and new digital record-keeping systems have been adopted to improve accessibility and accuracy.
- A review of the internal control systems was conducted, and several measures were put in place, including a more robust internal audit function, stronger supervisory control and the risk management framework to address potential vulnerabilities.
- The issue concerns inadequate documentation and monitoring of investments and assets. As an action taken, the Council has conducted a comprehensive review of its investment portfolio to ensure that all investments are accurately recorded, and that proper investment and management practices are followed. This includes maintaining a regularly updated assets register and conducting an annual assets verification process.

Nadroga/Navosa Provincial Council

Audit Findings – The Council was unable to provide appropriate and sufficient accounting records and information to support the balances reported in the Statement of Cash Flows. Records management for the Provincial Councils were poor resulting in missing financial and related records to support components of the balance reflected in the financial statements.

Qualification issues - a disclaimer of opinion was issued on the financial statements from 2013 to 2018. There were no sufficient and appropriate documentation to ascertain the financial transactions incurred to determine the correct financial statements of the Nadroga/Navosa Provincial Council. Annual leave for staff was not properly documented. No proper recording of investment and confirmation of investment valuation.

Committee Findings

- The Provincial Council receives dividends from Investments Companies, and these are directly deposited into the PC Trust Account & the PC Main Operation Account.
- The Provincial Council maintains an Investment Register which is updated from statement received and is currently exploring to engage with stockbroker to look after the Investment of the Council.
- 2011 – 2018 unsubstantiated balances have been written off and papers are being prepared by the Finance Taskforce for TAB Board's approval.
- 2019 – 2022 Reconciliation has been completed by the Taskforce team for liability accounts and draft financial statements has been prepared and is currently under review.
- The Council is collaborating with the management of Nadroga Corporation Limited. Additionally, the Nadroga/Navosa Provincial Council, through a resolution passed during their provincial council meeting, endorsed an annual contribution of at least \$30,000. This endorsement was made for the 2022–2023 period. Unfortunately, on 2023-2024, they changed the resolution to redirect the funds to the scholarship team.
- The Provincial Council does not have any debt with the Company.

Ra Provincial Council

Audit Finding - Documentation for approval for additional TAB loan not provided- Council's FS for 2017 showed an increase of \$56,175 in the TAB loan, but the audit was not provided with sufficient supporting documents to verify the increase. While Small Business Advisory Unit Loan Statements were provided, they did not confirm the approval or intended use of the additional loan.

Qualification issues - a disclaimer of opinion was issued on the financial statements from 2013 to 2018. There were no sufficient and appropriate documentation to ascertain the financial transactions incurred to determine the correct financial statements of the Ra Provincial Council. Annual leave for staff was not properly documented. Lack of accurate recording of assets and its value.

Committee Findings

- The current management (Project team HQ) has established a taskforce to prioritize updating the backlog which is set to clear within FY 2024/2025.
- The Provincial Council does not have any ownership in Ra Provincial Holdings, as the ownership is based on community shares from the 20 districts within the province of Ra. The company was previously known as Ra Provincial Council and has since been renamed Uluda Holdings. Additionally, there are no unit shares in the provincial shareholding company.
- The Council rates report is prepared every month end on amounts collected and balance to be collected. With an investment register that is updated and reported as when investment statements are received.
- The Council is currently working on expanding the compliance policy manuals and updating the operational procedures. Meetings have already been held with the Roko Tui and the Provincial Audit Treasurers to discuss changes to some of the policies and manuals, as well as the operational procedures that will guide provincial officials from the next financial year onward.
- The Council sends the original copies to headquarters while retaining copies for their own records. In Ra's case, during the last audit, some of their documents were lost at the head office. As a result, they were asked to provide replacement copies for all the documents that were lost. We keep the source documents with us, send them to the audit department when needed, and after the audit is completed, they must retrieve them and return them to our office.
- Dividends from investment companies:
 - 1) FHL - \$6,168.10 twice a year
 - 2) ATH – \$1,296.25 once a year
 - 3) FDB Term deposit – \$3,510.00 once a year
 - 4) Unit Trust of Fiji– Dividend re-invested.
 - 5) Fijian Holding Unit Trust – Dividend re-invested.

Rewa Provincial Council

Audit Finding - *Adjustment to Special Funds of \$80,000 not supported* - audit found that the Council made an \$80,000 adjustment to the Special Funds in the 2017 financial year but failed to provide appropriate documentation or accounting records to support the adjustment. The Council explained the correction was made for prior year's posting errors, but no supporting evidence was provided to verify the adjustment.

Qualification issues - a disclaimer of opinion was issued on the financial statements from 2013 to 2018. There were no sufficient and appropriate documentation to ascertain the financial transactions incurred to determine the correct financial statements of the Rewa Provincial Council. Annual leave for staff was not properly documented. Lack of accurate recording of assets and its value.

Committee Findings

- Bank Reconciliation is up to date from 2011 to February of 2025 with Substantiated balances of assets, liabilities, revenue and expenditure have been reconciled.
- The Provincial Council is the major shareholder of Rewa Provincial Holdings, owning 32% of the shares, while the remaining 68% are owned by respective villages, Tikinas, and individuals within the province. The Council receives a dividend of \$36,036 (7 cents per share) from the Provincial Company to support its operational capacities.
- Inadequate or incomplete financial documentation and records. The Council has enhanced its record-keeping by introducing a standardized framework for financial documentation. This improvement ensures proper filing of all financial records and incorporates new digital systems to boost both accessibility and accuracy.
- Weak internal control systems and ineffective monitoring. An evaluation of internal control systems was carried out, resulting in the implementation of key improvements such as a strengthened internal audit function, enhanced supervisory controls, and the establishment of a risk management framework to mitigate potential vulnerabilities.
- Inadequate documentation and monitoring of investments and assets. The Council has conducted a **comprehensive review of its investment portfolio**, ensuring that all investments are accurately recorded and that proper **investment management practices** are being followed. This includes regularly updated asset registers and annual asset verification processes.
- Commencing from 2019, SAGE ERP financial system has been adopted by the Provincial Councils. It is an integrated system whereby daily transactions are posted, and real time reports generated to support decision making.

Serua Provincial Council

Audit Finding - Absence of supporting documents for approval for write-off – In 2015, the Council recorded a \$402,217 receivable from Serua Provincial Investment Co-operative Ltd, originating from a loan via the Small Business Advisory Unit. In 2017, \$121,340 was written off, reportedly used for Council operations instead of being disbursed. Absence of supporting documents for approval for write-off of investment - In the 2017 FY, the Council disposed of \$725,289 of Available for Sale Financial Assets from its investment in Serua Provincial Investment Co-operative Ltd. Although the journal voucher was signed by a Senior Executive of iTAB, no sufficient documentation was provided to verify proper approval. Due to the lack of guidance in the iTAB and Provincial Councils Manual, the audit could not confirm whether the write-off process was properly followed.

Response from iTAB - Absence of supporting documents for approval for write-off – Serua Provincial Council - The matter was discussed during Exit meeting. The initial entry in GL could not be substantiated as these are brought forward balances and was raised in the previous audit report. In addressing the audit issues, the matter was raised with the Serua Investment Cooperative Ltd and Serua Provincial Council during a joint meeting whereby it was resolved that the loan from SBAU initially intended for Serua Investment Corporation Ltd to acquire a farmland was purely used by the Serua PC on labor costs and purchase of dalo tops and working capital. Farmland was not purchased by Serua investment Corporation Ltd. Hence the adjustments.

Qualification issues - a disclaimer of opinion was issued on the financial statements from 2013 to 2018. There were no sufficient and appropriate documentation to ascertain the financial transactions incurred to determine the correct financial statements of the Serua Provincial Council. Annual leave for staff was not properly documented, Lack of accurate recording of assets and its value and accounting standards were not followed.

Committee Findings

- There is no record in the company at the moment. The Council is requesting to sit down with the company and make a formal submission to the auditor that is auditing, so that they can provide the Council with shares from the initial opening of that company.
- A significant issue for Serua Provincial Council, the available fund was \$825,289 invested with Serua Provincial Investment Cooperative Limited as of 31st December 2015. In 2017, there was a massive adjustment that iTAB did, and this adjustment amounted to \$725,289. That reduced the initial investment of \$825,000 to \$100,000. This \$100,000 can be confirmed with the Department of Cooperatives.
- The Council does daily posting for SAGE and reconciliation too is updated.
- Once the Council receive the rates, they issue receipts at the same time, and the Treasurer or accountant update the sheets, and the manual Excel. After that, daily banking or lodgement will be done before close of business.

Tailevu Provincial Council

Audit Findings – The receivables amount to \$142,000, and payables stand at \$132,000. It remains unclear whether the write-offs are related to these amounts, or if they pertain to assets available for sale, national assets, or investments such as the \$41,000 in Tailevu Holding Dairy Cooperative or the \$731,000 in Tailevu Holdings Limited. There is a liability account with a balance of \$146,000 that cannot be substantiated.

The total available for sale of financial assets for Tailevu Provincial Council for 2018 was \$935,735, however, the portion for Tailevu Holdings Limited is \$731,986 included. That is most of the investment that is under Tailevu Provincial Council is with Tailevu Holdings Limited.

Qualification issues - a disclaimer of opinion was issued on the financial statements from 2013 to 2018. There were no sufficient and appropriate documentation to ascertain the financial transactions incurred to determine the correct financial statements of the Tailevu Provincial Council. Annual leaves for staffs were not properly documented, Lack of accurate recording of assets and its value and accounting standards were not followed.

Committee Findings

- Awareness and In-house training conducted for Treasurers on internal controls training on financial statement preparations conducted by OAG.
- The council receipting provincial rate in SAGE system and generate reports commencing from 2019, and SAGE ERP financial system has been adopted by the provincial councils. It is an integrated system whereby daily transactions are posted, and real time reports generated to support decision making.
- The Council has had several meetings with the Director of Provincial Companies on outstanding loans and advances. Missing records and insufficient documentations are key hindrance to settling the loans.
- TAB is currently building its expertise pool through recruitment of qualified personnel and provision of relevant capacity building trainings. This includes training on IFRS for SME which is organised for the Provincial Treasurers and Assistant PTs.
- The Council has written off some of the balances, and the remaining amounts have been reconciled. The Council is the major shareholder of the company and has been receiving dividends since 2022.
- The Tailevu Provincial Company has only two shareholders which is the Tailevu Provincial Council and Tailevu Dairy Farmers Cooperative Association. The Tailevu Provincial Council have not received dividend as all the dividends are held by HQ now, they are keeping all the dividends. The Council has not received any dividend after COVID-19.
- The Councils still collect *solu vakavanua* rates and government subvention. These are the two major income for the provincial council. Half of the funds are directed toward scholarships, while the other half is used to support operational expenses — including payments for the relieving driver, loan repayments for two vehicles, and other costs not covered by government funding — through the *solu ni vanua* contributions.

CONCLUSION

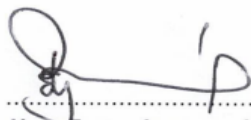
The Public Accounts Committees notes the audit findings specifically in relation to the quality and timeliness of financial reporting by the Provincial Councils, the audit opinions issued on the financial statements and the key reasons for such opinions, the internal control assessments, other significant issues that were identified from the audits and the high-level recommendations.

The Committee also emphasizes the timely preparation of quality draft annual financial statements. This is one of the key issues which needs to be addressed by those charged with governance of the Provincial Councils. The involvement of i-Taukei Affairs Board to improve accountability in Provincial Councils is encouraged. It has been noted that it becomes a challenge for authorities to prepare annual accounts when these have not been done for some time resulting in a backlog. The management at i-Taukei Affairs Board can encourage Councils to prepare and submit draft financial statements for audit annually and monitoring the individual economic performances of the individual areas of service.

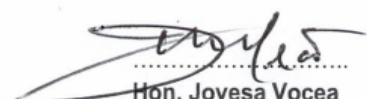
Additionally, other significant matters that has been identified was governance issues which includes lack of Risk Management Policies, Strategic Plan, Corporate Plans, Disaster Management Plan and Business Continuity Plans in most of the Councils.

Therefore, the Committee looks forward to the Provincial Councils to implement the recommendations that have been highlighted by the Auditor General and the Public Accounts Committee. The Provincial Councils require a prompt action to improve their financial accountability. The management of i-Taukei Affairs Board to continue monitoring the performance of all the public enterprises as it plays pivotal role in our economy.

We, the undersigned Members of the Standing Committee on Public Accounts agree with the contents of this report:



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Hon. Esrom Immanuel
(Chairperson)



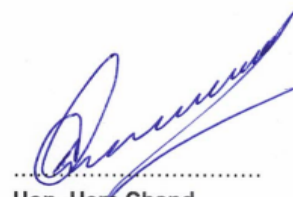
.....
Hon. Jovesa Vocea
(Deputy Chairperson)



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Hon. Naisa Tuinaceva
(Member)



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Hon. Alvick Maharaj
(Member)



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Hon. Hem Chand
(Member)

APPENDIX 1: PUBLIC ACCOUNTS COMMITTEE QUESTIONS

APPENDIX 2: Report of the Auditor General

Provincial Council Audit Reports Volume 4, 5 & 6

<https://www.parliament.gov.fj/wp-content/uploads/2023/04/Report-of-the-Auditor-General-of-the-Republic-of-Fiji-%E2%80%93-Provincial-Council-Volume-4.pdf>

<https://www.parliament.gov.fj/wp-content/uploads/2023/11/127-Report-of-the-Auditor-General-of-the-Republic-of-Fiji-%E2%80%93-Provincial-Council-Vol-5.pdf>

<https://www.parliament.gov.fj/wp-content/uploads/2024/08/Report-of-the-Auditor-General-of-the-Republic-of-Fiji-%E2%80%93-Provincial-Councils-Volume-6.pdf>