



OFFICE of the AUDITOR GENERAL
Republic of Fiji

REPORT OF THE AUDITOR-GENERAL REPUBLIC OF FIJI

AUDIT REPORT ON MUNICIPAL COUNCILS



PARLIAMENT OF FIJI

PARLIAMENTARY PAPER NO. 183 OF 2024



OFFICE of the AUDITOR GENERAL
Republic of Fiji

VISION

**Promoting public sector accountability
and sustainability through our audits**

To provide independent value adding
audit services

MISSION

To provide an environment where
our people can excel

RESPECT

We uphold respect
in our relationships.

INTEGRITY

We are ethical, fair and
honest in our duties.

INDEPENDENT
& OBJECTIVE

We work independently
and report objectively.

VALUES

COMPETENCE

We deliver to the best
of our abilities and to
the highest standard of
professional conduct.

TRANSPARENCY

Our processes
are transparent.

CONFIDENTIALITY

We maintain audit
related information
confidential.

PROFESSIONAL FRAMEWORK

International Standards for Supreme Audit Institutions

International Standards on Auditing

LEGAL FRAMEWORK

2013 CONSTITUTION OF THE
REPUBLIC OF FIJI

AUDIT
ACT 1969

ENVIRONMENT
MANAGEMENT ACT

OTHER LEGISLATION

Location : Level 1, Modyl Plaza
Karsanji Street, Vatuwaqa
Suva, Fiji

Postal Address : P O BOX 2214, Government Buildings
Suva, Fiji
Telephone : (679) 8921519
Email : info@auditorgeneral.gov.fj
Website : www.oag.gov.fj

OFFICE OF THE AUDITOR GENERAL

Promoting Public Sector Accountability and Sustainability through our Audits



Level 1, Modyl Plaza
Karsanji Street, Vatuwaqa
P. O. Box 2214, Government Buildings
Suva, Fiji

Telephone: (679) 8921519
E-mail: info@auditorgeneral.gov.fj
Website: www.oag.gov.fj



File: 102

19 November 2024

The Honorable Filimoni Jitoko
Speaker of the Parliament of the Republic of Fiji
Parliament Complex
Gladstone Road
SUVA.

Dear Sir

AUDIT REPORT ON MUNICIPAL COUNCILS

In accordance with section 152(13) of the Constitution of the Republic of Fiji, I am pleased to transmit to you my report on Municipal Councils, containing the results of audits completed during the period 1 August 2023 to 15 October 2024.

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

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Finau Seru'.

Finau Seru Nagera
AUDITOR-GENERAL

Encl.



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

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

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

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

This report satisfies these requirements.

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

TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
1.0 Introduction	4
2.0 Financial Reporting.....	7
3.0 Other Significant Matters	10
3.1 Common Findings Related to Internal Controls	10
3.2 Common Significant Matters	12
3.3 Specific Significant Matters	14
4.0 Qualification Issues.....	16
5.0 Audit Conclusion and Recommendations	83
5.1 Audit Conclusion	83
5.2 Recommendations	83
6.0 Appendices	85
Appendix A: Abridged Financial Statements.....	85
Appendix B: Glossary.....	99

AUDITOR-GENERAL'S FOREWORD

I am pleased to present my report on the results of the financial audits, of 10 Municipal Councils, completed between 1 August 2023 to 15 October 2024, following the last report to Parliament (Parliamentary Paper No. 19 of 2023).

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

The financial audits of all Municipal Councils are in backlog by two to seven years, except for Rakiraki Town Council. Draft financial statements were not submitted for audit on time and on an annual basis as required by the Local Government Act 1972. It should be of great concern to all stakeholders of Municipal Councils that the audits are not only in backlog but the audit opinions on all audited financial statements were modified with majority being disclaimed due to the insufficient or lack of documents and records to appropriately support the various balances reflected in the financial statements. If not already done, these warrant sweeping changes in the financial management of Municipal Councils and that those responsible for governance and financial reporting are held accountable when they fail in their duties to the rate payers.

While the audits of Municipal Councils are in backlog, those charged with governance must ensure that annual management accounts are prepared and presented to the Council for scrutiny every year.

Status of the Audits

The progress of audits of Municipal Councils are discussed in Section 1.3. The audits of some Councils are near completion, and we are taking every effort by working with the Councils and the Ministry of Local Government to have them completed as soon as possible.

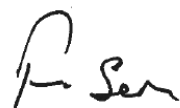
As at the time of this report, a total of 39 draft financial statements for 12 Municipal Councils are still pending to be submitted for audit.

While all efforts are being made to update these backlog audits, resourcing the audits of multiple draft financial statements submitted together is challenging and costly, which is currently supported through outsourcing.

Report

This report contains summaries of assessments of the quality and timeliness of financial reporting of 10 Municipal Councils, the audit opinions issued on 41 financial statements and the key reasons for such opinions, significant issues identified from the audits and high-level recommendations aimed to strengthen financial reporting, governance, and internal controls.

The issues discussed in this report require prompt actions by those charged with governance to improve financial accountability of Municipal Councils. On the same note, I commend the Councils that have made the efforts to improve financial reporting and strengthen governance and internal controls.

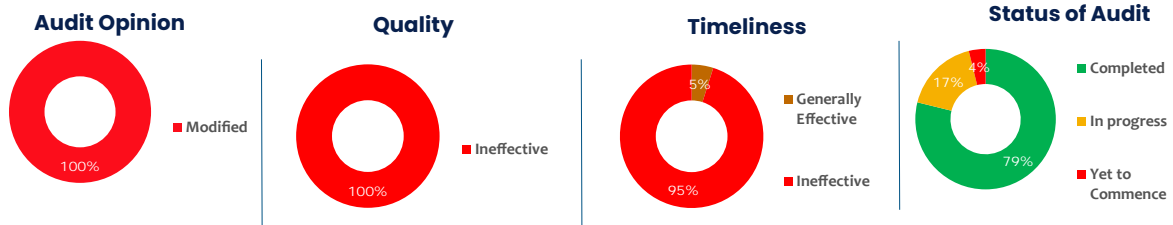


Finau Seru Nagera
AUDITOR-GENERAL

EXECUTIVE SUMMARY

This report includes the audit results of 41 financial statements for 10 Municipal Councils audited as at 15 October 2024.

AUDIT RESULTS



Audit Opinion

All 41 financial statements were issued with modified audit opinions, which reflected negatively on the 10 Municipal Councils. Disclaimer of Opinion were issued on 25 financial statements for 6 Municipal Councils as the Auditor General was unable to obtain sufficient appropriate evidence on which to base the audit opinions. Refer to [Sections 1.2 and 2.1](#) for details.

Quality and Timeliness of Financial Statements

The overall quality and timeliness of financial reporting have been assessed as ineffective for the 10 Municipal Councils. Refer to [Sections 2.0](#) for details.

Status of the Audits

Audits of 41 (79%) financial statements were completed from a total of 52 draft financial statements received as at 15 October 2024. Audits of 9 financial statements are in progress, 2 are yet to commence while 39 draft financial statements are still pending to be submitted for audit including the resubmissions for poor quality draft financial statements.

Common Audit Findings

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

Audit Conclusion

Urgent attention should be given to address matters highlighted in the Auditors' Reports including the common significant matters raised in [Sections 3.2](#).

Recommendation

Recommendations to the various audit issues highlighted in the report are detailed in [Section 5.2](#).

1.0 Introduction

Municipal Councils are established by statute and their powers, duties and responsibilities are prescribed by the Local Government Act 1972 (Act).

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

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

This report includes the audit results of 41 financial statements for 10 Municipal Councils as follows:

Municipal Council	Financial Year
1. Tavua	2017 to 2020
2. Rakiraki	2022 & 2023
3. Levuka	2016 to 2018
4. Lami	2016 to 2020
5. Nausori	2016 to 2018
6. Ba	2020
7. Lautoka	2015 to 2019
8. Suva	2016 to 2019
9. Savusavu	2012 to 2017
10. Nasinu	2013 to 2020

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

An update on the progress of the Municipal Councils' audits is provided under [Section 1.3](#).

1.1 Legislative Framework

The following legislation establishes the financial accountability frameworks and legislative timeframes for auditing the financial statements of Municipal Councils:

Legislative Framework	Requirement	Legislative Timeframe
Local Government (Budget Amendment) Act 2020, Section 57 (1)	Prepare financial statements	31 December
Local Government (Budget Amendment) Act 2020, Section 57 (3)	Publish audited financial statements	31 March

Each year, on 31 March as per the amendments made to the Local Government Act 1972, Municipal Councils are required to publish the balance sheet and summarized income and expenditure of the Councils in local newspapers and annual reports containing:

- A balance sheet and a summarized statement of income and expenditure of the Council on 31 December immediately preceding, together with any report by the auditor thereon; and

- Notification that any ratepayer or any person holding any security charged upon the property of the Council, may at all reasonable times inspect, at Council's office, the full annual statement as certified by the auditor and the Council's annual report prepared pursuant to the provision of section 19 and may take copies from any part of the statement or report.

1.2 Types of Audit Opinion

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

Modified Opinions:

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

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

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

1.3 Status of Audits – Update

As at 15 October 2024, a total of 52 draft financial statements were submitted to the Auditor-General for audit by the Municipal Councils. Due to the significant number of outstanding audits, resourcing to promptly complete these audits within the financial year continues to be a challenge.

Below is a summary of the status of audits as at 15 October 2024:

Municipal Council	Draft Financial Statements Received	Audits Completed	Audits in Progress as at 15 October 2024	Audits Yet to Commence as at 15 October 2024	Draft Financial Statements not submitted for audit
Sigatoka	---	---	---	---	2021 to 2023
Rakiraki	2022 & 2023	2022 & 2023	---	---	---
Nadi	2018	---	2018	---	2019 to 2023
Tavua	2017 to 2021	2017 to 2020	2021	---	2022 & 2023
Suva	2016 to 2021	2016 to 2019	2020 & 2021	---	2022 & 2023
Nausori	2016 to 2020	2016 to 2018	2019 & 2020	---	2021 to 2023

Municipal Council	Draft Financial Statements Received	Audits Completed	Audits in Progress as at 15 October 2024	Audits Yet to Commence as at 15 October 2024	Draft Financial Statements not submitted for audit
Lami	2016 to 2020	2016 to 2020	---	---	2021 to 2023
Nasinu	2013 to 2020	2013 to 2020	---	---	2021 to 2023
Ba	2020	2020	---	---	2021 to 2023
Lautoka	2015 to 2019	2015 to 2019	---	---	2020 to 2023
Labasa	2019 & 2020	---	---	2019 & 2020	2021 to 2023
Savusavu	2012 to 2020	2012 to 2017	2018 to 2020	---	2021 to 2023
Levuka	2016 to 2018	2016 to 2018	---	---	2019 to 2023
Total	52	41	9	2	39

Of the 52 draft financial statements received by the Auditor-General, audit opinions on 41 or 79% of the financial statements have been issued, the audits of 9 financial statements were in progress while the audits of 2 draft financials statements have not commenced by 15 October 2024. A total of 39 draft financial statements for 12 Municipal Councils are yet to be submitted to the Auditor-General for audit.

The delays in commencing the audits of Labasa Town Council resulted from the unavailability of key accounting officers in the Council.

The Office of the Auditor-General is strongly committed to fulfilling the mandate of the Auditor General and will continue to work closely with the Ministry of Local Government and Special Administrators/Chief Executive Officers to update the audits of all Municipal Councils.

2.0 Financial Reporting

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

- quality of financial reporting
- timeliness of financial reporting

2.1 Quality of financial reporting

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

- type of audit opinion issued; and significant matters reported to management and those responsible for governance.

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

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

The modified audit opinions issued on all 41 financial statements and the prevalence of the significant matters reported across the Municipal Councils indicated that the overall quality of financial reporting was **ineffective** and require substantial improvements.

Audit Opinion

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

We issued modified audit opinions on all 41 financial statements for the 10 Municipal Councils. Of the 41 modified audit opinions, 16 financial statements were qualified and 25 were issued with Disclaimer of Opinion. The table below shows the breakdown of the modified audit opinions issued:

Municipal Council	Year	Modified Opinion	
		Qualified Opinion	Disclaimer of Opinion
1. Tavua	2017 to 2020	✓	
2. Rakiraki	2022 & 2023	✓	
3. Levuka	2016 to 2018		✓
4. Lami	2016 to 2020		✓
5. Nausori	2016 to 2018		✓
6. Ba	2020		✓

Municipal Council	Year	Modified Opinion	
		Qualified Opinion	Disclaimer of Opinion
7. Lautoka	2015 to 2019		✓
8. Suva	2016 to 2019	✓	
9. Savusavu	2012 to 2017	✓	
10. Nasinu	2013 to 2020		✓

[Section 4.0](#) contains the details of issues, which resulted in the qualifications of the audit opinions issued to the 10 Municipal Councils.

The abridged financial statements are presented as [Appendix A](#).

Significant Matters Reported

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

Issues that are classified as medium to high risks are control and compliance weaknesses which require immediate attention by those charged with governance in the Municipal Councils and the Ministry of Local Government for priority and prompt actions for resolution.

An analysis of common significant issues across the Municipalities and issues specific to a Municipal Council are discussed further on [Sections 3.2](#) and [Section 3.3](#) of this report.

2.2 Timeliness of financial reporting

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

Rating	Timeliness of financial reporting assessment
🟢 Effective	Acceptable draft financial statements received within 60 days before legislative deadline of 31 December as per the Local Government (Budget Amendment) Act 2020)
🟡 Generally effective	Acceptable draft financial statements received within 30 days before legislative deadline of 31 December as per the Local Government (Budget Amendment) Act 2020)
🔴 Ineffective	Acceptable draft financial statements received less than 30 days before legislative deadline of 31 December as per the Local Government (Budget Amendment) Act 2020)

The submissions of draft financial statements to the Auditor-General were more than five years behind the statutory deadline. In some cases, draft financial statements for multiple years were presented which further delayed the audits for some Councils, as it is challenging to resource the audits of multiple draft financial statements.

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

2.3 Results Summary

Both the quality and timeliness of the 41 financial statements audited were assessed as **ineffective** requiring the immediate attention of those charged with governance for prompt resolution.

The following Table summarizes our assessment of financial reporting processes:

Municipal Council	Year	Financial Reporting	
		Quality	Timeliness
Tavua	2017 to 2020	✖	✖
Rakiraki	2022 & 2023	✖	✖
Levuka	2016 to 2018	✖	✖
Lami	2016 to 2020	✖	✖
Nausori	2016 to 2018	✖	✖
Ba	2020	✖	✖
Lautoka	2015 to 2019	✖	✖
Suva	2016 to 2019	✖	✖
Savusavu	2012 to 2017	✖	✖
Nasinu	2013 to 2020	✖	✖

3.0 Other Significant Matters

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

Other significant matters highlighted in this report, include control weaknesses which could cause or are causing severe disruption to the process or on the ability of the Municipal Councils to achieve process objectives and comply with relevant legislation, which are in addition to those discussed in [Section 3.1](#)

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

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

Internal control deficiencies, common significant matters and other significant issues specific to a Council identified were communicated to the Chief Executives or Special Administrators through our Management Letters.

3.1 Common Findings Related to Internal Controls

Common internal control weaknesses relate to the following key areas:

- Cash and revenue management
- Journal voucher documentation and reconciliations
- Procurement of goods and services
- Payroll control
- Management of assets
- Accounting for creditors and accruals

Cash and Revenue Management

- Monthly bank reconciliation statements were either not prepared or if bank reconciliations were performed, they were untimely and inaccurate.
- Receipts were not banked intact as deposits could not be traced to the bank statements. This indicated that receipts may have been issued but could not be substantiated due to missing records. This was common for market and parking meter fees.
- Petty cash were replenished with more than the approved petty cash limit.
- Daily or regular banking of receipts were not done.
- Accurate and timely cash flow analysis were not performed.
- Stale cheques and dishonoured cheques were not appropriately dealt with.
- Lack of details and audit trail on undeposited funds at balance date.
- Cash records such as lodgement books, cheque books and cashbooks were not properly maintained hence could not be provided for audit review.
- Cash transactions recorded on the total amount deposited and not on the cash received/receipted.

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

Journals and Account Reconciliations

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

Journals without appropriate documentation and oversight increase the risk of error and fraudulent reporting. The Municipal Councils need to improve the reconciliation process by performing timely reconciliations that are independently reviewed.

Procurement of Goods and Services

Purchases and payments processes were not complied with as follows:

- Local Purchase Orders were not always issued for purchases.
- Competitive quotations were not obtained in most cases.
- Payment vouchers and supporting documents were not always stamped “PAID”.
- Payments were not always supported with proper and appropriate documentations.
- Supporting documents for payment vouchers were missing in some cases.

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

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

Payroll

- Payments of wages were not supported with approved timesheets/timecards.
- Employee details such as employment agreements, salary rates and positions, and leave schedules were not updated in staff personnel files.
- Personnel files and pay run reports were not always provided for audit verification.
- Salary reconciliations were not performed in some cases or, if prepared, were not reconciled with the general ledger and financial statements resulting in variances.

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

Management of Assets

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

Weaknesses in controls around assets management could result in assets being stolen or used for unauthorized purposes.

3.2 Common Significant Matters

- **Submission of financial statements for audit** – Significant delays in the submission of draft financial statements for audit, which is discussed in detail in [Section 2.0](#) of this report. Lack of accounting capacity was identified as a contributing factor to the late preparation of complete and accurate draft financial statements that comply with the requirements of the relevant accounting standards.
- **Compliance with the accounting standards** – Non-compliance with the requirements of the applicable financial reporting framework such as the International Financial Reporting Standards or International Financial Reporting Standards for Small and Medium-sized Entities used by the Municipal Councils.
- **Compliance with the Local Government Act 1972** – Non-compliance with certain requirements of the Local Government Act.
- **Limitation of scope** – Lack of sufficient appropriate supporting documentations to substantiate the account balances reported in the financial statements. The absence of records created a significant limitation on the scope of our audits and restricted the performing of necessary audit procedures.
- **Records management** – Records management across the Municipal Councils were generally found to be poor resulting in missing financial and related records to support most of the balances reflected in the financial statements.
- **Asset management** - The accuracy and completeness of the Fixed Assets Registers/Schedules could not be determined as the balances in the General Ledger and the Fixed Assets Schedule did not reconcile. Other significant issues noted were:
 - ✓ Annual Board of Surveys not performed.
 - ✓ Asset tagging was not done.
 - ✓ Reconciliation for balance sheets items not performed.
 - ✓ Impairment assessment on the Council’s assets not carried out.
 - ✓ Depreciation incorrectly calculated.
 - ✓ Assets recorded in the fixed assets schedule not appropriately supported.
 - ✓ Fixed assets schedule did not provide detail description of the assets.
 - ✓ Incorrect recording of work in progress and capitalization of assets.
 - ✓ Assets were incorrectly recorded or classified in the fixed assets schedule.
- **Policies and procedures** - Absence of clear policies to support the development of strategic and operational plans. These included but not limited to business plans, risk management plans, disaster recovery plans.

For the years audited, we noted that policies and procedures were not reviewed nor updated for several Municipal Councils.

- **Corporate Governance** - Weaknesses in governance whereby Municipal Councils did not have appropriate Corporate Governance structures in place, as follows:
 - ✓ Absence of Internal audit function.
 - ✓ Absence of Risk Management policy and Risk Register.
 - ✓ Absence of Disaster Recovery and Business Continuity Plans.

- ✓ Absence of approved Annual Business Plan.
 - ✓ Absence of approved Strategic Plan.
- **Financial Reporting** - Our audit identified a high number of issues relating to the financial reporting processes. Majority of the Councils did not have a structured financial reporting system. This was evident in the number of errors and omission identified in the draft financial statements submitted for audit.

Common high-risk issues noted were:

- ✓ Journal voucher system with supporting documentations were not maintained.
 - ✓ Key account reconciliations were not performed.
 - ✓ Level of key responsibility and accountability for financial reporting were not defined.
 - ✓ Limited capacity to deal with new or emerging accounting standards or complex accounting treatments.
 - ✓ Non-compliance with accounting policies.
 - ✓ Incorrect recording of transactions.
 - ✓ Lack of audit trail.
- **Revenue management** – Generally, the Councils had poor revenue management systems. Revenue includes those derived from general rates, loan rates, business and trading licenses, garbage fees, parking meter fees, public car park fees, and other fees and charges.

Common high-risk issues noted were:

- ✓ Revenue and receivables reconciliations statements were not prepared or, if prepared, were not prepared in a timely manner and were not checked for accuracy by supervising officers. As a result, variances were noted between various revenue and accounts receivables records in the financial statements.
 - ✓ Variances between the subsidiary revenue and receivables listings with the general ledger accounts / financial statements.
 - ✓ Revenue registers, receipt books, market, public convenience and car park tickets, and revenue invoices were generally not properly maintained.
 - ✓ Rates revenue for most Councils were fluctuated while there were no significant changes in rate payers or the rates per annum.
 - ✓ Rates receivables and other receivables showed an increasing trend indicating ineffective collection mechanism over the outstanding rates, fees and charges. In addition, ageing report of receivables were not maintained.
 - ✓ Revenue transactions incorrectly classified and recorded in the books of accounts and financial statements.
 - ✓ Instances where revenue transactions were not supported.
 - ✓ Rental agreements between the Council and various tenants were not provided.
 - ✓ Discounts allowed on rates listings were not provided or, if prepared, was not recognized in the financial statements.
 - ✓ Revenue not recorded in the correct accounting period.
- **Payroll and Human Resource (HR) management** - Significant discrepancies were noted in relation to maintenance of personnel files, annual pay reports not prepared or, if prepared, reconciliations were not performed between the payroll reports and general ledger resulting in variances between salaries and wages recorded in the financial statements and payroll reports. In addition, leave records were not appropriately maintained.

Most Councils do not have qualified HR officers and well-structured HR functions. There is high risk of human resources management policies not being developed and enforced.

- **Accounting for government grant** – There was a lack of understanding on the requirements of accounting for government grant in accordance with the relevant accounting standards. In particular, the following issues were noted:
 - ✓ Non-compliance with the requirements of the IFRS for SMEs when accounting for government grant. As a result, government grants were incorrectly recorded and accounted for in the financial statements.
 - ✓ Details and records of all government grants received and utilized were not properly maintained.
 - ✓ Variances noted between the government grant recorded as deferred income liability account and independent reconciliations.
 - ✓ Deferred income liability balance recorded was not appropriately supported.
 - ✓ Copies of signed grant agreements were not maintained by some Councils.
 - ✓ Accounting policy on deferred income reported in the financial statements was not in compliance with the requirements of IFRS for SMEs on the recognition and measurement of government grants.
 - ✓ Certain disclosures required under IFRS for SMEs in relation to government grant were not made in the financial statements.
- **Value Added Tax (VAT)** – Internal controls on accounting for VAT were found to be weak. In particular, VAT reconciliations were not prepared or, if prepared, were not reconciled with the general ledger and financial statements resulting in variances.

3.3 Specific Significant Matters

Lautoka City Council – Financial Years 2015 – 2019

Anomalies in the Swimming Pool Project

Proper planning and management are essential for the successful execution of capital projects, ensuring that they are completed on time, within budget, and to the required quality standards.

Contracts play a crucial role in managing projects. It should provide clarity to the management of projects and ensure that all parties involved understand their roles and responsibilities. A well-drafted contract can also help avoid disputes, minimize risks and protect the interests of all parties involved.

The audit of the records pertaining to the swimming pool project revealed the following anomalies:

- We verified a sample of transactions relating to the swimming pool project, totaling \$1,452,213VEP. However, the total additions for swimming pool recorded in the Fixed Assets Schedule and included in the financial statements was only \$540,518.
- The agreement with the Principal Consultant was signed on 18 December 2017. Though, the Principal Consultant was engaged by the Council from 2016, and payments totaling \$289,542 for the period December 2016 to July 2017 were made before the signing of the agreement.
- The contract with the Principal Consultant reviewed during the audit did not contain clauses on delay damages.

Our review of meeting and discussion records on the progress of the project indicated that the swimming pool project was not properly planned and managed. Various issues of concern relating to the regular absence of the consultant on site and poor workmanship were raised.

As a result, the completion of the project has been delayed and remained incomplete as at time of audit in March 2024, increasing the risk of cost overruns and resource wastage.

Recommendation

The Council should ensure that the capital works projects are properly planned and managed, contractual agreements are properly drawn up and signed before the project commences, and costs relating to the swimming pool project are properly and accurately recorded.

Agreed Management Action

Council has properly recorded the swimming pool costs with payment vouchers and supporting documents, but allocation of funds was incorrectly posted.

The completion of the project was delayed due to the contractor leaving the site, and inadequate management of works by the lead consultant. There were delays in releasing funds from the Government after the inception of the CIU. Thus, there was no further work done after September 2019.

Council will ensure that Contractual agreements are timely finalized and signed before the project starts.

4.0 Qualification Issues

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

Municipal Council Tavua	Qualification Issues Modified (Qualified) Opinion
<p>Financial Year - 2017</p>	<ol style="list-style-type: none"> The Council recorded Trade and Other Receivables balance of \$51,316 in the Statement of Financial Position as at 31 December 2017. Included in the amount are Trade Receivables of \$36,366, Enforcement and Parking Meter Infringement of \$3,500, and Other Debtors of \$11,450. The Council was unable to provide debtors listings, subsidiary ledger accounts and reconciliations to support the Enforcement and Parking Meter Infringement of \$3,500, and Other Debtors of \$11,450. In addition, an unreconciled variance of \$6,515 exists between trade receivables listing provided by the Council and amount reflected in the financial statements. Furthermore, the Council has not provided evidence of impairment assessment carried out on its receivable balance. Consequently, the audit was unable to ascertain if the Trade and Other Receivables balance of \$51,316 is fairly stated in the Statement of Financial Position. The Council was unable to provide the Value Added Tax (VAT) reconciliations to support the VAT payable balance of \$63,460 reported in the financial statements. In addition, there was an unreconciled variance of \$56,428 between the audit independent VAT reconciliations performed from the Statement of VAT account and the VAT payable amount reflected in the financial statements. Consequently, the audit was not able to ascertain the completeness and accuracy of the VAT payable balance of \$63,460 recorded in the Statement of Financial Position as at 31 December 2017.
<p>Tavua Financial Year - 2018</p>	<p>Modified (Qualified) Opinion</p> <ol style="list-style-type: none"> The Council recorded Trade and Other Receivables balance of \$53,949 in the Statement of Financial Position as at 31 December 2018. Included in the amount are Trade Receivables of \$38,999, Enforcement and Parking Meter Infringement of \$3,500, and Other Debtors of \$11,450. The Council was unable to provide debtors listings, subsidiary ledger accounts and reconciliations to support the Enforcement and Parking Meter Infringement of \$3,500, and Other Debtors of \$11,450. In addition, an unreconciled variance of \$3,956 exists between Trade Receivables listing provided by the Council and amount reflected in the financial statements. Furthermore, the Council has not provided evidence of impairment assessment carried out on its receivable

Municipal Council	Qualification Issues
<p>Tavua – Financial year 2018 (cont'd)</p>	<p>balance. Consequently, the audit was unable to ascertain if the Trade and Other Receivables balance of \$53,949 is fairly stated in the Statement of Financial Position.</p> <p>2. The Council was unable to provide the details of receipts, reconciliations and other appropriate supporting documents to support the un-deposited funds or Cash on Hand balance of \$10,833 reported in the financial statements. Consequently, the audit was not able to ascertain the existence and accuracy of the un-deposited fund balance of \$10,833 recorded in the Statement of Financial Position as at 31 December 2018.</p> <p>3. The Council was unable to provide the Value Added Tax (VAT) reconciliations to support the VAT payable balance of \$49,730 reported in the financial statements. Consequently, the audit was not able to ascertain the completeness and accuracy of the VAT payable balance of \$49,730 recorded in the Statement of Financial Position as at 31 December 2018.</p>
<p>Tavua Financial Year - 2019</p>	<p>Modified (Qualified) opinion</p> <p>1. The Council recorded Trade and Other Receivables balance of \$46,074 in the Statement of Financial Position as at 31 December 2019. Included in the amount are Trade Receivables of \$31,124, Enforcement and Parking Meter Infringement of \$3,500, and Other Debtors of \$11,450. The Council was unable to provide debtors listings, subsidiary ledger accounts and reconciliations to support the Enforcement and Parking Meter Infringement of \$3,500, and Other Debtors of \$11,450. In addition, the Council has not provided evidence of impairment assessment carried out on its receivable balance. Consequently, the audit was unable to ascertain if the Trade and Other Receivables balance of \$46,074 is fairly stated in the financial statements.</p> <p>2. The Council was unable to provide the details of receipts, reconciliations and other appropriate supporting documents to support the un-deposited funds or Cash on Hand balance of \$16,104 reported in the financial statements. Consequently, the audit was not able to ascertain the existence and accuracy of the un-deposited fund balance of \$16,104 recorded in the Statement of Financial Position as at 31 December 2019.</p> <p>3. The Council was unable to provide the Value Added Tax (VAT) reconciliations to support the VAT payable balance of \$48,527 reported in the financial statements. Consequently, the audit was not able to ascertain the completeness and accuracy of the VAT payable balance of \$48,527 recorded in the Statement of Financial Position as at 31 December 2019.</p>
<p>Tavua Financial Year - 2020</p>	<p>Modified (Qualified) opinion</p> <p>1. The Council recorded Trade and Other Receivables balance of \$33,183 in the Statement of Financial Position as at 31 July 2020. Included in the amount are Trade Receivables of \$18,233, Enforcement and Parking Meter Infringement of \$3,500, and other debtors of \$11,450. The Council was unable to provide debtors listings, subsidiary ledger accounts and reconciliations to support the Enforcement and Parking Meter Infringement of \$3,500, and Other Debtors of \$11,450. In addition, the Council</p>

Municipal Council	Qualification Issues
<p>Tavua – Financial year 2020 (cont'd)</p>	<p>has not provided evidence of impairment assessment carried out on its receivable balance. Consequently, the audit was unable to ascertain if the Trade and Other Receivables balance of \$33,183 is fairly stated in the financial statements.</p> <ol style="list-style-type: none"> The Council was unable to provide the details of receipts, reconciliations, and other appropriate supporting documents to support the un-deposited funds or Cash on Hand balance of \$7,905 reported in the financial statements. Consequently, the audit was not able to ascertain the existence and accuracy of the undeposited fund balance of \$7,905 recorded in the Statement of Financial Position as at 31 July 2020. The Council was unable to provide the Value Added Tax (VAT) reconciliations to support the VAT payable balance of \$39,205 reported in the financial statements. Consequently, the audit was not able to ascertain the completeness and accuracy of the VAT payable balance of \$39,205 recorded in the Statement of Financial Position as at 31 July 2020.
<p>Rakiraki Financial Year - 2022</p>	<p>Modified (Qualified) opinion</p> <ol style="list-style-type: none"> The Council was unable to provide details and reconciliations to substantiate an unreconciled variance of \$3,698 and \$3,892 between the Rates and Garbage Fees Income listings respectively provided by the Council and the amount reflected in the financial statements. In addition, due to the nature of transactions of the market, car park and public convenience fees, it is not practicable for audit to include audit procedures to extend beyond the amounts recorded in the official receipts of the Council. Accordingly, audit was not satisfied whether the Rates Income of \$71,583, Garbage Collection fees of \$20,636, Market Fees of \$5,909, Carpark Fees of \$24,822, and Public Convenience income of \$16,178 is fairly stated in the financial statements as at 31 July 2022. The Council was unable to provide detail listing and relevant supporting documents to substantiate the Other Creditors balance of \$4,742 and Sundry Deposits balance of \$12,081 as reported in the financial statements. As a result, the audit was unable to ascertain whether the Trade and Other Payables balance of \$46,111 is fairly stated in the financial statements as at 31 July 2022.
<p>Rakiraki Financial Year - 2023</p>	<p>Modified (Qualified) opinion</p> <p>Due to the nature of transactions of the market fees, car park fees and public convenience fees, it is not practicable for audit to include audit procedures to extend beyond the amounts recorded in the official receipts of the Council. Accordingly, audit was not satisfied whether the market fees income of \$2,596, car park fees income of \$40,294, and public convenience fees of \$17,144 are fairly stated in the financial statements as at 31 July 2023.</p>

Municipal Council	Qualification Issues
<p>Levuka</p> <p>Financial Year - 2016</p>	<p>Modified - Disclaimer of Opinion</p> <ol style="list-style-type: none"> 1. There was an unreconciled variance of \$253,120, \$258,000, and \$4,300 between the 2015 balance of the Cash at Bank, Revenue and Expenses respectively disclosed as comparative in the 2016 financial statements and the 2015 audited financial statements. Audit was unable to perform alternative audit procedures due to lack of audit trail of the postings of transactions that makes up the balances in the 2016 financial statements. As a result, audit was unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary in respect of the balances at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Profit and Loss and Other Comprehensive Income and Statement of Financial Position as at 31 December 2016. 2. The Council utilized \$224,200 from the Japan Embassy grant bank account and \$1,523 from the New Zealand grant bank account during the financial year 2016. However, the audit was unable to trace these transactions totaling \$225,723 to the financial statements due to lack of audit trail. As a result, audit was unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary in respect of the cash at bank balance and related accounts at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Profit and Loss and Other Comprehensive Income and Statement of Financial Position as at 31 December 2016. 3. The Council have not recorded Trade Payables, Accruals and Employees Annual Leave Expense and Liability in accordance with Section 2.36 and Section 28 – Employee Benefits of International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) respectively. Furthermore, the Council did not include in its financial statements various accounting policies in the Notes to the Financial Statements in accordance with the requirements of IFRS for SME’s Section 8 – Notes to the Financial Statements. As a result, the financial statements of the Council are not completely and fairly presented in accordance with all the requirements of IFRS for SMEs. 4. The Council was unable to provide the Rates Receivables listings, subsidiary records and reconciliations to support the Rates Receivable balance of \$192,489 recorded in the Statement of Financial Position. Consequently, the audit was unable to ascertain the completeness and accuracy of the Rates Receivables balance of \$192,489 recorded in the financial statements as at 31 December 2016. 5. The Council recorded a loan balance of \$4,975 in the Statement of Financial Position as at 31 December 2016. The Council was unable to provide the details and reconciliation of this Loan balance, which was necessary to confirm the existence and

Municipal Council

Qualification Issues

- completeness of the balance. As a result, audit was not able to ascertain the accuracy of Loan balance of \$4,975 recorded in the financial statements as at 31 December 2016.
6. The Council was unable to provide relevant supporting documents to substantiate the disclosure of Deferred Income balance of \$367,641 as disclosed in the Financial Statements. In addition, the Council has not disclosed the nature and amounts of Government Grant recognized in the financial statements and unfulfilled conditions and other contingencies attached to the Government Grant that have not been recognized in Statement of Profit and Loss and Other Comprehensive Income. Consequently, the audit was not able to ascertain the accuracy of the Deferred Income balance of \$367,641 recorded in the financial statements as at 31 December 2016.
 7. The financial statement recorded Grant Income of \$117,244. Included in this balance is an adjustment of \$72,021. The Council was unable to provide relevant details and satisfactory explanations to support the adjustment. As a result, the audit was not able to ascertain the accuracy of Grant Income of \$117,244 recorded in the financial statements as at 31 December 2016.
 8. An unreconciled variance of \$89,747 exists between the Rates Revenue listing and the Rates Revenue of \$231,784 as disclosed in the financial statements. The Council was unable to provide relevant details and satisfactory explanations to substantiate the variance. As a result, audit was unable to ascertain whether the Rates Revenue of \$231,784 is fairly stated in the financial statements as at 31 December 2016.
 9. The Council was unable to provide Market Fees register and ticket receipts. Due to the nature of transactions of the Market Fees it is not practicable for audit to include audit procedures to extend beyond the amounts recorded in the official receipts of the Council. Accordingly, audit was not satisfied whether the Market Fee income of \$1,418 is fairly stated in the financial statements as at 31 December 2016.
 10. The Council was unable to provide the annual payroll summary report and salary reconciliation to substantiate the Salaries and Wages amount of \$149,984 as disclosed in the Statement of Profit and Loss and Other Comprehensive Income. In addition, there was an unreconciled variance of \$26,893 between the Salaries and Wages amount reported in the financial statements and the report generated from the ledger allocations. As a result, audit was unable to ascertain whether the Salaries and Wages balance of \$149,984 is fairly stated in the financial statements as at 31 December 2016.
 11. The Council did not account for Value Added Tax (VAT) separately and did not record VAT receivable/payable in the financial statements. The Statement of VAT account shows a VAT payable balance of \$83,129 as at 31 December 2016. As a result, audit was unable to verify the completeness and accuracy of the balance and unable to determine whether any adjustments might

**Levuka Financial Year
2016 (cont'd)**

Municipal Council	Qualification Issues
<p>Levuka Financial Year 2016 (cont'd)</p>	<p>have been necessary in respect of the VAT at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Profit and Loss and Other Comprehensive Income and Statement of Financial Position.</p> <p>12. The Council did not account for Discount Allowed on Rates for the financial year ended 31 December 2016. Furthermore, relevant details and records for Discount Allowed was not provided by the Council. As result, audit was unable to determine whether any adjustments might have been necessary in respect of the discount allowed on rates and any corresponding adjustments to the elements making up the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position.</p> <p>13. Internal control functions of the Council were generally found to be weak. This is in respect of the non-preparation of the monthly bank reconciliations, and lack of audit trail and details of the postings made in the books of accounts and financial statements. In addition, there was poor revenue management, lack of separation of duties/supervisory review, poor payroll management, reconciliations not prepared, payment and procurement processes were not properly followed, and journal voucher system was not maintained. For Property, Plant and Equipment, there were incorrect classification in the different classes of assets, missing supporting documents and insufficient details to verify assets, board of survey was not conducted, and assets were not tagged.</p>
<p>Levuka Financial Year - 2017</p>	<p>Modified - Disclaimer of Opinion</p> <p>1. The Council utilized \$21,634 from the Japan Embassy grant bank account and \$7,028 from the New Zealand grant bank account during the financial year 2017. However, audit was unable to trace these transactions totaling \$28,662 to the financial statements due to lack of audit trail. As a result, audit was unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary in respect of the cash at bank balance and related accounts at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Profit and Loss and Other Comprehensive Income and Statement of Financial Position as at 31 December 2017.</p> <p>2. The Council have not recorded Trade Payables and Accruals and Employees Annual Leave Expense and Liability in accordance with Section 2.36 and Section 28 – Employee Benefits of International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) respectively. Furthermore, the Council did not include in its financial statements various accounting policies in the Notes to the Financial Statements in accordance with the requirements of IFRS for SME's Section 8 – Notes to the Financial Statements. As a result, the financial statements of the Council are not completely and fairly presented in accordance with all the requirements of IFRS for SMEs.</p>

Municipal Council

Qualification Issues

3. The Council was unable to provide the Rates Receivables listings, subsidiary records and reconciliations to support the Rates Receivable balance of \$106,426 recorded in the Statement of Financial Position. Consequently, audit was unable to ascertain the completeness and accuracy of the Rates Receivables balance of \$106,426 recorded in the financial statements as at 31 December 2017.
4. The Council recorded Loan balance of \$4,975 in the Statement of Financial Position as at 31 December 2017. The Council was unable to provide the details and reconciliation of this Loan balance, which was necessary to confirm the existence and completeness of the balance. As a result, audit was not able to ascertain the accuracy of Loan balance of \$4,975 recorded in the financial statements as at 31 December 2017.
5. The Council was unable to provide relevant supporting documents to substantiate the disclosure of Deferred Income balance of \$537,516 as disclosed in the Financial Statements. In addition, the Council has not disclosed the nature and amounts of Government Grant recognized in the financial statements and unfulfilled conditions and other contingencies attached to the Government Grant that have not been recognized in Statement of Profit and Loss and Other Comprehensive Income. Consequently, the audit was not able to ascertain the accuracy of the deferred income balance of \$537,516 recorded in the financial statements as at 31 December 2017.
6. The financial statements recorded grant income of \$145,603. Included in this balance is an adjustment of \$100,380. The Council was unable to provide relevant details and satisfactory explanations to support the adjustment. As a result, the audit was not able to ascertain the accuracy of grant income of \$145,603 recorded in the financial statements as at 31 December 2017.
7. An unreconciled variance of \$83,858 exists between the Rates Revenue listing and the Rates Revenue of \$225,895 as disclosed in the financial statements. The Council was unable to provide relevant details and satisfactory explanations to substantiate the variance. As a result, audit was unable to ascertain whether the Rates Revenue of \$225,895 is fairly stated in the financial statements as at 31 December 2017.
8. The Council was unable to provide Market Fees register and ticket receipts. Due to the nature of transactions of the Market Fees it is not practicable for audit to include audit procedures to extend beyond the amounts recorded in the official receipts of the Council. Accordingly, the audit was not satisfied whether the Market Fee income of \$3,285 is fairly stated in the financial statements as at 31 December 2017.
9. The Council was unable to provide the annual payroll summary report and salary reconciliation to substantiate the Salaries and Wages amount of \$201,861 as disclosed in the Statement of Profit and Loss and Other Comprehensive Income. In addition, there was an unreconciled variance of \$48,192 between the Salaries and Wages amount reported in the financial statements

**Levuka Financial Year
2017 (cont'd)**

Municipal Council	Qualification Issues
<p>Levuka Financial Year 2017 (cont'd)</p>	<p>and the report generated from the ledger allocations. As a result, audit was unable to ascertain whether the Salaries and Wages balance of \$201,861 is fairly stated in the financial statements as at 31 December 2017.</p> <p>10. The Council was unable to provide supporting documents to substantiate an unidentified adjustment of \$107,523 included in the Other Expenses of \$164,302 as disclosed in the Statement of Profit and Loss and Other Comprehensive Income. As a result, audit was unable to ascertain whether the Other Expenses amount of \$164,302 is fairly stated in the financial statements as at 31 December 2017.</p> <p>11. The Council did not account for Value Added Tax (VAT) separately and did not record VAT receivable/payable in the financial statements. The Statement of VAT account shows a VAT payable balance of \$98,673 as at 31 December 2017. As a result, audit was unable to verify the completeness and accuracy of the balance and also unable to determine whether any adjustments might have been necessary in respect of the VAT at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Profit and Loss and Other Comprehensive Income and Statement of Financial Position as at 31 December 2017.</p> <p>12. The Council did not account for Discount Allowed on Rates for the financial year ended 31 December 2017. Furthermore, relevant details and records for Discount Allowed was not provided by the Council. As result, audit was unable to determine whether any adjustments might have been necessary in respect of the discount allowed on rates and any corresponding adjustments to the elements making up the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position as at 31 December 2017.</p> <p>13. Internal control functions of the Council were generally found to be weak. This is in respect of the non-preparation of the monthly bank reconciliations, and lack of audit trail and details of the postings made in the books of accounts and financial statements. In addition, there was poor revenue management, lack of separation of duties/supervisory review, poor payroll management, reconciliations not prepared, payment and procurement processes were not properly followed, and journal voucher system was not maintained. For Property, Plant and Equipment, there were incorrect classification in the different classes of assets, missing supporting documents and insufficient details to verify assets, board of survey was not conducted, and assets were not tagged.</p>
<p>Levuka Financial Year – 2018</p>	<p>Modified - Disclaimer of Opinion</p> <p>1. The Council recorded Receivable totaling \$169,407 in the financial statements. The Council was unable to provide the Receivables subsidiary listings and reconciliations to substantiate the balance totaling \$169,407. As a result, audit was unable</p>

Municipal Council

Qualification Issues

Levuka Financial Year 2018 (cont'd)

- to ascertain whether the total Receivables balance of \$169,407 is fairly stated in the financial statements as at 31 December 2018.
2. The Council was unable to provide the subsidiary listings and relevant supporting documents to support the Other Current Assets balance of \$11,065 recorded in the Statement of Financial Position. Consequently, audit was unable to ascertain the accuracy of the Other Current Assets balance of \$11,065 recorded in the financial statements as at 31 December 2018.
 3. The Council was unable to provide the detailed Fixed Assets schedule to substantiate the written down value of Property, Plant and Equipment of \$4,341,760 disclosed in the Statement of Financial Position as at 31 December 2018. In addition, an unreconciled variance of \$293,113 exists between the total cost of Property, Plant and Equipment recorded in the Financial Statements and the total costs recorded in the Assets Register provided by the Council. As a result, audit was unable to ascertain whether the Property, Plant and Equipment balance of \$4,341,760 is fairly stated in the financial statements.
 4. The Council was unable to provide the Creditors subsidiary listings to support the creditors balance of \$9,425 disclosed in the Statement of Financial Position. Consequently, audit was unable to ascertain the accuracy of the Creditors balance of \$9,425 recorded in the financial statements as at 31 December 2018.
 5. The Council disclosed Loan balance of \$4,975 in the Statement of Financial Position as at 31 December 2018. The Council was unable to provide the details and reconciliation of this Loan balance, which was necessary to confirm the existence and completeness of the balance. As a result, audit was not able to ascertain the accuracy of the Loan balance of \$4,975 recorded in the financial statements as at 31 December 2018.
 6. The Council was unable to provide relevant supporting documents to substantiate the disclosure of Deferred Income balance of \$548,984 as disclosed in the Financial Statements. Consequently, audit was not able to ascertain the accuracy of the Deferred Income balance of \$548,984 recorded in the financial statements as at 31 December 2018.
 7. The Council recorded Revenue of \$850,049 in the Statement of Profit or Loss and Other Comprehensive Income. Internal controls function of revenue management was found to be weak as Revenue was recorded on cash basis accounting. In addition, an unreconciled variance of \$159,345 exists between the Business License income recorded in the financial statements and the total calculated from the Business License register of the Council. The Council was unable to provide relevant details and satisfactory explanations to substantiate the variance. Furthermore, due to the nature of transactions of the market fees, it is not practicable for audit to include audit procedures to extend beyond the amounts recorded in the official receipts of

Municipal Council	Qualification Issues
<p>Levuka Financial Year 2018 (cont'd)</p>	<p>the Council. As a result, audit was unable to ascertain whether the Total Revenue amount of \$850,049 is fairly stated in the financial statements as at 31 December 2018.</p> <p>8. The Council was unable to provide the Salary reconciliation to substantiate the Salaries and Wages amount of \$135,612 disclosed in the Statement of Profit or Loss and Other Comprehensive Income. In addition, there was an unreconciled variance of \$17,846 between the Salaries and Wages amount reported in the financial statements and the Wages summary provided by the Council. The Council was unable to provide relevant details and satisfactory explanations to substantiate the variance. As a result, audit was unable to ascertain whether the Salaries and Wages amount of \$135,612 is fairly stated in the Financial Statements as at 31 December 2018.</p> <p>9. The Council did not account for Value Added Tax (VAT) separately and did not record VAT Receivable/Payable in the financial statements. The Statement of VAT account provided by Fiji Revenue and Customs Service had a VAT Payable balance of \$154,223 as at 31 December 2018. As a result, audit was unable to verify the completeness and accuracy of the balances and also unable to determine whether any adjustments might have been necessary in respect of the VAT at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Profit and Loss and Other Comprehensive Income and Statement of Financial Position as at 31 December 2018.</p> <p>10. The Council was unable to provide payment vouchers and or supplier invoices / receipts, or audit trail, to support Government Grant expenses of \$150,767, Challenge Fund Expenses of \$132,704 and Utilities of \$13,254 from the Total Operating expense of \$607,798 as disclosed in the Statement of Profit or Loss and Other Comprehensive Income. In addition, the Council was unable to provide the Fixed Assets Schedule to substantiate the Depreciation expenses of \$60,363 as disclosed in the Statement of Profit or Loss and Other Comprehensive Income. As a result, audit was unable to verify the occurrence and accuracy of the transactions and also unable to determine whether any adjustments might have been necessary in respect of the various expenses account at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position as at 31 December 2018.</p> <p>11. The Council recorded Cash at Bank balance of \$116,065 in the Statement of Financial Position. Internal controls function of cash management was found to be weak as there was an unreconciled variance of \$10,820 between the bank reconciliation and the financial statement. In addition, the Council did not record in its financial statements the Levuka Town Council Extended Local Authority Account with bank balance of \$495 as at 31 December 2018. As a result, audit was unable to ascertain whether the Cash at Bank balance of \$116,065 is fairly stated in the financial statements as at 31 December 2018.</p>

Municipal Council	Qualification Issues
<p>Levuka Financial Year 2018 (cont'd)</p>	<p>12. The Council did not disclose nor provide details of Capital Commitments as at balance date. In addition, the Council did not provide details of the Commitment Liabilities of \$9,425 disclosed in the financial statements. As a result, audit was unable to determine whether any disclosures to the financial statements in respect of the Commitments were necessary.</p> <p>13. Internal control functions of the Council were generally found to be weak. This is in respect of lack of audit trail and books of accounts and financial statements not properly and completely prepared. In addition, there was poor cash management, poor revenue management, lack of separation of duties/supervisory review, poor payroll management, reconciliations not prepared, payment and procurement processes were not properly followed, and journal voucher system was not maintained. For property, plant and equipment, detail fixed assets schedule was not maintained, board of survey was not conducted, and assets were not tagged.</p>
<p>Lami</p>	<p>Modified (Disclaimer of Opinion)</p>
<p>Financial Year - 2016</p>	<p>1. An unreconciled variance of \$7,308 exists between the bank record and the Council's reconciliation of General Fund Account. In addition, the Council was unable to provide supporting documents for the unpresented cheques and deposit in transit for the General Fund amounting to \$13,162. Consequently, the audit was not able to ascertain the existence and completeness of the amount and whether any adjustments might be necessary in respect of the Cash and Cash Equivalent balances amounting to \$162,572 at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2016.</p> <p>2. The Council recorded Trade and Other Receivables balance of \$1,707,039 in the Statement of Financial Position as at 31 December 2016. The Council was unable to provide supporting documents to verify the tax base arrears amounting to \$5,777 and business licenses arrears totalling to \$2,549 which are disclosed as Other Receivable and Prepayment. Furthermore, the Council was unable to provide reconciliations for the balance recorded on provision for doubtful debts and the security deposits of \$19,003. Consequently, the audit was not able to ascertain the existence and accuracy of the amount and whether any adjustments might be necessary in respect of the Receivable balances amounting to \$27,329 and provision for doubtful debts amounting to \$158,876 at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2016.</p> <p>3. Due to the length in time that has lapsed from the financial year to the commencement date, the audit was unable to perform physical verification to test the existence of Property, Plant and Equipment. The Council also did not undertake a board of survey at the end of the financial year. Consequently, the audit was not able to ascertain the existence of Property, Plant and Equipment balances recorded in the financial statements of \$2,472,788 for the year ended 31 December 2016.</p>

Municipal Council

Qualification Issues

**Lami Financial Year-
2016 (cont'd)**

4. The Council recorded Trade and Other Payables balance of \$145,638 in the Statement of Financial Position as at 31 December 2016. The Council was unable to provide supporting documents for Trade Creditors balance amounting to \$32,442. The Council was unable to provide reconciliations for rates received in advance, sundry deposits, FNPf payable, PAYE payable, TPAF levy payable, sales/income VAT and purchase VAT amounting to \$83,894. The Council was unable to provide VAT lodgement forms and the Statement of VAT Account for audit purposes. This resulted in a limitation of scope as audit was unable to perform audit work on VAT balances recorded in the general ledger. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Trade and Other Payables balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2016.
5. The Council was unable to provide the appropriate reconciliation and supporting documents to verify balances for Deferred Income amounting to \$1,004,286. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Deferred Income balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2016.
6. The Council recorded Operating Income of \$1,312,652 in the Statement of Comprehensive Income. Audit was unable to verify and vouch transactions to receipts or the bank statements of income amounting to \$129,338. The supporting documents for income general journals amounting to \$782,694 were not provided. The Council had prepared the general ledger, trial balance and financial statements on cash basis rather than accrual. Consequently, the audit was not able to ascertain the completeness and accuracy of the income amounting to \$129,338 and general journals of \$782,694 and whether any adjustments might be necessary in respect of the Operating Income balances at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income could not be determined for the year ended 31 December 2016.
7. The Council recorded Expenses of \$350,645 in the Statement of Comprehensive Income. Audit was unable to verify expenses amounting to \$118,686 as supporting documents for these transactions were either missing or in a condition whereby the details stated on the documents could not be confirmed. The supporting for expense general journals amounting to \$87,857 were not provided. The Council had prepared the general ledger, trial balance and financial statements on cash basis rather than accrual. Furthermore, the Council was unable to provide any reconciliations or payroll reports to substantiate the accuracy and legitimacy of payroll balance amounting to \$58,305. Consequently, the audit was not able to ascertain the

Municipal Council	Qualification Issues
<p>Lami Financial Year - 2017</p>	<p>completeness and accuracy of the expenses amounting to \$118,686, general journals amounting to \$87,857 and payroll balance amounting to \$658,305 and whether any adjustments might be necessary in respect of the Expenses balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income could not be determined for the year ended 31 December 2016.</p> <p>Modified (Disclaimer of Opinion) Audit Opinion</p> <ol style="list-style-type: none"> An unreconciled variance of \$17,075 exists between the bank record and the Council's General Fund Account. In addition, the Council was unable to provide reconciliation and bank audit certificate for the General Fund Account amounting to \$(34,082). Consequently, the audit was not able to ascertain the existence and completeness of the amount and whether any adjustments might be necessary in respect of the Cash and Cash Equivalent balances amounting to \$66,849 at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2017. The Council recorded Trade and Other Receivables balance of \$1,694,434 in the Statement of Financial Position as at 31 December 2017. The Council was unable to provide supporting documents for rates debtors amounting to \$1,016,792. Furthermore, the Council was unable to provide reconciliations for provision for doubtful debts, security deposits, garbage debtors, taxi base arrears, business license arrears and rental arrears. Consequently, the audit was not able to ascertain the existence and accuracy of the amount and whether any adjustments might be necessary in respect of the Receivable balances amounting to \$1,694,434 at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2017. The Council was unable to provide the appropriate documents to support Property, Plant and Equipment additions amounting to \$249,316. Due to the length in time that has lapsed from the financial year to the commencement date, the audit was unable to perform physical verification to test the existence of Property, Plant and Equipment. The Council also did not undertake a board of survey at the end of the financial year. Consequently, the audit was not able to ascertain the existence and valuation of Property, Plant and Equipment balances recorded in the financial statements of \$2,699,668 for the year ended 31 December 2017. The Council recorded Trade and Other Payables balance of \$89,875 in the Statement of Financial Position as at 31 December 2017. The Council was unable to provide supporting documents for Trade Creditors balance amounting to \$20,525 and the breakdown of the opening balances for other payables such as rates received in advance and sundry deposits. Furthermore, the revenue reconciliation between sales declared in Vat lodgement forms and the general ledger revealed a variance of \$740,227. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any

Municipal Council	Qualification Issues
<p>Lami Financial Year – 2017 (cont'd)</p>	<p>adjustments might be necessary in respect of the Trade and Other Payables balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2017.</p> <p>5. The Council was unable to provide the appropriate reconciliation and supporting documents to verify balances for Deferred Income amounting to \$1,077,107. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Deferred Income balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2017.</p> <p>6. The Council recorded Operating Income of \$1,269,584 in the Statement of Comprehensive Income. Audit was unable to verify and vouch transactions to receipts or the bank statements of income amounting to \$13,643. The supporting documents for income general journals amounting to \$302,881 were not provided. The Council had prepared the general ledger, trial balance and financial statements on cash basis rather than accrual. Consequently, the audit was not able to ascertain the completeness and accuracy of the income amounting to \$13,643 and general journals of \$302,881 and whether any adjustments might be necessary in respect of the Operating Income balances at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income could not be determined for the year ended 31 December 2017.</p> <p>7. The Council recorded Expenses of \$510,130 in the Statement of Comprehensive Income. Audit was unable to verify expenses amounting to \$96,167 as supporting documents for these transactions were either missing or in a condition whereby the details stated on the documents could not be confirmed. The supporting for expense general journals amounting to \$1,516,703 were not provided. The Council had prepared the general ledger, trial balance and financial statements on cash basis rather than accrual. Furthermore, the Council was unable to provide any reconciliations or payroll reports to substantiate the accuracy and legitimacy of payroll balance amounting to \$634,832. Consequently, the audit was not able to ascertain the completeness and accuracy of the expenses amounting to \$97,167, general journals amounting to \$1,516,703 and payroll balance amounting to \$634,832 and whether any adjustments might be necessary in respect of the Expenses balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income could not be determined for the year ended 31 December 2017.</p>
<p>Lami Financial Year - 2018</p>	<p>Modified - Disclaimer of Opinion</p> <p>1. The Council recorded Cash and Cash Equivalents amounting to \$368,693 in the Statement of Financial Position as at 31 December 2018 for which proper accounting records and bank reconciliations were not maintained. Consequently, the audit</p>

Municipal Council

Qualification Issues

was not able to ascertain the existence and completeness of the amount and whether any adjustments might be necessary in respect of the Cash and Cash Equivalent at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2018.

**Lami Financial Year-
2018 (cont'd)**

2. The Council recorded Trade and Other Receivables balance of \$1,797,084 in the Statement of Financial Position as at 31 December 2018. The Council was unable to provide supporting documents for rates and garbage debtors amounting to \$1,882,161. Furthermore, the Council was unable to provide reconciliations for provision for doubtful debts, security deposits – FEA, taxi base arrears, business license arrears, rental arrears, and sundry advance. Consequently, the audit was not able to ascertain the existence and accuracy of the amount and whether any adjustments might be necessary in respect of the Receivable balances amounting to \$1,797,084 at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2018.
3. The Council was unable to provide the appropriate documents to support Property, Plant and Equipment additions amounting to \$18,460. Due to the length in time that has lapsed from the financial year to the commencement date, the audit was unable to perform physical verification to test the existence of Property, Plant and Equipment. The Council also did not undertake a board of survey at the end of the financial year. Consequently, the audit was not able to ascertain the existence and valuation of Property, Plant and Equipment balances recorded in the financial statements of \$2,676,169 for the year ended 31 December 2018.
4. The Council recorded Trade and Other Payables balance of \$98,598 in the Statement of Financial Position as at 31 December 2018. The Council was unable to provide reconciliations and supporting documents to confirm the recorded Trade Creditors balance. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Trade and Other Payable balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2018.
5. The Council was unable to provide the appropriate reconciliation and supporting documents to verify balances for Deferred Income amounting to \$1,241,689. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Deferred Income balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2018.

Municipal Council	Qualification Issues
<p>Lami Financial Year- 2018 (cont'd)</p>	<p>6. The Council recorded Operating Income balance of \$1,319,575 in the Statement of Comprehensive Income. The Council was unable to provide reconciliation for income and other operating income that reconciled to the balance recorded in the financial statements to verify the completeness and valuation of income and other operating income amounting to \$1,213,458 and \$106,117 respectively. Audit was unable to verify and vouch transactions to receipts or the bank statements of income amounting to \$13,013. Consequently, the audit was not able to ascertain the completeness and accuracy of the income amounting to \$1,213,459 and \$106,117 respectively and whether any adjustments might be necessary in respect of the Operating Income balances at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income could not be determined for the year ended 31 December 2018.</p> <p>7. The Council recorded Expenses of \$471,844 in the Statement of Comprehensive Income. Audit was unable to verify expenses amounting to \$187,347 as supporting documents for these transactions were either missing or in a condition whereby the details stated on the documents could not be confirmed. The Council was unable to provide any reconciliations or payroll reports to substantiate the accuracy and legitimacy of payroll balance amounting to \$604,316. Consequently, the audit was not able to ascertain the completeness and accuracy of the expenses amounting to \$187,347 and payroll balances amounting to \$604,316 and whether any adjustments might be necessary in respect of the Expenses balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income could not be determined for the year ended 31 December 2018.</p>
<p>Lami Financial Year - 2019</p>	<p>Modified - Disclaimer of Opinion</p> <p>1. The Council recorded Trade and Other Receivables balance of \$1,746,481 in the Statement of Financial Position as at 31 December 2019. The Council was unable to provide supporting documents for rates and garbage debtors amounting to \$1,789,415. Furthermore, the Council was unable to provide reconciliations for provision for doubtful debts, security deposits – FEA, taxi base arrears, business license arrears, rental arrears, and sundry advance. Consequently, the audit was not able to ascertain the existence and accuracy of the amount and whether any adjustments might be necessary in respect of the Receivable balances amounting to \$1,746,481 at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2019.</p> <p>2. The Council was unable to provide the appropriate documents to support Property, Plant and Equipment additions amounting to \$272,728. Due to the length in time that has lapsed from the financial year to the commencement date, the audit was unable to perform physical verification to test the existence of Property, Plant and Equipment. The Council also did not undertake a board of survey at the end of the financial year. Consequently, the audit was not able to ascertain the existence and valuation</p>

Municipal Council	Qualification Issues
<p>Lami Financial Year- 2019 (cont'd)</p>	<p>of Property, Plant and Equipment balances recorded in the financial statements of \$2,938,608 for the year ended 31 December 2019.</p> <p>3. The Council recorded Trade and Other Payables balance of \$110,888 in the Statement of Financial Position as at 31 December 2019. The Council was unable to provide reconciliations and supporting documents to confirm the recorded Trade Creditors balance. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Trade and Other Payable balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2019.</p> <p>4. The Council was unable to provide the appropriate reconciliation and supporting documents to verify balances for Deferred Income amounting to \$1,382,413. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Deferred Income balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2019.</p> <p>5. The Council recorded Operating Expenses of \$1,431,489 in the Statement of Comprehensive Income. Audit was unable to verify expenses amounting to \$231,585 as supporting documents for these transactions were either missing or in a condition whereby the details stated on the documents could not be confirmed. The Council was unable to provide any reconciliations or payroll reports to substantiate the accuracy and legitimacy of payroll balance amounting to \$431,746. Consequently, the audit was not able to ascertain the completeness and accuracy of the operating expenses amounting to \$1,431,489 and whether any adjustments might be necessary in respect of the Expenses balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income could not be determined for the year ended 31 December 2019.</p>
<p>Lami Financial Year - 2020</p>	<p>Modified - Disclaimer of Opinion</p> <p>1. The Council recorded Trade and Other Receivables balance of \$1,712,249 in the Statement of Financial Position as at 31 December 2020. The Council was unable to provide supporting documents for rates and garbage debtors amounting to \$1,777,332. Furthermore, the Council was unable to provide reconciliations for provision for doubtful debts, security deposits – FEA, taxi base arrears, business license arrears, rental arrears, and sundry advance. Consequently, the audit was not able to</p>

Municipal Council

Qualification Issues

<p>Lami Financial Year– 2020 (cont'd)</p>	<p>ascertain the existence and accuracy of the amount and whether any adjustments might be necessary in respect of the Receivable balances amounting to \$1,712,249 at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 July 2020.</p> <p>2. The Council was unable to provide the appropriate documents to support Property, Plant and Equipment additions amounting to \$133,145. Due to the length in time that has lapsed from the financial year to the commencement date, the audit was unable to perform physical verification to test the existence of Property, Plant and Equipment. The Council also did not undertake a board of survey at the end of the financial year. Consequently, the audit was not able to ascertain the existence and valuation of Property, Plant and Equipment balances recorded in the financial statements of \$2,903,157 for the year ended 31 July 2020.</p> <p>3. The Council recorded Trade and Other Payables balance of \$282,584 in the Statement of Financial Position as at 31 December 2020. The Council was unable to provide reconciliations and supporting documents to confirm the recorded Trade Creditors balance. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Trade and Other Payable balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 July 2020.</p> <p>4. The Council was unable to provide the appropriate reconciliation and supporting documents to verify balances for Deferred Income amounting to \$1,311,554. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Deferred Income balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 July 2020.</p> <p>5. The Council recorded Operating Expenses of \$802,687 in the Statement of Comprehensive Income. Audit was unable to verify the details stated on the documents could not be confirmed. The Council was unable to provide any reconciliations or payroll reports to substantiate the accuracy and legitimacy of payroll balance amounting to \$431,746. Consequently, the audit was not able to ascertain the completeness and accuracy of the operating expenses amounting to \$802,687 and whether any adjustments might be necessary in respect of the Expenses balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income could not be determined for the year ended 31 July 2020.</p>
--	--

Municipal Council	Qualification Issues
<p>Nausori Financial Year - 2016</p>	<p>Modified - Disclaimer of Opinion</p> <ol style="list-style-type: none"> <li data-bbox="375 470 734 1926"> <p>The Council recorded Cash on Hand and at Bank amounting to \$102,196 in the Statement of Financial Position as at 31 December 2016 for which proper accounting records were not maintained. Transactions for receipts and payments were recorded in the cash general ledger from the bank statements instead of from source documents such as receipt books. Moreover, the Council recorded bank overdraft of \$429,302 in Statement of Financial Position as at 31 December 2016 for which the Council was unable to provide relevant details and supporting documents to substantiate the bank overdraft balance. Additionally, receipt books for the months of January 2016 to May 2016, register for the cancelled and stale cheques, and cheque books for the financial year were not provided for audit verification. As a result, the audit was unable to determine whether any adjustments might have been necessary in respect of the Council's Cash on Hand and at Bank, and Bank Overdraft balance in the current year or comparative years, and the elements making up the Statement of Comprehensive Income and Statement of Financial Position as at 31 December 2016.</p> <li data-bbox="774 470 1053 1926"> <p>The Council recorded Trade and Other Receivables balance of \$2,727,219 in the Statement of Financial Position as at 31 December 2016. Out of this balance, the Council was unable to provide sufficient and appropriate evidence for trade receivable balance amounting to \$2,655,349 for audit verification. Also, variances amounting to \$263,143 between trade receivable general ledger and detailed trade receivable listing remained unresolved at year end. Furthermore, subsidiary listing for fees, charges, rent and other receivable balance amounting to \$71,870 were not available for verification. Additionally, the Council has not provided evidence of impairment assessment carried out on its Trade Receivable. As a result, audit was unable to ascertain whether the trade receivable balance of \$2,727,219 is fairly stated in the Statement of Financial Position as at 31 December 2016.</p> <li data-bbox="1093 470 1372 1926"> <p>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. In addition, the Council has not amortized the leasehold land amounting to \$2,153,124. The Council continued with the completion of the Inter Transport Project (Nausori market and bus stand relocation project). Although the construction of this project was completed in 2015, the payments to the consultants and the contractors engaged in this Project continued to the year 2019. These subsequent payments were neither capitalised nor accrued in the general ledger as at 31 December 2016. The Council was unable to provide a list of outstanding invoices as at 31 December 2016 for the Project. Furthermore, as these costs were</p>

Municipal Council

Qualification Issues

not capitalised, the relevant depreciation expenses relating to the Project were not recorded during the year. Sufficient and appropriate audit evidence relating to asset revaluation reserve amounting to \$6,087,525 were not provided for audit verification. As a result, audit was not able to verify the existence, completeness and accuracy of the revalued assets and asset revaluation reserve balances recorded in the financial position. Due to the length in time that has lapsed from the financial year to the commencement date, the audit was unable to perform physical verification tests as to the existence of property, plant and equipment, investment property and intangible assets. The Council did not perform a board of survey at the end of the financial year. Consequently, the audit was not able to ascertain the completeness and accuracy of property, plant and equipment balances recorded in the financial statements and whether any adjustments might have been necessary in respect of the additions, disposals and accumulated depreciation at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2016.

**Nausori Financial Year
2016 (cont'd)**

4. Included in trade receivables balance is rent receivable of \$240,685. A variance of \$136,020 existed between the rent debtors listing provided by the Council and rent receivable amount of \$240,685 reported in the financial statements. The Council was unable to provide relevant details and reconciliations to substantiate the variance. As a result, audit was unable to ascertain whether the rent receivables balance of \$240,685 is fairly stated in the financial statements.
5. The Council was unable to provide the appropriate reconciliations and supporting documents to verify balances for deferred income amounting to \$3,254,111 recorded in the financial statements. The grant agreements, reconciliations and record keeping of ongoing grants at year end were not maintained. Included in the Deferred Income is government grant of \$187,335 which relates to road system. The road system which includes roads, streetlights, and footpaths have been transferred to Fiji Roads Authority as per the Fiji Roads Act 2012. Moreover, the Council's accounting of Government grants was not in accordance with IFRS for SMEs. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might have been necessary in respect of the deferred income balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2016.
6. The Council was unable to provide appropriate supporting documents and detailed listings to support operating revenue balance recorded in the financial statements for rates amounting to \$2,143,546, rental income of \$419,199, business license fees amounting to \$298,286 and other income amounting to \$797,086. Upon inspection of the detailed ledger, it was noted that transactions had been recorded directly from the bank statements rather than from source documents such as invoices and receipt books. In addition, copies of the invoices throughout the year were not available for audit verification. Furthermore, within the caption of other income amounting to \$797,086 mentioned above are the roadside vendor fees, taxi

Municipal Council

Qualification Issues

- and minivan carrier base charges, bus station fees and hire of parks. These fees and charges are recorded on cash basis with limited controls over the collection process. Due to the nature of transactions of the above incomes, it is not practicable for the audit to include audit procedures to extend beyond the amounts recorded in the official receipts of the Council. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might have been necessary in respect of the operating revenue balances at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income could not be determined for the year ended 31 December 2016.
7. The Council was unable to provide appropriate supporting documentation and subsidiary listings to support operating expense balances for the personnel costs totalling \$1,362,072 and administrative and operating costs totalling \$1,913,132. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might have been necessary in respect of the operating expenses balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income could not be determined for the year ended 31 December 2016.
 8. The Council recorded parking meter tolls totalling \$91,111 in the Statement of Comprehensive Income. The parking meter tolls are recorded on cash basis with limited controls over the collection process. Due to the nature of the transaction of the parking meter tolls, it is not practicable for audit to include audit procedures to extend beyond the amounts recorded in the official receipts of the council. As a result, the audit was not satisfied whether parking meter tolls totalling \$91,111 is fairly stated in the Statement of Comprehensive Income for the year ended 31 December 2016.
 9. The Council paid salaries, wages and FNPF employer contribution related to parking meter fund from the general fund 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 which relates to the operation of the parking meter. As result, the audit was unable to determine whether any adjustments might have been necessary in respect of the parking meter salaries, wages and FNPF employer contribution paid from General fund account, and any corresponding adjustment to the elements making up the Statement of Comprehensive Income for the year ended 31 December 2016.
 10. Internal controls over the invoicing, receipting and banking, updating of general ledger, retention of source documents for an appropriate audit trail, preparation of the cash at bank and revenue reconciliations were generally found to be weak. These internal control weaknesses if not addressed on a timely basis may result in material misstatements and possible financial losses or fraud in the future.

**Nausori Financial Year
2016 (cont'd)**

Municipal Council	Qualification Issues
<p>Nausori Financial Year 2016 (cont'd)</p>	<p>11. 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 2016. As a result, the financial statements of the Council are not completely and fairly presented in accordance with all the requirements of IFRS for SMEs Paragraph 33 – Related Party.</p> <p>Without further qualifying the account, attention was drawn to the following matter:</p> <p>The financial statements which note that effective from 01 August 2020 Fiji's business license regime has been abolished. As a result, the business license from business owners will no longer be collected by the Council.</p>
<p>Nausori Financial Year - 2017</p>	<p>Modified - Disclaimer of Opinion</p> <p>1. The Council recorded Cash on Hand and at Bank amounting to \$50,638 in the Statement of Financial Position as at 31 December 2017 for which proper accounting records were not maintained. Transactions for receipts and payments were recorded in the cash general ledger from the bank statements instead of from source documents such as receipt books. Moreover, the Council recorded bank overdraft of \$532,151 in Statement of Financial Position as at 31 December 2016 for which the Council was unable to provide relevant details and supporting documents to substantiate the bank overdraft balance. Additionally, register for the cancelled and stale cheques, and cheque books for the financial year were not provided for audit verification. As a result, the audit was unable to determine whether any adjustments might have been necessary in respect of the Council's Cash on Hand and at Bank, and Bank Overdraft balance in the current year or comparative years, and the elements making up the Statement of Comprehensive Income and Statement of Financial Position as at 31 December 2017.</p> <p>2. The Council recorded Trade and Other Receivables balance of \$2,791,304 in the Statement of Financial Position as at 31 December 2017. Out of this balance, the Council was unable to provide sufficient and appropriate evidence for trade receivable balance amounting to \$2,670,444 for audit verification. Also, variances amounting to \$242,761 between trade receivable general ledger and detailed trade receivable listing remained unresolved at year end. Furthermore, subsidiary listing for fees, charges, rent and other receivable balance amounting to \$120,860 were not available for verification. Additionally, the Council has not provided evidence of impairment assessment carried out on its Trade and other Receivable. As a result, the audit was unable to ascertain whether the trade receivable balance of \$2,791,304 is fairly stated in the Statement of Financial Position as at 31 December 2017.</p> <p>3. 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. In addition,</p>

Municipal Council**Qualification Issues****Nausori Financial Year
2017 (cont'd)**

the Council has not amortized the leasehold land amounting to \$2,153,124. The Council continued with the completion of the Inter Transport Project (Nausori market and bus stand relocation project). Although the construction of this project was completed in 2015, the payments to the consultants and the contractors engaged in this Project continued to the year 2019. These subsequent payments were neither capitalised nor accrued in the general ledger as at 31 December 2017. The Council was unable to provide a list of outstanding invoices as at 31 December 2017 for the Project. Furthermore, as these costs were not capitalised, the relevant depreciation expenses relating to the Project were not recorded during the year. Sufficient and appropriate audit evidence relating to asset revaluation reserve amounting to \$6,087,525 was not provided for audit verification. As a result, the audit was not able to verify the existence, completeness and accuracy of the revalued assets and asset revaluation reserve balances recorded in the financial position. Due to the length in time that has lapsed from the financial year to the commencement of the audit, the audit was unable to perform physical verification tests as to the existence of property, plant and equipment, investment property and intangible assets. The Council did not perform a board of survey at the end of the financial year. Consequently, the audit was not able to ascertain the completeness and accuracy of property, plant and equipment balances recorded in the financial statements and whether any adjustments might have been necessary in respect of the additions, disposals and accumulated depreciation at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2017.

4. The Council was unable to provide reconciliations and supporting documents for trade and other payable balances amounting to \$1,806,065 for audit verification. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might have been necessary in respect of the trade and other payable at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2017.
5. The Council was unable to provide the appropriate reconciliations and supporting documents to verify balances for deferred income amounting to \$3,275,111 recorded in the financial statements. The grant agreements, reconciliations and record keeping of ongoing grants at year end were not maintained. Included in the Deferred Income is government grant of \$187,335 which relates to road system. The road system which includes roads, streetlights, and footpaths have been transferred to Fiji Roads Authority as per the Fiji Roads Act 2012. Moreover, the Council's accounting of Government grants was not in accordance with IFRS for SMEs. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might have been necessary in respect of the deferred income balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2017.

Municipal Council

Qualification Issues

6. The financial statements recorded Interest Bearing Borrowings from Bank of Baroda amounting to \$69,691 while the Bank Audit Certificate stated that the loan balance is \$nil. Council was not able to reconcile the difference and as a result the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might have been necessary in respect of the Interest Bearing Borrowing balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2017.

7. The Council was unable to provide appropriate supporting documents and detailed listings to support operating income balance recorded in the financial statements for general rates amounting to \$1,318,215, rental income amounting to \$236,180, business license fees amounting to \$328,667 and total of other income amounting to \$1,850,166. Upon inspection of the detailed ledger, it was noted that transactions had been recorded directly from the bank statements rather than from source documents such as invoices and receipt books. In addition, copies of the invoices throughout the year were not available for audit verification. Furthermore, within the caption of other income amounting to \$1,850,166 mentioned above are the roadside vendor fees, taxi and minivan carrier base charges, bus station fees and hire of parks. These fees and charges are recorded on cash basis with limited controls over the collection process. Due to the nature of transactions of the above incomes, it is not practicable for audit to include audit procedures to extend beyond the amounts recorded in the official receipts of the Council. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might have been necessary in respect of the operating revenue balances at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income could not be determined for the year ended 31 December 2017.

8. The Council was unable to provide appropriate supporting documentation and subsidiary listings to support total operating expense balance amounts to \$3,727,755 and depreciation and amortisation expenses amounts to \$459,397. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might have been necessary in respect of the operating expenses balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income could not be determined for the year ended 31 December 2017.

9. The Council recorded parking meter tolls totalling \$94,481 in the Statement of Comprehensive Income. The parking meter tolls are recorded on cash basis with limited controls over the collection process. Due to the nature of the transaction of the parking meter tolls, it is not practicable for the audit to include audit procedures to extend beyond the amounts recorded in the official receipts of the council. As a result, the audit was not satisfied whether parking meter tolls totalling \$94,481 is fairly stated in the Statement of Comprehensive Income.

**Nausori Financial Year
2017 (cont'd)**

Municipal Council	Qualification Issues
<p>Nausori Financial Year 2017 (cont'd)</p>	<p>10. The Council paid salaries, wages and FNPF employer contribution related to parking meter fund from the general fund 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 which relates to the operation of the parking meter. As a result, the audit was unable to determine whether any adjustments might have been necessary in respect of the parking meter salaries, wages and FNPF employer contribution paid from General fund account, and any corresponding adjustment to the elements making up the statement of comprehensive income.</p> <p>11. Internal controls over the invoicing, receipting and banking, updating of general ledger, retention of source documents for an appropriate audit trail, preparation of the cash at bank and revenue reconciliations were generally found to be weak. These internal control weaknesses if not addressed on a timely basis may result in material misstatements and possible financial losses or fraud in the future.</p> <p>12. 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 2017. As a result, the financial statements of the Council are not completely and fairly presented in accordance with all the requirements of IFRS for SMEs Paragraph 33 – Related Party.</p> <p>Without further qualifying the account, attention was drawn to the following matter:</p> <p>The financial statement which notes that effective from 01 August 2020 Fiji’s business license regime has been abolished. As a result, the business license from business owners will no longer be collected by the Council.</p>
<p>Nausori Financial Year - 2018</p>	<p>Modified - Disclaimer of Opinion</p> <p>1. The Council recorded Cash on Hand and at Bank amounting to \$178,920 and Bank Overdraft amounting to \$2,465,639 in the Statement of Financial Position as at 31 December 2018. Bank reconciliations for these balances could not be provided for audit verification. Furthermore, transactions for receipts and payments were recorded in the cash general ledger from the bank statements instead of from source documents such as receipt books. Moreover, the Council did not maintain reconciliations of petty cash float during the year. The register for the cancelled and stale cheques throughout the year were not maintained and the cheque books for the financial year were not provided for audit verification. As a result, the audit was unable to determine whether any adjustments might have been necessary in respect of the Council’s Cash on Hand and at Bank, and Bank Overdraft balance in the current year or comparative years, and the elements making up the Statement of Comprehensive Income and Statement of Financial Position as at 31 December 2018.</p>

Municipal Council

Qualification Issues

**Nausori Financial Year
2018 (cont'd)**

2. The Council recorded trade and other receivables balance of \$2,856,930 in the Statement of Financial Position as at 31 December 2018. The Council was unable to provide subsidiary listing for the trade and other receivables balance for audit verification. Additionally, the Council has not provided evidence of impairment assessment carried out on its Trade Receivable. As a result, the audit was unable to ascertain whether the trade receivable balance of \$2,856,930 is fairly stated in the Statement of Financial Position as at 31 December 2018.

3. 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. In addition, the Council has not amortized the leasehold land amounting to \$2,153,124. The Council continued with the completion of the Inter Transport Project (Nausori market and bus stand relocation project). Although the construction of this project was completed in 2015, the payments to the consultants and the contractors engaged in this Project continued to the year 2019. These subsequent payments were neither capitalised nor accrued in the general ledger as at 31 December 2018. The Council was unable to provide a list of outstanding invoices as at 31 December 2018 for the Project. Furthermore, as these costs were not capitalised, the relevant depreciation expenses relating to the Project were not recorded during the year. Sufficient and appropriate audit evidence relating to asset revaluation reserve amounting to \$6,087,525 was not provided for audit verification. As a result, audit was not able to verify the existence, completeness and accuracy of the revalued assets and asset revaluation reserve balances recorded in the financial position. Due to the length in time that has lapsed from the financial year to the commencement of the audit, the audit was unable to perform physical verification tests as to the existence of property, plant and equipment, investment property and intangible assets. The Council did not perform a board of survey at the end of the financial year. Consequently, the audit was not able to ascertain the completeness and accuracy of Property, Plant and Equipment balances recorded in the financial statements and whether any adjustments might have been necessary in respect of the additions, disposals and accumulated depreciation at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2018.

4. The Council was unable to provide appropriate reconciliations and supporting documents for trade and other payable balances amounting to \$1,680,347 for audit verification. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might have been necessary in respect of the trade and other payable at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2018.

Municipal Council

Qualification Issues

**Nausori Financial Year
2018 (cont'd)**

5. The Council was unable to provide the appropriate reconciliations and supporting documents to verify balances for deferred income amounting to \$3,275,111 recorded in the financial statements. The grant agreements, reconciliations and record keeping of grants at year end were not maintained. Included in the Deferred Income is government grant of \$187,335 which relates to road system. The road system which includes roads, streetlights, and footpaths have been transferred to Fiji Roads Authority as per the Fiji Roads Act 2012. Moreover, the Council's accounting of Government grants was not in accordance with IFRS for SMEs. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might have been necessary in respect of the deferred income balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2018.

6. The council was unable to provide the correct employee entitlement reconciliations and details to support the employee benefit obligation balance amounting to \$30,435. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might have been necessary in respect of the employee entitlement balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2018.

7. The financial statements recorded Interest Bearing Borrowings from Bank of Baroda amounting to \$69,691 while the Bank Audit Certificate stated that the loan balance was \$nil. Council was not able to reconcile the difference and as a result the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might have been necessary in respect of the Interest Bearing Borrowings balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position could not be determined for the year ended 31 December 2018.

8. The Council was unable to provide appropriate supporting documents and detailed listings to support operating revenue balance recorded in the financial statements for General Rates income amounting to \$1,061,598 and other operating income amounting to \$1,685,616. Upon inspection of the detailed ledger, it was noted that transactions had been recorded directly from the bank statements rather than from source documents such as invoices and receipt books. In addition, copies of the invoices throughout the year were not available for audit verification. Furthermore, within the caption of other income amounting to \$1,685,616 mentioned above, roadside vendor fees, taxi and minivan carrier base charges, bus station fees and hire of parks are included. These fees and charges are recorded on cash basis with limited controls over the collection process. Due to the nature of transactions of the above incomes, it is not practicable for audit to include audit procedures to extend beyond the amounts recorded in the official receipts of the Council. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might have been necessary in respect of the

Municipal Council

Qualification Issues

- operating income balances at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income could not be determined for the year ended 31 December 2018.
9. The Council was unable to provide appropriate supporting documentation and subsidiary listings to support total operating expenditure balance amounting to \$4,478,512 and depreciation and amortisation expenses amounting to \$462,785. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might have been necessary in respect of the operating expenditure balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income could not be determined for the year ended 31 December 2018.
 10. The Council recorded parking meter tolls totalling \$108,560 in the Statement of Comprehensive Income. The parking meter tolls are recorded on cash basis with limited controls over the collection process. Due to the nature of the transaction of the parking meter tolls, it is not practicable for audit to include audit procedures to extend beyond the amounts recorded in the official receipts of the council. As a result, the audit was not satisfied whether parking meter tolls totalling \$108,560 is fairly stated in the Statement of Comprehensive Income.
 11. The Council paid salaries, wages and FNPF employer contribution related to parking meter fund from the general fund 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 which relates to the operation of the parking meter. As a result, the audit was unable to determine whether any adjustments might have been necessary in respect of the parking meter salaries, wages and FNPF employer contribution paid from General fund account, and any corresponding adjustment to the elements making up the statement of comprehensive income.
 12. Internal controls over the invoicing, receipting and banking, updating of general ledger, retention of source documents for an appropriate audit trail, preparation of the cash at bank and revenue reconciliations were generally found to be weak. These internal control weaknesses if not addressed on a timely basis may result in material misstatements and possible financial losses or fraud in the future.
 13. 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 2018. As a result, the financial statements of the Council are not completely and fairly presented in accordance with all the requirements of IFRS for SMEs Paragraph 33 – Related Party.

**Nausori Financial Year
2018 (cont'd)**

Municipal Council	Qualification Issues
<p>Nausori Financial Year 2018 (cont'd)</p>	<p>Without further qualifying the account, attention was drawn to the following matter:</p> <p>The financial statement which notes that effective from 01 August 2020 Fiji's business license regime has been abolished. As a result, the business license from business owners will no longer be collected by the Council.</p>
<p>Ba Financial Year – 2020</p>	<p>Modified - Disclaimer of Opinion</p> <ol style="list-style-type: none"> An unreconciled variance of \$24,652 exists between the Other Sundry Debtors' listings and amount reflected in the financial statements. The Council was unable to provide relevant details and satisfactory explanations to substantiate the variance. As a result, audit was unable to ascertain the accuracy of Other Sundry Debtors balance of \$210,317 recorded in the Statement of Financial Position as at 31 July 2020. The Council has not commenced a full review on impairment exercise regarding the assets with zero written down value with cost totalling \$359,053. These assets with zero written down value are recorded under furniture, plant and machinery, motor vehicle and parking meter asset classes. As a result, audit was unable to determine the remaining economic useful life and the correct carrying amount and whether any adjustments might have been necessary in respect of the Property, Plant and Equipment at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position as at 31 July 2020. The Council recorded Deferred Income of \$4,893,949 in the Statement of Financial Position as at 31 July 2020. Audit was not provided with the relevant details and reconciliation to support total amount recognized in revenue of \$810,200, total grant utilized of \$442,078, and balance of \$368,893 as reported in the Financial Statements. In addition, the Council did not disclose the unfulfilled conditions and other contingencies attached to government grants that have not been recognized in income. Furthermore, the accounting policy on deferred income as disclosed in the Financial Statements is not in accordance with Section 24 of the International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs). As a result, audit was not able to ascertain the accuracy of the Deferred Income balance of \$4,893,949 recorded in the financial statements as at 31 July 2020. An unreconciled variance of \$188,289 exists between the Value Added Tax (VAT) reconciliation provided by the Council and the VAT payable balance reflected in the Statement of Financial Position. The Council was unable to provide satisfactory explanation and relevant details to substantiate the variance. As a result, audit was unable to ascertain if the VAT payable balance of \$192,302 is fairly stated in the Statement of Financial Position as at 31 July 2020.

Municipal Council

Qualification Issues

**Ba Financial Year 2020
(cont'd)**

5. An unreconciled variance of \$2,273,310 exists between the Investment Property schedule provided by the Council and the balance reflected in the Statement of Financial Position. The Council was unable to provide satisfactory explanation and relevant details to substantiate the variance. As a result, audit was unable to ascertain whether the Investment Property balance of \$9,841,814 is fairly stated in the financial statements as at 31 July 2020.
6. An unreconciled variance of \$258,745 exists between the fixed assets schedule provided by the Council and the Property, Plant and Equipment balance of \$11,078,446 reflected in the financial statements. The Council was unable to provide satisfactory explanation and relevant details to substantiate the variance. In addition, the Council did not provide the details and schedule of the land and building that makes up the balance of \$3,327,900 and \$3,036,47 respectively as disclosed in the financial statements. As a result, audit was unable to verify the completeness and accuracy of the Property, Plant and Equipment balance and also unable to determine whether any adjustments might have been necessary in respect of the land and building balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position as at 31 July 2020.
7. The Council recorded prior year adjustment of \$16,767 in the Statement of Changes in Accumulated Funds for the period ended 31 July 2020. This is a departure from the requirements of Section 10 – Accounting Policies, Estimates and Errors, paragraph 10.21 of the IFRS for SMEs, which requires the Council to record prior year adjustment balance by restating the comparative amounts for the prior period presented in which the error occurred or restate the opening balances of assets, liabilities, and equity for the earliest prior period presented.
8. Included in the Income Paid in Advance balance of \$111,918 is Rate Received in Advance totalling \$56,009. An unreconciled variance of \$90,511 exists between the Rates Received in Advance listing and the balance reflected in the financial statements. The Council was unable to provide satisfactory explanation and relevant details to substantiate the variance. As a result, audit was unable to ascertain whether the Income Paid in Advance totalling \$111,918 is fairly stated in the financial statements as at 31 July 2020.
9. An unreconciled variance of \$46,457 exists between the business, trading and other licenses income listing provided by the Council and the balance reflected in the Statement of Comprehensive Income for the year ended 31 July 2020. The Council was unable to provide satisfactory explanation and relevant details to substantiate the variance. As a result, audit was unable to ascertain if the business, trading and other licenses income of \$33,200 is fairly stated in the financial statements.
10. Due to the nature of transactions of the market, municipal car park and public convenience fees, it is not practicable for audit to include audit procedures to extend beyond the amounts recorded in the official receipts of the Council. Accordingly, audit

Municipal Council	Qualification Issues
<p>Ba Financial Year 2020 (cont'd)</p>	<p>was not satisfied whether the market fees income of \$176,750, municipal car park income of \$123,765, and public convenience income of \$7,144 is fairly stated in the financial statements as at 31 July 2020.</p>
<p>Lautoka</p>	<p>Modified - Disclaimer of Opinion</p>
<p>Financial Year – 2015</p>	<ol style="list-style-type: none"> 1. The Council was unable to provide detailed listing and relevant supporting documents to support other receivable of \$748,914 reported in the financial statements. Consequently, audit was not satisfied on the accuracy of the other receivable balance of \$748,914 reported in the financial statements as at 31 December 2015. 2. The Council recorded rates receivable amounting to \$5,011,035. Audit noted that the Council has provided a provision for doubtful debts amounting to \$1,000,000 of the gross rates receivable. No documentations were made available to substantiate the basis of management's estimate of the provision for doubtful debts. Consequently, audit was not satisfied if the management's estimate of \$1,000,000 is adequate for assessing the impairment of rates receivables and whether any adjustment might have been necessary in respect of the Council's rates receivables at year end and any corresponding adjustments to the elements making up the Statement of Comprehensive Income for the year ended 31 December 2015. 3. The Council recorded total Property, Plant and Equipment (PPE) amounting to \$4,655,997 in the financial statements as at 31 December 2015. The Council was unable to provide the detailed fixed assets register to enable audit to perform appropriate audit procedures to ascertain existence of PPE. In addition, the Council did not provide detail listing of work in progress of \$1,193,139 as reported in the financial statements. As a result, audit was unable to ascertain whether Property, Plant and Equipment balance of \$4,655,997 is fairly stated in the financial statements. 4. Included in the Creditors and Accruals balance of \$758,957 is sundry creditors and accruals balance of \$155,432, other creditors' balance of \$296,517, security deposits balance of \$228,974 and refundable building deposits balance of \$62,934. The Council was unable to provide subsidiary ledgers and detail listings to substantiate these balances. As a result, audit was unable to ascertain whether the total creditors and accruals balance of \$758,957 is fairly stated in the Statement of Financial Position as at 31 December 2015. 5. The Council was unable to provide payment vouchers, invoices and or receipts to support transactions totalling \$280,359 which are for non-payroll expenditure from the total expenditure of \$6,735,358 disclosed in the Statement of Comprehensive Income for the year ended 31 December 2015. In addition, the Council was unable to provide appropriate supporting documents to substantiate general journal entries totalling \$3,706,363 recorded in various expenses account. As a result, audit was unable to verify the occurrence and accuracy of the balances and also unable to determine whether any adjustments might have been necessary in respect of the various expenditure account at the end of the financial year and any

Municipal Council	Qualification Issues
Lautoka Financial Year 2015 (cont'd)	<p>corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position as at 31 December 2015.</p> <ol style="list-style-type: none"> 6. The Council was unable to provide details and reconciliations to substantiate the capital grant balance of \$809,562 recorded in the Statement of Financial Position as at 31 December 2015. As a result, audit was unable to ascertain whether the capital grants of \$809,562 is fairly stated in the financial statements. 7. The Council was unable to provide inventory listings, annual stock-take records and reconciliations to substantiate the project supplies balance of \$63,919 recorded in the statement of financial position. In addition, there is a lack of audit trail as stock cards cannot be traced to the general ledger. Furthermore, usage of inventory was not accounted for in the general ledger and inventories purchased of \$70,319 were incorrectly included in the rates receivable balance reflected in the financial statement. I also did not observe the counting of the physical inventories at the end of the year. As a result, audit was unable to ascertain if the project supplies of \$63,919 is fairly stated in the financial statements. 8. The Council was unable to provide the Value Added Tax (VAT) reconciliations to support the VAT payable balance of \$70,310 recorded in the Statement of Financial Position. As a result, audit was unable to ascertain whether VAT payable balance of \$70,310 is fairly stated in the financial statements. 9. The Council did not comply with the requirements of IAS 24 – <i>Related Party Disclosures</i> by not disclosing in its financial statements’ details of all its related parties. In addition, the Council did not disclose nor provide details of contingent liabilities and commitments as at balance date. As a result, audit was unable to determine whether any disclosures to the financial statements in respect of related parties, contingent liabilities and commitments were necessary.
Lautoka Financial Year – 2016	<p>Modified - Disclaimer of Opinion</p> <ol style="list-style-type: none"> 1. The Council was unable to provide detailed listings and relevant supporting documents to support receivables totalling \$705,455. In addition, an unreconciled variance of \$304,114 exists between the rates receivable listing provided by the Council and the rates receivable balance of \$5,011,035 included in the total gross receivables balance of \$5,716,490. Consequently, audit was unable to ascertain the accuracy of total receivables balance of \$5,716,490 disclosed in Statement of Financial Position as at 31 December 2016. 2. The Council recorded gross receivables amounting to \$5,716,490. The Council has provided a provision for doubtful debts amounting to \$1,000,000 of the gross receivables. No documentations were made available to substantiate the management’s estimate of the provision for doubtful debts. Consequently, audit was not satisfied if the management’s

Municipal Council

Qualification Issues

estimate of \$1,000,000 is adequate for assessing the impairment of receivables and whether any adjustment might have been necessary in respect of the Council's receivables balance as at 31 December 2016 and any corresponding adjustments to the elements making up the Statement of Comprehensive Income.

3. The Council has recorded term deposits of \$184,120 in other receivables balance which is a double accounting of term deposits. Consequently, this has resulted in overstatement of Other Receivable by \$184,120. As a result, audit was unable to ascertain the accuracy of Other Receivables balance of \$258,837 disclosed in Statement of Financial Position as at 31 December 2016.
4. The Council recorded total Property, Plant and Equipment (PPE) amounting to \$7,556,213 in the Statement of Financial Position as at 31 December 2016. The Council was unable to provide the detailed fixed assets register to enable me to perform appropriate audit procedures to ascertain existence of PPE. In addition, the Council did not provide detail listing of work in progress of \$1,193,139 as reported in the financial statements. As a result, audit was unable to ascertain whether Property, Plant and Equipment balance of \$7,556,213 is fairly stated in the financial statements.
5. The Council recorded written down value of investment properties of \$6,049,932 in the Statement of Financial Position as at 31 December 2016. The Council was unable to provide the details of the investment properties to enable me to perform appropriate audit procedures to ascertain the existence and accuracy of the investment properties balance. As a result, audit was unable to ascertain whether the investment properties balance of \$6,049,932 is fairly stated in the financial statements.
6. The Council was unable to provide inventory listings, annual stock-take records and reconciliations to substantiate the project supplies balance of \$189,794 recorded in the Statement of Financial Position as at 31 December 2016. In addition, there is a lack of audit trail as stock cards cannot be traced to the general ledger. Audit also did not observe the counting of the physical inventories at the end of the year. As a result, audit was unable to ascertain if the project supplies of \$189,794 is fairly stated in the financial statements.
7. An unreconciled variance of \$111,280 exists between the VAT reconciliations provided by the Council and the VAT receivable balance of \$24,877 recorded in the Statement of Financial Position as at 31 December 2016. As a result, audit was unable to ascertain whether the VAT receivable balance of \$24,877 is fairly stated in the financial statements.
8. The Council was unable to provide the detailed listings and detailed reconciliations to substantiate the capital grant in aid balance of \$1,823,802 recorded in the Statement of Financial Position as at 31 December 2016. As a result, audit was unable to ascertain whether the capital grant in aid balance of \$1,823,802 is fairly stated in the financial statements.

**Lautoka Financial Year
2016 (cont'd)**

Municipal Council

Qualification Issues

**Lautoka Financial Year
2016 (cont'd)**

- 9. Included in the creditors and accruals balance of \$457,68 is sundry creditors and accruals balance of \$168,425, security deposits balance of \$227,230 and refundable building deposits balance of \$62,034. The Council was unable to provide subsidiary ledgers and detail listings to substantiate these balances. As a result, audit was unable to ascertain whether the total creditors and accruals balance of \$457,689 is fairly stated in the financial statements.
- 10. The Council was unable to provide details and relevant supporting documents to support the amortization of capital grant income of \$1,206,857 included in the other income balance of \$6,082,713 in the Statement of Comprehensive Income. In addition, an unreconciled variance of \$151,477 exists between the business license fees listing provided by the Council and the business license fees income of \$478,748 included in the other income balance. Furthermore, an unreconciled variance of \$282,719 exists between the rates revenue listing provided by the Council and the rates revenue of \$3,678,335 reported in the Statement of Comprehensive Income. As a result, audit was unable to ascertain whether the total revenue of \$9,761,048 is fairly stated in the financial statements
- 11. Included in fees, charges and rent income caption of \$2,914,345 is revenue relating to market fees, roadside stalls, carpark, and public conveniences. These amounts were received by the Council on a cash collection basis with limited controls over the collection process, accordingly audit was unable to obtain sufficient appropriate evidence over completeness and accuracy of this revenue and audit procedures with respect to income from these sources had to be restricted to the amounts recorded in the financial statements. As a result, audit was unable to express an opinion whether income from these sources is complete.
- 12. The Council was unable to provide payment vouchers, invoices and receipts to support transactions totalling \$929,521 which are for non-payroll expenditure from the total expenditure of \$4,317,410 disclosed in the Statement of Comprehensive Income. In addition, the Council was unable to provide transaction details and appropriate supporting documents to substantiate provisional withholding tax expenses of \$159,886 and a general journal entry of \$176,877 recorded in garbage removal service expenses account. As a result, audit was unable to verify the occurrence and accuracy of the transactions and also unable to determine whether any adjustments might have been necessary in respect of the various expenses account at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position as at 31 December 2016.
- 13. The Council did not disclose nor provide details of contingent liabilities and commitments as at balance date. As a result, audit was unable to determine whether any disclosures to the financial statements in respect of the contingent liabilities and commitments were necessary.

Municipal Council	Qualification Issues
<p>14. Generally, internal control function of cash, revenue management, payroll processing and procurement of good and services were found to be weak. Poor internal control may lead to fraud and possible misappropriation of funds.</p>	<p>Modified - Disclaimer of Opinion</p> <p>1. The Council was unable to provide detailed listings and relevant supporting documents to support receivables totalling \$725,340. In addition, an unreconciled variance of \$642,703 exists between the rates receivable listing provided by the Council and the rates receivable balance of \$5,014,265 included in the total receivables balance of \$5,739,606. Consequently, audit was unable to ascertain the accuracy of total receivables balance of \$5,739,606 disclosed in the Financial Statements.</p> <p>2. The Council recorded receivables amounting to \$5,739,606. Audit noted that the Council has provided a provision for doubtful debts amounting to \$1,000,000 of the gross receivables. No documentations were made available to substantiate the basis of management's estimate of the provision for doubtful debts. Consequently, audit was not satisfied if the management's estimate of \$1,000,000 is adequate for assessing the impairment of receivables and whether any adjustment might have been necessary in respect of the Council's receivables balance as at 31 December 2017 and any corresponding adjustments to the elements making up the statement of income and expenditure.</p> <p>3. An unreconciled variance of \$68,307 exists between the held to maturity investment confirmed by the Home Finance Company and the balance reported in the financial statements. In addition, there were insufficient documents provided to confirm the existence of the held to maturity investment with Bred Bank totalling \$2,500,000. As a result, audit was unable to ascertain whether the held to maturity investment balance of \$4,646,652 is fairly stated in the financial statements.</p> <p>4. The Council was unable to provide detailed listings and relevant supporting documents to support other receivables balance of \$323,471 as reported in the Statement of Financial Position. Consequently, audit was unable to ascertain the accuracy of the other receivables balance of \$323,471 as reported in the Statement of Financial Position as at 31 December 2017.</p> <p>5. The Council recorded total Property, Plant and Equipment (PPE) amounting to \$9,090,615 in the Statement of Financial Position as at 31 December 2017. The detail descriptions of the assets with cost totalling \$6,208,997 and written down value of \$2,772,684 was not provided in the fixed assets schedule to enable audit to perform appropriate audit procedures to ascertain existence of this balance. In addition, the Council did not provide detail listing of work in progress of \$1,193,139 out of the total amount of \$5,999,796 as reported in the financial statements. Payment vouchers and supporting documents amounting to \$144,823 for total additions to PPE were not provided. As a result, audit was unable to ascertain whether Property, Plant and Equipment balance of \$9,090,615 is fairly stated in the financial statements.</p>

Municipal Council

Qualification Issues

Lautoka Financial Year 2017 (cont'd)

6. The Council recorded written down value of investment properties of \$5,834,879 in the Statement of Financial Position as at 31 December 2017. The Council was unable to provide the details of the investment properties to enable audit to perform appropriate audit procedures to ascertain the existence and accuracy of the investment properties balance. As a result, audit was unable to ascertain whether the investment properties balance of \$5,834,879 is fairly stated in the financial statements.
7. The Council was unable to provide inventory listings, annual stock-take records and reconciliations to substantiate the project supplies balance of \$304,750 recorded in the Statement of Financial Position as at 31 December 2017. In addition, there is a lack of audit trail as stock cards cannot be traced to the general ledger. Audit also did not observe the counting of the physical inventories at the end of the year. As a result, audit was unable to ascertain if the project supplies of \$304,750 is fairly stated in the financial statements.
8. The Council was unable to provide the Value Added Tax (VAT) reconciliations to support the VAT receivable balance of \$365,002 reported in the Statement of Financial Position. As a result, audit was unable to ascertain whether the VAT receivable balance of \$365,002 is fairly stated in the financial statements.
9. The Council was unable to provide the detailed listings and detailed reconciliations to substantiate the capital grant in aid balance of \$1,876,777 recorded in the Statement of Financial Position as at 31 December 2017. As a result, audit was unable to ascertain whether the capital grant in aid balance of \$1,876,777 is fairly stated in the financial statements.
10. Included in the creditors and accruals balance of \$481,696 is sundry creditors and accruals balance of \$192,432, security deposits balance of \$227,230 and refundable building deposits balance of \$62,034. The Council was unable to provide subsidiary ledgers and detail listings to substantiate these balances. As a result, audit was unable to ascertain whether the total creditors and accruals balance of \$481,696 is fairly stated in the financial statements.
11. The Council was unable to provide details and relevant supporting documents to support the amortization of capital grant income of \$2,000,000 included in the other income balance of \$8,488,647 in the Statement of Comprehensive Income. In addition, an unreconciled variance of \$303,341 exists between the business license fees listing provided by the Council and the business license fees income of \$448,697 included in the other income balance. Furthermore, an unreconciled variance of \$1,168,342 exists between the rates revenue listing provided by the Council and the rates revenue of \$5,182,018 reported in the Statement of Comprehensive Income. Also, the internal controls function of revenue management was found to be weak as the revenue was recorded on cash basis and the source documents such as the market register book for daily collection, public convenience ticket butts and daily summary records were not maintained and provided for my review. Due to the nature of transactions of the market, car park, gate takings and public convenience fees, it is not practicable for audit to

Municipal Council	Qualification Issues
<p>Lautoka Financial Year 2017 (cont'd)</p>	<p>include audit procedures to extend beyond the amounts recorded in the official receipts of the Council. As a result, audit was unable to ascertain whether the total revenue of \$13,670,665 is fairly stated in the financial statements.</p> <p>12. The Council was unable to provide the salaries and wages reconciliations to substantiate the total salaries and wages amount of \$3,082,411 as disclosed in the Financial Statements. In addition, an unreconciled variance of \$436,198 exists between the year-to-date report provided by the Council and the total salaries and wages amount recorded in the Financial Statements. As a result, audit was unable to ascertain whether the salaries and wages balance of \$3,082,411 is fairly stated in the financial statements.</p> <p>13. The Council was unable to provide payment vouchers, supplier invoices and or receipts to support transactions totalling \$842,218 which are for non-payroll expenditure from the total expenditure of \$4,938,566 disclosed in the Statement of Comprehensive Income. As a result, audit was unable to verify the occurrence and accuracy of the transactions and also unable to determine whether any adjustments might have been necessary in respect of the various expenses account at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position as at 31 December 2017.</p> <p>14. The Council did not disclose nor provide details of contingent liabilities and commitments as at balance date. As a result, audit was unable to determine whether any disclosures to the financial statements in respect of the contingent liabilities and commitments were necessary.</p> <p>15. The Council did not completely disclose the details of related parties' transactions in the Financial Statements. As a result, the financial statements of the Council are not completely and fairly presented in accordance with all the requirements of IFRS.</p> <p>16. Generally, internal control function of cash, revenue management, payroll processing and procurement of good and services were found to be weak. Poor internal control may lead to fraud and possible misappropriation of funds.</p>
<p>Lautoka Financial Year – 2018</p>	<p>Modified - Disclaimer of Opinion</p> <p>1. The Council did not record in the books of accounts and in the financial statements Cash at bank for two (2) bank accounts totalling \$325,183 as confirmed by the bank audit certificate as at 31 December 2018. Furthermore, internal controls function of cash management was found to be weak as monthly reconciliation statements were not prepared for the Parking Meter Fund account, General Fund account, and Capital Project account. Moreover, receipts details of the deposit in transit of</p>

Municipal Council

Qualification Issues

\$72,848 recorded as undeposited fund was not provided for audit. Consequently, audit was unable to ascertain the accuracy of the Cash and Cash equivalent balance of \$1,540,874 recorded in the Statement of Financial Position as at 31 December 2018.

2. The Council was unable to provide detailed listings and relevant supporting documents for Receivables totalling \$709,037. In addition, an unreconciled variance of \$461,411 exists between the Rates Receivable listing and the Rates Receivable balance of \$5,015,283 included in the total receivables balance of \$5,724,321. Consequently, audit was unable to ascertain the accuracy of total Receivables of \$5,724,321 disclosed in the financial statements for the year ended 31 December 2018.

Lautoka Financial Year 2018 (cont'd)

3. The Council recorded gross Receivables amounting to \$5,724,321. Audit noted that the Council made a Provision for Doubtful Debts of \$1,000,000 of the gross Receivables. No documentations were made available to substantiate the basis of the Management's estimate of the Provision for Doubtful Debts. Consequently, the audit was not satisfied if the Management's estimate of \$1,000,000 is adequate for assessing the impairment of receivables and whether any adjustment might have been necessary in respect of the Council's Receivables balance as at 31 December 2018 and any corresponding adjustments to the elements making up the Statement of Income and Expenditure.

4. The Council recorded Held to Maturity Investments of \$3,407,557 with Bred Bank as disclosed in the financial statements. However, the Bred Bank through the bank audit certificate confirmed that no term deposits were held as at 31 December 2018. In addition, Audit noted that a total of \$2,500,000 was withdrawn during the financial year 2017 and \$500,000 was withdrawn during the financial year 2018 from the Investment Account and transferred to the Councils General Fund Account. As such, Audit was unable to confirm the existence of the Held to Maturity Investments with Bred Bank totalling \$3,407,557 as disclosed in the financial statements for the year ended 31 December 2018.

5. The Council was unable to provide detailed listings and relevant supporting documents for Other Receivables balance of \$430,084. Consequently, audit was unable to ascertain the accuracy of the Other Receivables balance of \$430,084 as reported in the Statement of Financial Position as at 31 December 2018.

6. The Council recorded total Property, Plant and Equipment (PPE) amounting to \$13,039,757 in the Statement of Financial Position as at 31 December 2018. The Council was unable to provide the detailed descriptions of PPE recorded in the fixed assets register to enable audit to perform appropriate audit procedures to ascertain the existence of PPE. In addition, the Council did not provide detail listing of Work in Progress (WIP) of \$1,193,139 out of the total amount of \$9,719,958 as reported in the financial statements. Furthermore, from the total WIP balance of \$9,719,958, a total balance of \$4,430,869 was not capitalized and depreciated. Also, payment vouchers and supporting documents to substantiate additions to PPE totalling \$100,430 were not provided. As a result, audit was unable to ascertain whether the Property, Plant and Equipment balance of \$13,039,757 is fairly stated in the financial statements for the year ended 31 December 2018.

Municipal Council

Qualification Issues

7. The Council recorded written down value of Investment Properties of \$5,619,827 in the Statement of Financial Position as at 31 December 2018. The Council was unable to provide the details of the Investment Properties to enable audit to perform appropriate audit procedures to ascertain the existence and accuracy of the Investment Properties balance. As a result, audit was unable to ascertain whether the Investment Properties balance of \$5,619,827 is fairly stated in the financial statements.
8. The Council was unable to provide inventory listings, annual stock-take records and reconciliation statements to substantiate the Project Supplies balance of \$397,288 recorded in the Statement of Financial Position as at 31 December 2018. In addition, there is a lack of audit trail as stock cards could not be traced to the general ledger. Audit also did not observe the counting of the physical inventories at the end of the year. As a result, audit was unable to ascertain if the Project Supplies balance of \$397,288 is fairly stated in the financial statements.
9. An unreconciled variance of \$131,477 existed between the Value Added Tax (VAT) Receivable balance of \$380,672 reported in the Statement of Financial Position and the VAT reconciliation statement. As a result, audit was unable to ascertain whether the VAT Receivable balance of \$380,672 is fairly stated in the financial statements for the year ended 31 December 2018.
10. The Council was unable to provide the detailed listings and detailed reconciliation statement to substantiate the Capital Grant in aid balance of \$1,093,967 recorded in the Statement of Financial Position as at 31 December 2018. As a result, audit was unable to ascertain whether the Capital Grant in Aid balance of \$1,093,967 is fairly stated in the financial statements.
11. Included in the Creditors and Accruals balance of \$430,105 is Sundry Creditors and Accruals balance of \$138,119, Security Deposits balance of \$229,952, and Refundable Building Deposits balance of \$62,034. The Council was unable to provide subsidiary ledgers and detail listings to substantiate these balances. As a result, audit was unable to ascertain whether the total Creditors and Accruals balance of \$430,105 is fairly stated in the financial statements.
12. The Council was unable to provide details and relevant supporting documents for the Amortization of Capital Grant income of \$3,312,869 included in the Other Income balance of \$8,057,984 in the Statement of Comprehensive Income. In addition, an unreconciled variance of \$446,904 exists between the Rates revenue listing and the Rates revenue of \$3,604,363 reported in the Statement of Comprehensive Income. As a result, audit was unable to ascertain whether the total Revenue of \$11,662,347 is fairly stated in the financial statements.
13. Included in Fees, Charges and Rent Income of \$3,481,707 is revenue relating to Market Fees, Roadside Stall Fees, and Public Conveniences Fees. The Council recorded Car Park Fees totalling \$256,678 in the Statement of Comprehensive Income. These fees were received by the Council on a cash collection basis with limited controls over the collection process, accordingly audit

**Lautoka Financial Year
2018 (cont'd)**

Municipal Council	Qualification Issues
<p>Lautoka Financial Year 2018 (cont'd)</p>	<p>was unable to obtain sufficient appropriate evidence over completeness and accuracy of this revenue and my audit procedures with respect to income from these sources had to be restricted to the amounts recorded in the financial statements. As a result, audit was unable to express an opinion whether income from these sources is complete.</p> <p>14. The Council was unable to provide the salaries and wages reconciliations to substantiate the total Salaries and Wages of \$3,056,005 as disclosed in the Financial Statements. In addition, an unreconciled variance of \$645,580 exists between the year-to-date pay report and the total Salaries and Wages recorded in the Financial Statements. As a result, audit was unable to ascertain whether the Salaries and Wages balance of \$3,056,005 is fairly stated in the financial statements for the year ended 31 December 2018.</p> <p>15. The Council did not disclose nor provide details of Contingent Liabilities and Commitments as at balance date. As a result, audit was unable to determine whether any disclosures to the financial statements in respect of the Contingent Liabilities and Commitments were necessary.</p> <p>16. The Council has not adopted and implemented the requirements of International Financial Reporting Standards (IFRS) 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers. Furthermore, the Council did not completely disclose the details of Related Parties transactions as required by International Accounting Standards 24 in the Notes to the Financial Statements. As a result, the financial statements of the Council are not completely and fairly presented in accordance with all the requirements of International Financial Reporting Standards.</p> <p>17. Generally, internal control functions of cash and revenue management, payroll processing and procurement of good and services were found to be weak. Poor internal control may lead to fraud and possible misappropriation of funds.</p>
<p>Lautoka Financial Year – 2019</p>	<p>Modified - Disclaimer of Opinion</p> <p>1. The Council did not record in the books of accounts and in the financial statements Cash at bank for Rural Authority account totalling \$38,566 as confirmed by the bank audit certificate as at 31 December 2019. Furthermore, internal controls function of cash management was found to be weak as monthly reconciliation statements were not prepared for the Parking Meter Fund account, General Fund account, and Capital Project account. Moreover, receipts details of the deposit in transit of \$90,679 recorded as undeposited fund was not provided for audit. Consequently, audit was unable to ascertain the accuracy of the Cash and Cash equivalent balance of \$2,173,493 recorded in the Statement of Financial Position as at 31 December 2019.</p>

Municipal Council

Qualification Issues

Lautoka Financial Year 2019 (cont'd)

2. The Council was unable to provide detailed listings and relevant supporting documents for Receivables totalling \$714,084. In addition, an unreconciled variance of \$1,363,879 exists between the Rates Receivable listing and the Rates Receivable balance of \$7,282,342 included in the total receivables balance of \$7,996,426. Consequently, audit was unable to ascertain the accuracy of the total Receivables of \$7,996,426 disclosed in the financial statements for the year ended 31 December 2019.
3. The Council recorded gross Receivables amounting to \$7,996,426. Audit noted that the Council made a Provision for Doubtful Debts of \$1,000,000 of the gross Receivables. No documentation was made available to substantiate the basis of the Management's estimate of the Provision for Doubtful Debts. Consequently, was not satisfied if the Management's estimate of \$1,000,000 is adequate for assessing the impairment of receivables and whether any adjustment might have been necessary in respect of the Council's Receivables balance as at 31 December 2019 and any corresponding adjustments to the elements making up the Statement of Income and Expenditure.
4. The Council recorded Held to Maturity Investments with Bred Bank of \$3,407,557 as disclosed in the financial statements. However, the Bred Bank through the bank audit certificate confirmed that no term deposits were held as at 31 December 2019. In addition, Audit noted that a total of \$2,500,000 was withdrawn during the financial year 2017 and \$500,000 was withdrawn during the financial year 2018 from the Investment Account and transferred to the Councils General Fund Account. As such, audit was unable to confirm the existence of the Held to Maturity Investments with Bred Bank totalling \$3,407,557 as disclosed in the financial statements for the year ended 31 December 2019.
5. The Council was unable to provide detailed listings and relevant supporting documents for Other Receivables balance of \$529,876. Consequently, audit was unable to ascertain the accuracy of the Other Receivables balance of \$529,876 as reported in the Statement of Financial Position as at 31 December 2019.
6. The Council recorded total Property, Plant and Equipment (PPE) amounting to \$14,882,598 in the Statement of Financial Position as at 31 December 2019. The Council was unable to provide the detailed descriptions of PPE recorded in the fixed assets register to enable audit to perform appropriate audit procedures to ascertain the existence of PPE. In addition, the Council did not provide a detailed listing of Work in Progress (WIP) of \$1,193,139 out of the total amount of \$1,263,655 as reported in the financial statements. Furthermore, from the total WIP balance of \$11,263,655, a total balance of \$4,532,679 were not capitalized and depreciated. Also, payment vouchers and supporting documents to substantiate additions to WIP of \$201,954 were not provided. Moreover, the capital expenditure incurred in the financial year 2019 for the swimming pool was more than the recorded amount of \$540,518 (included in the total WIP additions of \$1,543,697 in the Financial Statement) as audit test vouched samples totalling \$1,452,213 (VEP). As a result, audit was unable to ascertain whether the Property, Plant and Equipment balance of \$14,882,598 is fairly stated in the financial statements for the year ended 31 December 2019.

Municipal Council

Qualification Issues

7. The Council recorded written down value of Investment Properties of \$5,404,775 in the Statement of Financial Position as at 31 December 2019. The Council was unable to provide the details of the Investment Properties to enable audit to perform appropriate audit procedures to ascertain the existence and accuracy of the Investment Properties balance. As a result, audit was unable to ascertain whether the Investment Properties balance of \$5,404,775 is fairly stated in the financial statements.
8. The Council was unable to provide inventory listings, annual stock-take records and reconciliation statements to substantiate the Project Supplies balance of \$492,753 recorded in the Statement of Financial Position as at 31 December 2019. In addition, there is a lack of audit trail as stock cards could not be traced to the general ledger. Audit also did not observe the counting of the physical inventories at the end of the year. As a result, audit was unable to ascertain if the Project Supplies balance of \$492,753 is fairly stated in the financial statements.
9. An unreconciled variance of \$330,147 existed between the Value Added Tax (VAT) Payable balance of \$135,196 reported in the Statement of Financial Position and the VAT reconciliation statement. As a result, audit was unable to ascertain whether the VAT Payable balance of \$135,196 is fairly stated in the financial statements for the year ended 31 December 2019.
10. The Council was unable to provide the detailed listings and detailed reconciliation statement to substantiate the Capital Grant in Aid balance of \$1,630,175 recorded in the Statement of Financial Position as at 31 December 2019. As a result, audit was unable to ascertain whether the Capital Grant in Aid balance of \$1,630,175 is fairly stated in the financial statements.
11. Included in the Creditors and Accruals balance of \$435,981 is Sundry Creditors and Accruals balance of \$143,995, Security Deposits balance of \$229,952, and Refundable Building Deposits balance of \$62,034. The Council was unable to provide subsidiary ledgers and detail listings to substantiate these balances. As a result, audit was unable to ascertain whether the total Creditors and Accruals balance of \$435,981 is fairly stated in the financial statements.
12. The Council was unable to provide details and relevant supporting documents for the Amortization of Capital Grant income of \$2,266,722 included in the Other Income balance of \$7,907,159 in the Statement of Comprehensive Income. In addition, Audit was not provided with the details of revenue recorded as Fees, Charges and Rent of \$4,057,791 and Other of \$890,331. Furthermore, there were no transactions recorded in the general ledger account of the Fees, Charges and Rent and Other, and there was no audit trail from the revenue summary provided by the Council to the financial statements. Moreover, an unreconciled variance of \$249,440 exists between the Business License listing and the Business License Fees of \$501,791 recorded in the financial statements. As a result, audit was unable to ascertain whether the total Other Income of \$7,907,159 is fairly stated in the financial statements.

**Lautoka Financial Year
2019 (cont'd)**

Municipal Council

Qualification Issues

13. An unreconciled variance of \$3,719,103 exists between the Rates revenue listing provided by the Council and the Rates revenue of \$4,916,224 reported in the Statement of Comprehensive Income. As a result, audit was unable to ascertain whether the total Revenue of \$4,916,224 is fairly stated in the financial statements.
14. The Council was unable to provide details of Parking Meter Fund revenue of \$439,868 and Car Park Fund revenue of \$299,206 recorded in the Statement of Comprehensive Income. In addition, the Parking Meter Fund general ledger account only records a transaction of \$881 and there were no transactions recorded in the general ledger account of the Car Park Fund revenue. Furthermore, there was no audit trail from the revenue summary provided by the Council to the financial statements. As a result, audit was unable to ascertain whether the Parking Meter Fund revenue of \$439,868 and Car Park Fund revenue of \$299,206 is fairly stated in the financial statements.
15. The Council was unable to provide the salaries and wages reconciliations to substantiate the total Salaries and Wages of \$3,235,335 as disclosed in the Financial Statements. In addition, an unreconciled variance of \$676,894 exists between the year-to-date pay report and the total Salaries and Wages recorded in the Financial Statements. As a result, audit was unable to ascertain whether the Salaries and Wages amount of \$3,235,335 is fairly stated in the financial statements for the year ended 31 December 2019.
16. The Council did not disclose nor provide details of Contingent Liabilities and Commitments as at balance date. As a result, audit was unable to determine whether any disclosures to the financial statements in respect of the Contingent Liabilities and Commitments were necessary.
17. The Council has not adopted and implemented the requirements of International Financial Reporting Standards (IFRS) 9 - Financial Instruments, IFRS 15 - Revenue from Contracts with Customers and IFRS 16 - Leases. Furthermore, the Council did not completely disclose the details of Related Parties transactions as required by International Accounting Standards 24 in the Notes to the Financial Statements. As a result, the financial statements of the Council are not completely and fairly presented in accordance with all the requirements of International Financial Reporting Standards.
18. There were variances between the amounts/balances reported in the financial statements and the general ledger accounts. There was a variance of \$508,258 in the Cash on Hand and at Bank accounts, \$2,267,058 in Receivables, \$32,582 in Other Receivables, \$339,979 in Held to Maturity Investments, \$63,109 in Property, Plant and Equipment, \$215,052 in Investment Properties, \$22,050 in Creditors and Accruals, \$1,127,301 in VAT Payable, \$536,208 in Capital Grant in Aid, \$11,745 in Provisions, \$61,818 in Accumulated Fund, \$7,461,566 in Rates Revenue, \$440,749 in Parking Meter Fund Revenue, \$299,206 in Car Park Fund Revenue, \$7,868,790 in Other Income, \$24,517 in Administrative and Operating Costs, \$704,602 in Depreciation and

**Lautoka Financial Year
2019 (cont'd)**

Municipal Council	Qualification Issues
<p>Lautoka Financial Year 2019 (cont'd)</p>	<p>Amortization Expenses, \$973 in Interest, \$27,979 in Parks, Gardens and Public Amenities Expenses, \$1,937 in Parking Meter Fund expenses, \$20,405 in Car Park Fund Expenses, \$2,504 in Rate Payer Services Expenses, and \$15,393 in Personnel Costs. Audit was not provided with the adjusting journal entries and supporting documents to substantiate the variances. As a result, audit was unable to ascertain whether the amounts/balances reported in the financial statements are fairly stated.</p> <p>19. Generally, internal control functions of cash, project supplies, revenue management, payroll processing, procurement of goods and services and property, plant and equipment were found to be weak. Poor internal control may lead to fraud and possible misappropriation of funds.</p>
<p>Suva Financial Year – 2016</p>	<p>Modified (Qualified) Opinion</p> <p>1. The Council had recorded Fees, Charges and Rent Income caption of \$7,374,439 revenue relating to Mini Market, Stalls, Carpark, Pool and Public Conveniences totalling \$3,184,220. These amounts were received by the Council on a cash collection basis with limited controls over the collection process, accordingly audit was unable to obtain sufficient appropriate evidence over completeness and accuracy of this revenue and the audit procedures with respect to income from these sources had to be restricted to the amounts recorded in the financial statements. As a result, audit was unable to express an opinion whether income from these sources is complete.</p> <p>2. The Council had recorded an Inventory balance of \$375,918 included in the Statement of Financial Position. Audit did not observe the counting of physical inventory at 31 December 2016. Furthermore, audit was not satisfied by any alternative audit procedures concerning the inventory quantities held as at 31 December 2016. Accordingly, the audit was unable to determine the impact of the above limitations, if any, to the Inventory balances as at 31 December 2016.</p> <p>3. The Council had recorded Provision for Value Added Tax and Value Added Tax (VAT) Payable of \$2,743,893 and \$587,763 respectively in financial statements as at 31 December 2016. However, the Council had not reconciled the taxable supplies as per the VAT returns to the revenue balances recorded in the general ledger and the Statement of Tax account provided by Fiji Revenue & Customs Service. As a result, the audit was unable to determine whether any adjustments to these amounts were necessary.</p> <p>Without further qualifying the account, attention was drawn to the following matter:</p> <p>The financial statements, which indicates that the comparative information presented as at and for the year ended 31 December 2015 was restated.</p>

Municipal Council	Qualification Issues
<p>Suva</p> <p>Financial Year – 2017</p>	<p>Modified (Qualified) Opinion</p> <ol style="list-style-type: none"> The Council had recorded Fees, Charges and Rent Income caption of \$7,648,881 revenue relating to Mini Market, Stalls, Carpark, Pool and Public Conveniences totalling \$3,764,079. These amounts were received by the Council on a cash collection basis with limited controls over the collection process, accordingly audit was unable to obtain sufficient appropriate evidence over completeness and accuracy of this revenue and the audit procedures with respect to income from these sources had to be restricted to the amounts recorded in the financial statements. As a result, audit was unable to express an opinion whether income from these sources is complete. The Council had recorded an Inventory balance of \$293,282. Audit did not observe the counting of physical inventory at 31 December 2017. Furthermore, audit was not satisfied by any alternative audit procedures concerning the inventory quantities held as at 31 December 2017. Accordingly, audit was unable to determine the impact of the above limitations, if any, to the Inventory balances as at 31 December 2017. The Council recorded Provision for Value Added Tax and Value Added Tax (VAT) Payable of \$2,832,061 and \$782,121 respectively in financial statements as at 31 December 2017. However, the Council had not reconciled the taxable supplies as per the VAT returns to the revenue balances recorded in the general ledger and the Statement of Tax account provided by Fiji Revenue & Customs Service. As a result, the audit was unable to determine whether any adjustments to these amounts were necessary.
<p>Suva</p> <p>Financial Year – 2018</p>	<p>Modified (Qualified) Opinion</p> <ol style="list-style-type: none"> The Council had recorded Fees, Charges and Rent Income caption of \$7,689,857 revenue relating to Mini Market, Stalls, Carpark, Pool and Public Conveniences of \$3,630,371. These amounts were received by the Council on a cash collection basis with limited controls over the collection process, accordingly audit was unable to obtain sufficient appropriate evidence over completeness and accuracy of this revenue and audit procedures with respect to income from these sources had to be restricted to the amounts recorded in the financial statements. As a result, the audit was unable to express an opinion whether income from these sources is complete. The Council had recorded an Inventory balance of \$366,204. Audit did not observe the counting of physical inventory at 31 December 2018. Furthermore, audit was not satisfied by any alternative audit procedures concerning the inventory quantities held as at 31 December 2018. Accordingly, audit was unable to determine the impact of the above limitations, if any, to the Inventory balances as at 31 December 2018. The Council recorded Provision for Value Added Tax and Value Added Tax (VAT) Payable of \$2,864,235 and \$803,100 respectively in financial statements as at 31 December 2018. However, the Council had not reconciled the taxable supplies as

Municipal Council	Qualification Issues
<p>Suva Financial Year 2018 (cont'd)</p>	<p>per the VAT returns to the revenue balances recorded in the general ledger and the Statement of Tax account provided by Fiji Revenue & Customs Service. As a result, audit was unable to determine whether any adjustments to these amounts were necessary.</p>
<p>Suva</p>	<p>Modified (Qualified) Opinion</p>
<p>Financial Year – 2019</p>	<p>1. The Council had recorded Fees, Charges and Rent income caption of \$7,605,937 revenue relating to Mini Market, Stalls, Carpark, Pool and Public Conveniences of \$3,140,730. These amounts were received by the Council on a cash collection basis with limited controls over the collection process, accordingly audit was unable to obtain sufficient appropriate evidence over completeness and accuracy of this revenue and audit procedures with respect to income from these sources had to be restricted to the amounts recorded in the financial statements. As a result, audit was unable to express an opinion whether income from these sources is complete.</p> <p>2. The Council had recorded an inventory balance of \$590,680. Audit did not observe the counting of the physical inventories as at 31 December 2019. Furthermore, audit was not satisfied by alternative audit procedures concerning the inventories quantities held as at 31 December 2019. Accordingly, audit was unable to determine the impact of the above limitations, if any, to the Inventory balance as at 31 December 2019.</p> <p>3. The Council recorded VAT payable of \$3,682,909 as at 31 December 2019. However, the Council had not reconciled the taxable supplies as per the VAT returns to the revenue balances recorded in the general ledger and the Statement of Tax account provided by Fiji Revenue & Customs Service. As a result, audit was unable to determine whether any adjustments to these amounts were necessary.</p>
<p>Savusavu</p>	<p>Modified (Qualified) Opinion</p>
<p>Financial Year – 2012</p>	<p>1. The Council recorded Rates Debtors of \$445,298 in the Statement of Financial Position as at 31 December 2012. The Council was unable to provide rates listings, subsidiary ledgers and reconciliations to support the above balance. Furthermore, the Council has not provided evidence of impairment assessment carried out on its Rate Debtors. As a result, audit was unable to ascertain whether Rates Debtors balance of \$445,298 is fairly stated in the Statement of Financial Position as at 31 December 2012.</p> <p>2. The Council recorded Deferred Grant amounting to \$171,503 in the financial statements. The Council was unable to explain or provide relevant supporting documents to substantiate these balances. Accordingly, audit was unable to ascertain the accuracy of Deferred Grant amounting to \$171,503 recorded in the Statement of Financial Position as at 31 December 2012.</p>

Municipal Council	Qualification Issues
<p>Savusavu Financial Year – 2012 (cont'd)</p>	<p>3. The Council recorded Trade Creditors balance of \$120,705 in the financial statements. Included in this amount are transactions totalling \$40,544 for which the Council was unable to explain or provide relevant supporting documents to substantiate the transaction balances. As a result, audit was unable to ascertain whether Trade Creditors balance of \$120,705 is fairly stated in the Statement of Financial Position as at 31 December 2012.</p> <p>4. The Council recorded Salaries, Wages and Allowances totalling \$238,493 in the financial statements. The Council was unable to provide employee contracts, payroll reconciliations and other relevant payroll records to substantiate the balance. Furthermore, payment vouchers pertaining to Councils operating expenditure totalling \$57,932 was not provided for my verification. Consequently, the audit was unable to confirm the accuracy of these payments and its disclosure in the Statement of Comprehensive Income for the year ended 31 December 2012.</p> <p>5. The Council have not disclosed Related Party Transactions as required by Section 33 of IFRS for SMEs– Related Party Disclosures. As a result, the financial statements of the Council are not complete nor fairly disclosed in accordance with all the requirements of IFRS for SMEs.</p> <p>Without further qualifying the account, attention was drawn to the following matters:</p> <ol style="list-style-type: none"> 1. The Council does not hold sufficient cash and cash equivalent to cover the total sundry deposits of \$451,454 held by the Council as shown in the financial statements, should depositors require a refund. 2. The financial statements note the announcement made in the 2020/2021 National Budget, that effective from 01 August 2020, Fiji's business license regime would be abolished, and fees will no longer be collected by the Council.
<p>Savusavu Financial Year – 2013</p>	<p>Modified (Qualified) Opinion</p> <ol style="list-style-type: none"> 1. The Council recorded Rates Debtors of \$530,867 in the Statement of Financial Position as at 31 December 2013. The Council was unable to provide listings, subsidiary ledgers, and reconciliations to support the above balance. Furthermore, the Council has not provided evidence of impairment assessment carried out on its Rates Debtors. As a result, audit was unable to ascertain whether Rates Debtors balance of \$530,867 is fairly stated in the Statement of Financial Position as at 31 December 2013.

Municipal Council	Qualification Issues
Savusavu Financial Year – 2013 (cont'd)	<ol style="list-style-type: none"> <li data-bbox="196 667 300 1926">2. The Council recorded Deferred Grant amounting to \$172,491 in the financial statements. The Council was unable to explain or provide relevant supporting documents to substantiate these balances. Accordingly, audit was unable to ascertain the accuracy of Deferred Grant amounting to \$172,491 recorded in the Statement of Financial Position as at 31 December 2013. <li data-bbox="336 667 475 1926">3. The Council recorded Trade Creditors balance of \$164,102 in the financial statements. Included in this amount are transactions totalling \$40,544 for which the Council was unable to explain or provide relevant supporting documents to substantiate the transaction balances. As a result, audit was unable to ascertain whether Trade Creditors balance of \$164,102 recorded is fairly stated in the Statement of Financial Position as at 31 December 2013. <li data-bbox="512 667 687 1926">4. The Council recorded Salaries, Wages and Allowances totalling \$246,647 in the financial statements. The Council was unable to provide employee contracts, payroll reconciliations and other relevant payroll records to substantiate the balance. Furthermore, payment vouchers pertaining to Councils operating expenditure totalling \$66,886 was not provided for audit verification. Consequently, audit was unable to confirm the accuracy of these payments and its disclosure in the Statement of Comprehensive Income for the year ended 31 December 2013. <li data-bbox="724 667 831 1926">5. The Council have not disclosed Related Party Transactions as required by Section 33 of IFRS for SMEs– Related Party Disclosures. As a result, the financial statements of the Council are not complete nor fairly disclosed in accordance with all the requirements of IFRS for SMEs. <p data-bbox="868 667 900 1926">Without further qualifying the account, attention was drawn to the following matters:</p> <ol style="list-style-type: none"> <li data-bbox="936 667 1007 1926">1. The Council does not hold sufficient cash and cash equivalent to cover the total sundry deposits of \$454,702 held by the Council as shown in the financial statements, should depositors require a refund. <li data-bbox="1043 667 1114 1926">2. The financial statements note the announcement made in the 2020/2021 National budget, that effective from 01 August 2020, Fiji's business license regime would be abolished, and fees will no longer be collected by the Council.
Savusavu Financial Year – 2014	<p data-bbox="1238 667 1270 1926">Modified (Qualified) Opinion</p> <ol style="list-style-type: none"> <li data-bbox="1278 667 1348 1926">1. The Council recorded Trade Receivable of \$470,721 in the financial statements. The Council was unable to provide listings, subsidiary ledgers, and reconciliations to support the above balance. Furthermore, the Council has not provided evidence of

Municipal Council	Qualification Issues
Savusavu Financial Year – 2014 (cont'd)	<p>impairment assessment carried out on its Trade Receivable. As a result, audit was unable to ascertain whether Trade Receivable balance of \$470,721 is fairly stated in the Statement of Financial Position as at 31 December 2014.</p> <p>2. The Council recorded Trade Creditors balance of \$122,089 in the financial statements. The Council was unable to explain or provide relevant supporting documents to substantiate the balance. As a result, audit was unable to ascertain whether Trade Creditors balance of \$122,089 recorded is fairly stated in the Statement of Financial Position as at 31 December 2014.</p> <p>3. The Council recorded land sale deposits amounting to \$456,549 in the financial statements. The Council was unable to provide detailed listing and relevant supporting documents to substantiate the balance. Furthermore, the Council has not maintained separate bank account for these deposits and nor the Councils holds sufficient cash and cash equivalent to cater for refund should depositors require a refund. As a result, audit was unable to ascertain the accuracy and existence of the land sale deposits balance of \$456,549 recorded in the Statement of Financial Position as at 31 December 2014.</p> <p>4. The Council have not disclosed Related Party Transactions as required by Section 33 of IFRS for SMEs– Related Party Disclosures. As a result, the financial statements of the Council are not complete nor fairly disclosed in accordance with all the requirements of IFRS for SMEs.</p> <p>Without further qualifying the account, attention was drawn to the following matter:</p> <p>The financial statements which note the announcement made in the 2020/2021 National budget, that effective from 01 August 2020, Fiji's business license regime would be abolished, and fees will no longer be collected by the Council.</p>
Savusavu Financial Year – 2015	<p>Modified (Qualified) Opinion</p> <p>1. The Council recorded Trade Receivable of \$546,678 in the financial statements. The Council was unable to provide listings, subsidiary ledgers, and reconciliations to support the above balance. Furthermore, the Council has not provided evidence of impairment assessment carried out on its Trade Receivable. As a result, audit was unable to ascertain whether Trade Receivable balance of \$546,678 is fairly stated in the Statement of Financial Position as at 31 December 2015.</p> <p>2. The Council recorded Trade Creditors balance of \$227,587 in the financial statements. The Council was unable to explain or provide relevant supporting documents to substantiate the balance. As a result, audit was unable to ascertain whether Trade Creditors balance of \$227,587 recorded is fairly stated in the Statement of Financial Position as at 31 December 2015.</p> <p>3. The Council recorded land sale deposits amounting to \$457,406 in the financial statements. The Council was unable to</p>

Municipal Council	Qualification Issues
Savusavu Financial Year – 2015 (cont'd)	<p>provide detailed listing and relevant supporting documents to substantiate the balance. Furthermore, the Council has not maintained separate bank account for these deposits and nor the Councils holds sufficient cash and cash equivalent to cater for refund should depositors require a refund. As a result, audit was unable to ascertain the accuracy and existence of the land sale deposits balance of \$457,406 recorded in the Statement of Financial Position as at 31 December 2015.</p> <p>4. The Council have not disclosed Related Party Transactions as required by Section 33 of IFRS for SMEs– Related Party Disclosures. As a result, the financial statements of the Council are not complete nor fairly disclosed in accordance with all the requirements of IFRS for SMEs.</p> <p>Without further qualifying the account, attention was drawn to the following matter:</p> <p>The financial statements which note the announcement made in the 2020/2021 National budget, that effective from 01 August 2020, Fiji's business license regime would be abolished, and fees will no longer be collected by the Council.</p>
Savusavu Financial Year – 2016	<p>Modified (Qualified) Opinion</p> <ol style="list-style-type: none"> <li data-bbox="735 199 885 1803">The Council recorded Trade Receivable of \$701,826 in the financial statements. The Council was unable to provide listings, subsidiary ledgers, and reconciliations to support the above balance. Furthermore, the Council has not provided evidence of impairment assessment carried out on its Trade Receivable. As a result, audit was unable to ascertain whether Trade Receivable balance of \$701,826 is fairly stated in the Statement of Financial Position as at 31 December 2016. <li data-bbox="922 199 1029 1803">The Council recorded Trade Creditors balance of \$161,128 in the financial statements. The Council was unable to explain or provide relevant supporting documents to substantiate the balance. As a result, audit was unable to ascertain whether Trade Creditors balance of \$161,128 recorded is fairly stated in the Statement of Financial Position as at 31 December 2016. <li data-bbox="1066 199 1236 1803">The Council recorded land sale deposits amounting to \$457,406 in the financial statements. The Council was unable to provide detailed listing and relevant supporting documents to substantiate the balance. Furthermore, the Council has not maintained separate bank account for these deposits and nor the Councils holds sufficient cash and cash equivalent to cater for refund should depositors require a refund. As a result, audit was unable to ascertain the accuracy and existence of the land sale deposits balance of \$457,406 recorded in the Statement of Financial Position as at 31 December 2016. <li data-bbox="1278 199 1372 1803">The Council have not disclosed Related Party Transactions as required by Section 33 of IFRS for SMEs– Related Party Disclosures. As a result, the financial statements of the Council are not complete nor fairly disclosed in accordance with all the requirements of IFRS for SMEs.

Municipal Council	Qualification Issues
<p>Savusavu Financial Year – 2016 (cont'd)</p>	<p>Without further qualifying the account, attention was drawn to the following matter:</p> <p>The financial statements which note the announcement made in the 2020/2021 National budget, that effective from 01 August 2020, Fiji's business license regime would be abolished, and fees will no longer be collected by the Council.</p>
<p>Savusavu Financial Year – 2017</p>	<p>Modified (Qualified) Opinion</p> <ol style="list-style-type: none"> The Council recorded Trade Debtors and Rates Debtors Unidentified of \$431,531 and \$392,866 respectively in the financial statements. The Council was unable to provide listings, subsidiary ledgers, and reconciliations to support the above balance. Furthermore, the Council has not provided evidence of impairment assessment carried out on its Trade Receivable. As a result, audit was unable to ascertain whether total Trade and Other Receivable balance of \$825,383 is fairly stated in the Statement of Financial Position as at 31 December 2017. The Council recorded Trade Creditors balance of \$113,419 in the financial statements. The Council was unable to explain or provide relevant supporting documents to substantiate the balance. As a result, audit was unable to ascertain whether Trade Creditors balance of \$113,419 recorded is fairly stated in the Statement of Financial Position as at 31 December 2017. The Council recorded land sale deposits amounting to \$460,714 in the financial statements. The Council was unable to provide detailed listing and relevant supporting documents to substantiate the balance. Furthermore, the Council has not maintained separate bank account for these deposits and nor the Councils holds sufficient cash and cash equivalent to cater for refund should depositors require a refund. As a result, audit was unable to ascertain the accuracy and existence of the land sale deposits balance of \$460,714 recorded in the Statement of Financial Position as at 31 December 2017. The Council have not disclosed Related Party Transactions as required by Section 33 of IFRS for SMEs– Related Party Disclosures. As a result, the financial statements of the Council are not complete nor fairly disclosed in accordance with all the requirements of IFRS for SMEs. <p>Without further qualifying the account, attention was drawn to the following matter:</p> <p>The financial statements which note the announcement made in the 2020/2021 National budget, that effective from 01 August 2020, Fiji's business license regime would be abolished, and fees will no longer be collected by the Council.</p>

Municipal Council	Qualification Issues
<p>Nasinu Financial Year - 2013</p>	<p>Modified - Disclaimer of Opinion</p> <ol style="list-style-type: none"> <li data-bbox="223 627 399 1926">The Council did not maintain proper accounting records for Cash and Cash Equivalents amounting to \$56,361 as there were no bank reconciliations prepared to agree the general ledger balances. Therefore, audit was not satisfied whether all cash receipts and payments have been completely and accurately accounted for in the Statement of Financial Position as at 31 December 2013. <li data-bbox="399 627 574 1926">The Council was not able to provide subsidiary records for receivable balances with respect to Rental, Rates, Business License, and allowance of doubtful debts amounting to \$63,704, \$8,752,271, \$672,188, and (\$919,926) respectively. Therefore, the audit was not satisfied whether these balances have been completely and accurately accounted for in the Statement of Financial Position as at 31 December 2013. <li data-bbox="574 627 750 1926">The Council was not able to provide subsidiary listings for Other Receivables which includes Advances, Deposits and Value Added Tax (VAT) receivable accounts amounting to \$65,027, \$5,702, and \$361,557 respectively. Therefore, audit was not satisfied whether these balances have been completely and accurately accounted for in the Statement of Financial Position as at 31 December 2013. <li data-bbox="750 627 1085 1926">The Council was not able to provide the Fixed Asset Register or subsidiary records to support Property, Plant and Equipment, Investment Property and Intangible Assets account balances amounting to \$1,435,939, \$45,625 and \$5,959 respectively. Due to the length in time that has lapsed from the financial year to the commencement of the audit, the audit was not able to perform physical verification to ascertain the existence of Property, Plant and Equipment, Investment Property and Intangible Assets. The Council did not perform a board of survey at the end of the financial year. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the addition, disposal and accumulated depreciation at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position as at 31 December 2013. <li data-bbox="1085 627 1260 1926">The Council was unable to provide reconciliations and relevant supporting documents for Trade and Other Payable balance amounting to \$1,146,492. Therefore, audit was not satisfied whether these balances have been completely and accurately accounted for in the Statement of Financial Position as at 31 December 2013. <li data-bbox="1260 627 1372 1926">The Council was unable to provide reconciliations, loan agreements, bank audit certificates and details to support interest-bearing borrowing balance amounting to \$133,423. Consequently, audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the interest-bearing borrowing

Municipal Council	Qualification Issues
<p>Nasinu Financial Year 2013 (cont'd)</p>	<p>balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position as at 31 December 2013.</p> <p>7. The Council was unable to provide the appropriate reconciliation and supporting documents for deferred income amounting to \$404,336. Moreover, there was lack of conformity to the accounting of IFRS for SMEs Section 24 – Government Grants by the Council. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the deferred income balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position as at 31 December 2013.</p> <p>8. The Council was unable to provide reconciliations and subsidiary listings to support general rates balance of \$1,975,106, business and trade license balance of \$265,602, taxi stands and carrier base charges of \$328,973, and other operating income amounting to \$253,626. Consequently, the audit was unable to ascertain the completeness and accuracy of these balances disclosed in the Statement of Comprehensive Income for the year ended 31 December 2013.</p> <p>9. The Council was unable to provide reconciliations, subsidiary listings and payment vouchers to support advertising and public relation expense of \$36,166, depreciation and amortization expense of \$76,971, employees' salaries and benefits expenses of \$2,086,693, garbage collection expense of \$643,751, repairs and maintenance expense of \$736,834, transportation expense of \$150,297 and other operating expenses of \$901,482. Consequently, the audit was unable to ascertain the completeness and accuracy of these balances disclosed in the Statement of Comprehensive Income for the year ended 31 December 2013.</p> <p>10. The Council has recorded \$356,775 as commercial lot deposits. The Council has not maintained separate bank account for these deposits. As at balance date the Council has insufficient funds to meet the refunds of the depositors should the need arise.</p> <p>11. Generally, internal control function of cash, revenue management, payroll processing and procurement of good and services were found to be weak. Poor internal control may lead to fraud and possible misappropriation of funds.</p>
<p>Nasinu Financial Year - 2014</p>	<p>Modified - Disclaimer of Opinion</p> <p>1. The Council did not maintain proper accounting records for Cash and Cash Equivalents amounting to \$65,325 as there were no bank reconciliations prepared to agree the general ledger balances to the bank statement and bank audit confirmations. Therefore, the audit was not satisfied whether all cash receipts and payments have been completely and accurately accounted for in the Statement of Financial Position as at 31 December 2014.</p>

Municipal Council

Qualification Issues

Nasinu Financial Year 2014 (cont'd)

2. The Council was not able to provide subsidiary records for receivable balances with respect to Rental, Rates, Business License, and allowance of doubtful debts amounting to \$63,948, \$8,682,593, \$743,367, and (\$949,068) respectively. Therefore, the audit was not satisfied whether these balances have been completely and accurately accounted for in the Statement of Financial Position as at 31 December 2014.
3. The Council was not able to provide subsidiary listings for Other Receivables which includes Advances, Deposits and Value Added Tax (VAT) receivable accounts amounting to \$65,027, \$5,702, and \$502,123 respectively. Therefore, the audit was not satisfied whether these balances have been completely and accurately accounted for in the Statement of Financial Position as at 31 December 2014.
4. The Council was not able to provide the Fixed Asset Register or subsidiary records to support Property, Plant and Equipment, Investment Property and Intangible Assets accounts amounting to \$1,683,465, \$45,000 and \$4,949 respectively. Due to the length in time that has lapsed from the financial year to the commencement of the audit, the audit was unable to perform physical verification to ascertain the existence of Property, Plant and Equipment, Investment Property and Intangible Assets. The Council did not perform a board of survey at the end of the financial year. Consequently, the audit was unable to ascertain completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the addition, disposal and accumulated depreciations at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position as at 31 December 2014.
5. The Council was unable to provide reconciliations and relevant supporting documents for Trade and Other Payables balance amounting to \$476,896. Therefore, the audit was not satisfied whether these balances have been completely and accurately accounted for in the Statement of Financial Position as at 31 December 2014.
6. The Council was unable to provide reconciliations, loan agreements, bank audit certificates and details to support interest-bearing borrowing balance amounting to \$236,316. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the interest-bearing borrowing balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position as at 31 December 2014.
7. The Council was unable to provide the appropriate reconciliation and supporting documents for deferred income amounting to \$739,533. Moreover, there was lack of conformity to the accounting of IFRS for SMEs Section 24 – Government Grants by the Council. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether

Municipal Council	Qualification Issues
<p>Nasinu Financial Year 2014 (cont'd)</p>	<p>any adjustments might be necessary in respect of the deferred income balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Comprehensive Income and Statement of Financial Position as at 31 December 2014.</p> <p>8. The Council was unable to provide reconciliations and subsidiary listings to support general rates balance of \$2,197,586, business and trade license balance of \$250,104, taxi stands and carrier base charges of \$385,278, and other operating income amounting to \$876,591. Consequently, the audit was unable to ascertain the completeness and accuracy of these balances disclosed in the Statement of Comprehensive Income for the year ended 31 December 2014.</p> <p>9. The Council was unable to provide reconciliations, subsidiary listings, and payment vouchers to support advertising and public relation expense of \$23,806, depreciation and amortization expense of \$222,442, employees' salaries and benefits expenses of \$2,155,428, garbage collection expense of \$728,472, repairs and maintenance expense of \$344,870, transportation expense of \$105,594 and other operating expenses of \$424,090. Consequently, the audit was unable to ascertain the completeness and accuracy of these balances disclosed in the Statement of Comprehensive Income for the year ended 31 December 2014.</p> <p>10. The Council has recorded \$356,775 as commercial lot deposits. The Council has not maintained separate bank account for these deposits. As at balance date the Council has insufficient funds to meet the refunds of the depositors should the need arise.</p> <p>11. Generally, internal control function of cash, revenue management, payroll processing and procurement of good and services were found to be weak. Poor internal control may lead to fraud and possible misappropriation of funds.</p>
<p>Nasinu Financial Year - 2015</p>	<p>Modified - Disclaimer of Opinion</p> <p>1. The Council recorded Cash on hand and at bank amounting to \$1,440,230 in the Statement of Financial Position as at 31 December 2015 for which proper accounting records were not maintained. Transactions for receipts and payments were recorded in the cash general ledger from the bank statements instead of from source documents such as receipt books. Moreover, the Council did not maintain reconciliations of Petty Cash float during the year. A bank account with balance amounting to \$6,899 was omitted from the books of account of the Council. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Cash on hand and at bank at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2015.</p>

Municipal Council

Qualification Issues

Nasinu Financial Year – 2015 (cont'd)

2. The Council recorded Trade and Other Receivables balance of \$6,891,796 in the Statement of Financial Position as at 31 December 2015. The Council recorded corresponding entries relating to Trade Receivables into Retained Earnings account as the breakdown of Receivable balance was not made available. Furthermore, the Council has not provided evidence of Impairment assessment carried out on Trade Receivable. The Council was not able to provide subsidiary listings for Other Receivables which included Advances and Deposits balance of \$65,027 and \$5,702 respectively. Hence, the audit was unable to complete the testing relating to Other Receivables. Consequently, the audit was unable to ascertain the existence and accuracy of Trade and Other Receivables balance of \$6,891,796 and whether any adjustments might be necessary in respect of the receivable balances at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2015.

3. The Council was unable to provide the appropriate documents to support Property, Plant and Equipment, Construction in Progress, Investment Property and Intangible Assets accounts amounting to \$1,792,829, \$209,102, \$40,000, and \$3,374 respectively. Audit was not able to complete the testing relating to the completeness and valuation of Property, Plant and Equipment, Construction in Progress, Investment Property, and Intangible Assets. Due to the length in time that has lapsed from the financial year to the commencement of the audit, the audit was unable to perform physical verification tests as to the existence of Property, Plant and Equipment, construction in progress, investment property, and intangible assets. The Council did not perform a Board of survey at the end of the financial year. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the addition, disposal and accumulated depreciations at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2015.

4. The Council was unable to provide reconciliations and support for Trade and Other Creditors balances of \$792,344. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Trade and other Creditors balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2015.

5. The Council provided an annual leave schedule amounting to \$63,692. However, the Council was unable to provide reconciliations and details to support the above Employee Benefit Obligations balances. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Employee Benefit Obligation balance at the end of the financial year and any corresponding adjustments to the

Municipal Council	Qualification Issues
<p>Nasinu Financial Year – 2015 (cont'd)</p>	<p>elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2015.</p> <p>6. The Council was unable to provide the appropriate reconciliation and supporting documents to substantiate balances for Deferred Income amounting to \$1,372,897 as the Grant agreements and reconciliation were not available and record keeping of ongoing Grants at year end was not maintained. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the deferred income balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2015.</p> <p>7. The Council was unable to provide relevant supporting documentation and detailed listings to support balances for General Rates \$2,571,501, Other Income \$1,474,193, and Interest Income \$766,888. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the operating revenue balances at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance could not be determined for the year ended 31 December 2015.</p> <p>8. The Council was unable to provide appropriate supporting documentation and subsidiary listings to support Operating Expenses balances of \$ 5,240,122. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Operating Expenses balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance could not be determined for the year ended 31 December 2015.</p> <p>9. Generally, internal control function of cash, revenue management, payroll processing and procurement of good and services were found to be weak. Poor internal control may lead to fraud and possible misappropriation of funds.</p>
<p>Nasinu Financial Year - 2016</p>	<p>Modified - Disclaimer of Opinion</p> <p>1. The Council recorded Cash on hand and at bank amounting to \$731,794 in the Statement of Financial Position as at 31 December 2016 for which proper accounting records were not maintained. Transactions for receipts and payments were recorded in the Cash general ledger from the bank statements instead of from source documents such as receipt books. Moreover, the Council did not maintain reconciliations of Petty Cash float during the year. A bank account with balance amounting to \$5,155 was omitted from the books of account of the Council. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Cash on hand and at bank at the end of the financial year and any corresponding adjustments to the elements making up the</p>

Municipal Council

Qualification Issues

- Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2016.
2. The Council recorded Trade and Other Receivables balance of \$7,455,558 in the Statement of Financial Position as at 31 December 2016. The Council recorded corresponding entries relating to Trade Receivables into Retained Earnings account as the breakdown of Receivable balance was not made available. Furthermore, the Council has not provided evidence of the Impairment assessment carried out on Trade Receivable. The Council was not able to provide subsidiary listings for Other Receivables which included Advances and Deposits accounts amounting to \$65,027, and \$5,702 respectively. Hence, the audit was unable to complete the testing relating to Other Receivables. Consequently, the audit was unable to ascertain the existence and accuracy of Trade and Other Receivables balance of \$7,455,558 and whether any adjustments might be necessary in respect of the receivable balances at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2016.
 3. The Council was unable to provide the appropriate documents to support Property, Plant and Equipment, Construction in Progress and Investment Property accounts amounting to \$1,731,481, \$479,248 and \$35,000 respectively. The audit was not able to complete the testing relating to the completeness and valuation of Property, Plant and Equipment, Construction in Progress and Investment Property. Due to the length in time that has lapsed from the financial year to the commencement of the audit, the audit was not able to perform physical verification tests as to the existence of Property, Plant and Equipment, Construction in Progress, and Investment Property. The Council did not perform a Board of survey at the end of the financial year. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the addition, disposal and accumulated depreciations at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2016.
 4. The Council was unable to provide reconciliations and support for Trade and Other Creditors balances of \$937,311. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Trade and other Creditors balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2016.

**Nasinu Financial Year –
2016 (cont'd)**

Municipal Council	Qualification Issues
<p>Nasinu Financial Year – 2016 (cont'd)</p>	<ol style="list-style-type: none"> 5. The Council provided an annual leave schedule amounting to \$63,692. However, the Council was unable to provide the correct Employee Benefit Obligation reconciliations and details to support the above Employee Benefit Obligation balances. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Employee Benefit Obligation balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2016 6. The Council was unable to provide the appropriate reconciliation and supporting documents to verify balances for Deferred Income amounting to \$647,412 as the Grant agreement, reconciliation was not available and record keeping of ongoing Grants at year end was not maintained. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Deferred Income balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2016. 7. The Council was unable to provide appropriate supporting documentation and detailed listings to support balances for General rates \$2,370,366, Other Income \$1,740,890, and Interest Income \$850,992. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Operating Income balances at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance could not be determined for the year ended 31 December 2016. 8. The Council was unable to provide relevant supporting documentation and subsidiary listings to support Operating Expenses balances of \$ 3,573,587. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Operating Expenses balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance could not be determined for the year ended 31 December 2016. 9. Generally, internal control function of cash, revenue management, payroll processing and procurement of good and services were found to be weak. Poor internal control may lead to fraud and possible misappropriation of funds.
<p>Nasinu Financial Year - 2017</p>	<p>Modified - Disclaimer of Opinion</p> <ol style="list-style-type: none"> 1. The Council recorded Cash on hand and at bank amounting to \$518,087 in the Statement of Financial Position as at 31 December 2017 for which proper accounting records were not maintained. Transactions for receipts and payments were recorded in the Cash general ledger from the bank statements instead of from source documents such as receipt books.

Municipal Council

Qualification Issues

Moreover, the Council did not maintain reconciliations of Petty Cash float during the year. Furthermore, a bank account with balance amounting to \$1,620 was omitted from the books of account of the Council. In addition, bank statement and bank audit certificate for two bank accounts amounting to \$21,445 and \$(49,314) respectively were not provided for audit verification. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Cash on hand and at bank at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2017.

2. The Council recorded Trade and Other Receivables balance of \$8,234,297 in the Statement of Financial Position as at 31 December 2017. The Council recorded corresponding entries relating to Trade Receivables into Retained Earnings account as the breakdown of Receivable balance was not made available. Furthermore, the Council has not provided evidence of Impairment assessment carried out on Trade Receivable. The Council was not able to provide subsidiary listings for Other Receivables which included Advances amounting to \$65,027. Hence, the audit was unable to complete the testing relating to Other Receivables. Consequently, the audit was unable to ascertain the existence and accuracy of Trade and Other Receivables balance of \$8,234,297 and whether any adjustments might be necessary in respect of the receivable balances at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2017.

3. The Council was unable to provide the appropriate documents to support Property, Plant and Equipment, Construction in Progress, and Investment Property accounts amounting to \$1,743,354, \$2,765,662 and \$30,000 respectively. The audit was not able to complete the testing relating to the completeness and valuation of Property, Plant and Equipment, Construction in Progress, Investment Property, and Intangible Assets. Due to the length in time that has lapsed from the financial year to the commencement of the audit, the audit was unable to perform physical verification tests as to the existence of Property, Plant and Equipment, Construction in Progress, Investment Property, and Intangible Assets. The Council did not perform a Board of survey at the end of the financial year. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the addition, disposal and accumulated depreciations at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2017.

4. The Council was unable to provide reconciliations and support for Trade and Other Creditors balances of \$980,611. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Trade and other Creditors Payable balance at the end of the financial year

**Nasinu Financial Year –
2017 (cont'd)**

Municipal Council

Qualification Issues

and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2017.

5. The Council provided a reconciliation for annual leave schedule amounting to \$63,692. However, the Council was unable to provide the correct Employee Benefit Obligations reconciliations and details to support the above Employee Benefit Obligations balances. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Employee Benefit Obligations balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2017.
6. The Council was unable to provide the appropriate reconciliation and supporting documents to verify balances for Deferred Income amounting to \$398,925 as the Grant agreement, reconciliation was not available and record keeping of ongoing Grants at year end was not maintained. Hence, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the deferred income balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2017.
7. The Council was unable to provide appropriate supporting documentation and detailed listings to support balances for General Rates \$2,334,536 and Interest Income \$815,458. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Operating Income balances at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance could not be determined for the year ended 31 December 2017.
8. The Council was unable to provide relevant supporting documentation and subsidiary listings to support Operating Expenses balances of \$4,231,141. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Operating Expenses balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance could not be determined for the year ended 31 December 2017.
9. Generally, internal control function of cash, revenue management, payroll processing and procurement of good and services were found to be weak. Poor internal control may lead to fraud and possible misappropriation of funds.

**Nasinu Financial Year –
2017 (cont'd)**

Municipal Council	Qualification Issues
<p>Nasinu Financial Year – 2018</p>	<p>Modified - Disclaimer of Opinion</p> <ol style="list-style-type: none"> <li data-bbox="263 638 566 1964"> <p>The Council recorded Cash on Hand and at Bank amounting to \$777,561 in the Statement of Financial Position as at 31 December 2018 for which proper accounting records were not maintained. Transactions for receipts and payments were recorded in the cash general ledger from the bank statements instead of from source documents such as receipt books. Moreover, the Council did not maintain reconciliations of petty cash float during the year. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Cash on Hand and at Bank at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2018.</p> <li data-bbox="566 638 869 1964"> <p>The Council recorded Trade and Other Receivables balance of \$8,703,434 in the Statement of Financial Position as at 31 December 2018. The Council has not provided evidence of any impairment assessment carried out on its Trade Receivable. In addition, the Council was not able to provide subsidiary listings for other receivables which included advances account amounting to \$65,027. Hence, the audit was not able to complete the testing relating to other receivables. Consequently, the audit was not able to ascertain that, the existence and accuracy of the Trade and Other Receivables balance of \$8,703,434 and whether any adjustments might be necessary in respect of the receivable balances at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2018.</p> <li data-bbox="869 638 1268 1964"> <p>The Council was not able to provide the appropriate documents to support Property, Plant and Equipment and Investment Properties accounts amounting to \$1,749,638 and \$25,000 respectively. Audit was not able to complete the testing relating to the completeness and valuation of Property, Plant and Equipment and Investment Properties. Due to the length in time that has lapsed from the financial year to the commencement of the audit, the audit was unable to perform physical verification tests as to the existence of Property, Plant and Equipment, and Investment Properties. The Council did not perform a board of survey at the end of the financial year. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the addition, disposal and accumulated depreciations at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2018.</p> <li data-bbox="1268 638 1399 1964"> <p>The Council was unable to provide support for Trade and other Creditors balance amounting to \$1,315,480. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Trade and other Creditors balance at the end of the financial year and any corresponding</p>

Municipal Council	Qualification Issues
<p>Nasinu Financial Year – 2018 (cont'd)</p>	<p>adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2018.</p> <p>5. The Council provided a reconciliation for the annual leave schedule amounting to \$71,394. However, the Council was unable to provide the correct Employee Benefit Obligations reconciliations and details to support the above Employee Benefit Obligations balance. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the employee entitlement balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2018.</p> <p>6. The Council was unable to provide the appropriate reconciliation and supporting documents to verify balances for Deferred Income amounting to \$1,148,709 as the reconciliations and certain grant agreements were not available and record keeping of ongoing grants at year end was not maintained. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Deferred Income balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2018.</p> <p>7. The Council was unable to provide appropriate supporting documentation and detailed listings to support Operating Revenue balance for grant revenue \$3,526,827 and other income of \$913,216. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Operating Revenue balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance could not be determined for the year ended 31 December 2018.</p> <p>8. The Council was unable to provide appropriate supporting documentation and subsidiary listings to support Operating Expenses balance of \$3,066,828. The Council was unable to provide supporting documentation to confirm the completeness and accuracy of Payroll Expenses amounting to \$2,438,660. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Operating Expenses balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance could not be determined for the year ended 31 December 2018.</p>
<p>Nasinu Financial Year – 2019</p>	<p>Modified - Disclaimer of Opinion</p> <p>1. The Council recorded Cash on Hand and at Bank amounting to \$692,316 in the Statement of Financial Position as at 31 December 2019 for which proper accounting records were not maintained. Transactions for receipts and payments were</p>

Municipal Council

Qualification Issues

**Nasinu Financial Year –
2019 (cont'd)**

- recorded in the cash general ledger from the bank statements instead of from source documents such as receipt books. Moreover, the Council did not maintain reconciliations of petty cash float during the year. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Cash on Hand and at Bank at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2019.
2. The Council recorded Trade and Other Receivables balance of \$7,538,608 in the Statement of Financial Position as at 31 December 2019. The Council has not provided evidence of any impairment assessment carried out on its Trade Receivable. In addition, the Council was not able to provide subsidiary listings for other receivables which included advance account amounting to \$65,027. Hence, the audit was not able to complete the testing relating to other receivables. Consequently, the audit was not able to ascertain that, the existence and accuracy of the Trade and Other Receivables balance of \$7,538,608 and whether any adjustments might be necessary in respect of the receivable balances at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2019.
 3. The Council was not able to provide the appropriate documents to support Property, Plant and Equipment, Construction in Progress and Investment Properties accounts amounting to \$2,152,115, \$5,803,269 and \$20,000 respectively. The audit was not able to complete the testing relating to the completeness and valuation of Property, Plant and Equipment, Construction in Progress, and Investment Properties. Due to the length in time that has lapsed from the financial year to the commencement of the audit, the audit was unable to perform physical verification tests as to the existence of Property, Plant and Equipment, and Investment Properties. The Council did not perform a board of survey at the end of the financial year. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the addition, disposal and accumulated depreciations at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2019.
 4. The Council was unable to provide support for Trade and other Creditors balance amounting to \$1,491,754. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Trade and other Creditors balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2019.

Municipal Council	Qualification Issues
<p>Nasinu Financial Year – 2019 (cont'd)</p>	<p>5. The Council provided a reconciliation for the annual leave schedule amounting to \$71,394. However, the Council was unable to provide the correct Employee Benefit Obligations reconciliations and details to support the above Employee Benefit Obligations balance. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the employee entitlement balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2019.</p> <p>6. The Council was unable to provide the appropriate reconciliation and supporting documents to verify balances for Deferred Income amounting to \$1,148,709 as the reconciliations and certain grant agreements were not available and record keeping of ongoing grants at year end was not maintained. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Deferred Income balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 December 2019.</p> <p>7. The Council was unable to provide appropriate supporting documentation and detailed listings to support the Operating Revenue balance amounting to \$4,332,806. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Operating Revenue balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance could not be determined for the year ended 31 December 2019.</p> <p>8. The Council was unable to provide appropriate supporting documentation and subsidiary listings to support Operating Expenses balance of \$2,553,936. The Council was unable to provide supporting documentation to confirm the completeness and accuracy of Payroll Expenses amounting to \$2,251,822. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Operating Expenses balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance could not be determined for the year ended 31 December 2019.</p>
<p>Nasinu</p>	<p>Modified - Disclaimer of Opinion</p> <p>1. The Council recorded Cash and Cash Equivalents amounting to \$804,265 in the Statement of Financial position as at 31 July 2020 for which proper accounting records were not maintained. Transactions for receipts and payments were recorded in the cash general ledger from the bank statements instead of from source documents such as receipt books. Moreover, the Council did not maintain reconciliations of petty cash float during the year. Consequently, the audit was not able to ascertain the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Cash and</p>

Municipal Council

Qualification Issues

<p>Nasinu Financial Year – 2020 (cont'd)</p>	<p>Cash Equivalents at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 July 2020.</p> <p>2. The Council recorded Trade and Other Receivables balance of \$9,728,850 in the Statement of Financial Position as at 31 July 2020. The Council has not provided evidence of any impairment assessment carried out on its Trade Receivable. In addition, the Council was not able to provide subsidiary listings for other receivables which included advances account amounting to \$65,027. Hence, the audit was not able to complete my testing relating to other receivables. Consequently, the audit was not able to ascertain that, the existence and accuracy of the Trade and Other Receivables balance of \$9,728,850 and whether any adjustments might be necessary in respect of the receivable balances at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 July 2020.</p> <p>3. The Council was not able to provide the appropriate documents to support Property, Plant and Equipment, Construction in Progress and Investment Properties accounts amounting to \$1,834,832, \$5,923,149 and \$20,000 respectively. The audit was not able to complete my testing relating to the completeness and valuation of Property, Plant and Equipment, Construction in Progress, and Investment Properties. Due to the length in time that has lapsed from the financial year to the commencement of the audit, the audit was unable to perform physical verification tests as to the existence of Property, Plant and Equipment, and Investment Properties. The Council did not perform a board of survey at the end of the financial year. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the addition, disposal and accumulated depreciations at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 July 2020.</p> <p>4. The Council was unable to provide support for Trade and other Creditors balance amounting to \$1,351,566. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Trade and other Creditors balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 July 2020.</p> <p>5. The Council provided a reconciliation for the annual leave schedule amounting to \$71,394. However, the Council was unable to provide the correct Employee Benefit Obligations reconciliations and details to support the above Employee Benefit Obligations balance. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the employee entitlement balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 July 2020.</p>
---	--

Municipal Council

Qualification Issues

year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 July 2020.

6. The Council was unable to provide the appropriate reconciliation and supporting documents to verify balances for Deferred Income amounting to \$1,148,709 (Note 17) as the reconciliations and certain grant agreements were not available and record keeping of ongoing grants at year end was not maintained. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Deferred Income balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 July 2020.
7. The Council recorded loans and borrowings balance of \$148,368 in the Statement of Financial Position as at 31 July 2020. The Council was unable to provide reconciliation and confirmation to verify the completeness and existence of the loans and borrowings balance. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the loans and borrowings balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance and Statement of Financial Position could not be determined for the year ended 31 July 2020.
8. The Council was unable to provide appropriate supporting documentation and detailed listings to support Operating Revenue balance amounting to \$6,112,219. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Operating Revenue balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance could not be determined for the year ended 31 July 2020.
9. The Council was unable to provide appropriate supporting documentation and subsidiary listings to support Operating Expenses balance of \$2,471,878. The Council was unable to provide supporting documentation to confirm the completeness and accuracy of Payroll Expenses amounting to \$1,249,190. Consequently, the audit was not able to ascertain that, the completeness and accuracy of the amount and whether any adjustments might be necessary in respect of the Operating Expenses balance at the end of the financial year and any corresponding adjustments to the elements making up the Statement of Financial Performance could not be determined for the year ended 31 July 2020.

**Nasinu Financial Year –
2020 (cont'd)**

5.0 Audit Conclusion and Recommendations

5.1 Audit Conclusion

Modified audit opinions were issued on all the 41 financial statements audited which reflected negatively on the Municipal Councils. Urgent attention should be given to address matters which have been highlighted in the Auditors' Reports including the significant matters raised in Section 4 and detailed in the Management Letters issued to the individual Municipal Council.

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

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

The monitoring role of the Ministry of Local Government on the operations of the Municipal Councils should be strengthened to improve financial accountability. Preparation of draft financial statements for audit become challenging with lapse of time from the end of the financial year. Financial statements must be prepared annually and presented to the management and the Council.

5.2 Recommendations

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

6. The Ministry of Local Government and the Management of the Municipal Councils need to ensure that plans, policies, standards and guidelines are available to all staff and that staff are aware of them.

These should provide direction for the day-to-day operations of the Municipal Councils, promote consistency across the 13 Municipal Councils, clarify accountability and support compliance with laws and regulations by staff and management of the Councils.

7. Maintaining accurate and complete fixed assets records is important to ensure effective management of property, plant and equipment and accurate financial reporting. In addition, there should be a clear plan on asset valuations to ensure that the process is appropriately managed and documented.
8. The Municipal Councils should maintain accurate and updated records and information.
9. The monitoring role of the Ministry of Local Government on the operations of the Municipal Councils should be strengthened to improve financial accountability.

Similar recommendations were made in the last report which indicate that little effort has been made to address them.

6.0 Appendices

Appendix A: Abridged Financial Statements

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

Tavua Town Council – 2017 to 2020

Abridged Statement of Financial Performance

Description	7 Months Ended 31 July 2020 (\$)	12 Months Ended 31 December 2019 (\$)	2018 (\$)	2017 (\$)	Restated 2016 (\$)
Rates	27,439	61,440	60,692	52,633	54,681
Business, trading, and license	52,349	66,786	66,652	66,751	69,729
Market fees and charges	38,226	83,540	74,185	81,567	76,745
Taxi, bus, and carrier stand fees	15,348	27,458	23,842	23,017	20,575
Rent from property	12,559	27,761	27,119	30,965	16,914
Government grant	138,131	111,479	282,370	263,265	505,252
Parking meter tolls	371	3,929	5,724	10,029	11,376
Ground and park fee	7,679	16,520	13,966	7,642	9,040
Other revenue	13,019	46,341	73,850	110,095	73,956
Total Revenue	305,121	445,254	628,400	645,964	838,268
Depreciation and amortization	52,389	90,867	120,432	77,674	84,852
Salaries and wages	105,511	214,261	201,827	181,239	163,611
Other operating expenses	143,498	241,552	232,071	265,926	265,339
Finance costs	579	1,163	953	1,100	1,055
Total Expenditure	301,977	547,843	555,283	525,939	514,857
Net Surplus/(Deficit) for the Year	3,144	(102,589)	73,117	120,025	323,411

The Council incurred net surplus in the financial years 2017, 2018, and 2020, whilst net deficit was incurred in the financial year 2019. The net surplus decreased by \$203,386 or 63% in 2017 compared to 2016 and was attributed by the decrease in government grant revenue and increase in expenses. Net surplus further decreased by \$46,908 or 39% in 2018 compared to 2017, due to the decrease in revenue and increase in expenses. In 2019, the Council incurred a net loss attributed by the decrease in revenue.

The 2020 financial statements were prepared for 7-month period ending 31 July 2020 to align to the change in Councils financial year.

Abridged Statement of Financial Position

Description	7 Months Ended 31 July 2020 (\$)	Restated 12 Months Ended 31 December 2019 (\$)	2018 (\$)	2017 (\$)	Restated 2016 (\$)
Cash and cash equivalents	86,353	130,992	46,853	5,456	132,477
Trade and other receivables	33,183	46,074	53,949	51,316	45,715
Property, plant, and equipment	1,852,983	1,901,422	1,982,224	1,938,870	1,824,813
Intangible assets	2,617	3,256	4,352	5,447	6,543
Total Assets	1,975,136	2,081,744	2,087,378	2,001,089	2,009,548
Bank overdraft	-	2,725	3,423	7,900	276
Trade and other payables	113,340	147,591	129,789	151,778	124,756
Provision for annual leave	6,474	6,119	8,073	745	5,270
Deferred Income	37,680	110,811	32,310	-	158,605
Total Liabilities	157,494	267,246	173,595	160,423	288,907
Net Assets	1,817,642	1,814,498	1,913,783	1,840,666	1,720,641

Net assets increased by 7% or \$120,025 in 2017 compared to 2016, increased by 4% or \$73,117 in 2018 compared to 2017, decreased by 5% or \$99,285 in 2019 compared to 2018, and increased by 0.17% or \$3,144 in 2020 compared to 2019. The increase in net assets in 2017 and 2018 was mainly due to the increased in property, plant, and equipment as the Council had undertaken various projects such as public convenience for Tavualevu village, children's park renovation, multipurpose court change room, floodlights at Garvey Park, and Garvey Park renovation. The decrease in net assets in 2019 was due to the increase in total liabilities and decrease in total assets.

The 2020 financial statements were prepared for 7-month period ending 31 July 2020 to align to the change in Councils financial year.

Rakiraki Town Council – 2022 & 2023

Abridged Statement of Financial Performance

Description	2023 (\$)	2022 (\$)	2021 (\$)
Rates	79,278	71,583	47,209
Business referral and permit fees	-	6,453	8,515
Market fees	2,596	5,909	75,245
Garbage collection fees	30,008	20,636	17,658
Bus station/commercial/taxi base fee	3,230	1,828	24,835
Public convenience	17,144	16,178	21,571
Government grant	239,948	334,130	249,083
UN Women grant	-	-	160,000
Rent	34,503	14,240	17,768
Other revenue	103,682	51,949	37,834
Total Revenue	510,389	522,906	659,718
Administrative and operating expenses	241,316	286,165	257,218
Depreciation	166,564	166,475	15,433
Salary and wages	281,049	222,149	226,893
Finance Cost	1,206	314	348
Total Expenditure	690,135	675,103	499,892
Net (Deficit)/Surplus for the Year	(179,746)	(152,197)	159,826

The Council incurred significant net loss in the financial years 2022 and 2023. The net loss was mainly attributed by the decrease in total income and increase in expenses. The significant increase in expenses was mainly attributed by the increase in depreciation expenses as the Council started depreciating the Rakiraki municipal market from financial year 2022.

Abridged Statement of Financial Position

Description	2023 (\$)	2022 (\$)	Restated 2021 (\$)
Cash and cash equivalents	144,114	167,411	250,720
Trade and other receivables	83,197	69,144	104,768
Intangible asset	1,439	1,953	2,467
Property, plant and equipment	6,259,826	6,419,653	6,454,254
Total Assets	6,488,576	6,658,161	6,812,209
Trade and other payables	53,589	46,111	46,921
Provision for annual leave	9,539	6,856	7,897
Total Liabilities	63,128	52,967	54,818
Net Assets	6,425,448	6,605,194	6,757,391

Net assets decreased by 2% or \$152,197 in 2022 compared to 2021 and, decreased by 3% or \$179,746 in 2023 compared to 2022. The decrease in net assets in 2022 was mainly due to the decrease in total assets, and the decrease in net assets in 2023 was mainly due to the decrease in total assets and increase in total liabilities.

Levuka Town Council – 2016 to 2018

Abridged Statement of Financial Performance

Description	2018 (\$)	2017 (\$)	2016 (\$)
Rates	148,596	225,895	231,784
Business and trading license	31,064	27,330	27,166
Fees	21,939	50,229	42,629
Release of deferred income	545,651	145,603	117,244
Rent	21,153	4,375	5,177
Hire charges	11,120	13,019	7,203
Other income	70,526	62,208	94,289
Total Revenue	850,049	528,659	525,492
Salaries and wages	135,612	201,861	149,984
Garbage fees	-	11,719	19,164
Property maintenance	3,365	104,066	35,636
Challenge fund expenses	204,294	-	100
Depreciation	60,363	106,888	103,373
Finance costs	-	376	345
Other expenses	400,139	232,492	176,430
Total Expenditure	803,773	657,402	485,032
Net Surplus/(Deficit) for the Year	46,276	(128,743)	40,460

Abridged Statement of Financial Position

Description	2018 (\$)	2017 (\$)	2016 (\$)
Cash at bank	116,065	122,395	118,536
Other current assets	11,065	-	-
Receivables	169,407	106,426	192,489
Property, plant, and equipment	4,341,760	4,339,837	4,381,679
Total Assets	4,638,297	4,568,658	4,692,704
Deferred income	548,984	537,516	532,819
Creditors	9,425	-	-
Employee benefits	2,470	-	-
Loan	4,975	4,975	4,975
Total Liabilities	565,854	542,491	537,794
Net Assets	4,072,443	4,026,167	4,154,910

Lami Town Council – 2016 to 2020

Abridged Statement of Financial Performance

Description	2020 (\$)	2019 (\$)	2018 (\$)	2017 (\$)	2016 (\$)
General fund	400,331	982,159	998,654	964,725	1,005,414
Parking meter fund	936	2,664	8,292	3,280	2,354
Loan Service fund	--	57,900	206,512	209,452	197,954
Other Operating Income	180,891	499,237	106,117	92,127	106,930
Total Revenue	582,158	1,541,960	1,319,575	1,269,584	1,312,652
Salaries and wages	431,746	759,250	604,316	634,832	658,305
Administrative expenses	110,249	145,966	106,232	145,488	112,899
Depreciation	36,264	64,798	43,354	43,354	42,267
Interest on long term borrowings	--	--	--	(4,738)	5,562
Others	91,283	207,690	322,258	316,550	189,917
Repairs & Maintenance Road works	133,145	253,785	--	--	--
Total Expenditure	802,687	1,431,489	1,076,160	1,135,486	1,008,950
Net (Deficit)/Surplus for the Year	(220,529)	110,471	243,415	134,098	303,702

Abridged Statement of Financial Position

Description	2020 (\$)	2019 (\$)	2018 (\$)	2017 (\$)	2016 (\$)
Cash and cash equivalents	267,304	316,233	368,693	66,849	162,572
Trade and other receivables	1,712,250	1,746,481	1,797,084	1,694,434	1,707,039
Investment properties	86,978	87,789	89,178	90,568	91,958
Property, plant and equipment	2,903,157	2,938,608	2,676,169	2,699,668	2,472,788
Total Assets	4,969,689	5,089,111	4,931,124	4,551,519	4,434,357
Trade and other payables	282,584	110,888	98,598	89,875	145,638
Employee benefits obligation	--	--	--	2,531	2,531
Interest bearing borrowings	584	316	482	34,105	68,097
Deferred income	1,311,554	1,382,413	1,241,689	1,077,107	1,004,286
Total Liabilities	1,594,722	1,493,617	1,340,769	1,203,618	1,220,552
Net Assets	3,374,967	3,595,494	3,590,355	3,347,901	3,213,805

Nausori Town Council – 2016 to 2018

Abridged Statement of Financial Performance

Description	2018 (\$)	2017 (\$)	2016 (\$)
General Rates	1,061,598	1,318,215	2,143,546
Business license fees	326,872	328,667	298,286
Rental income	114,029	236,180	419,199
Other	1,685,616	1,850,166	797,086
Return on investment	--	964	1,346
Parking meter fund	108,560	94,481	91,111
Total Revenue	3,296,675	3,828,673	3,750,574
Salaries, wages, and related payments	1,485,576	1,344,294	1,362,072
Interest on loans	550,639	665,035	626,143
Solid Waste	507,670	362,405	--
Grass cutting & drainage	272,221	311,393	--
Administrative and operating cost	956,376	412,980	1,913,132
Utilities	202,782	195,263	--
Security Cost	142,991	152,202	--
Rent & Lease Rental	22,240	52,195	--
Repairs & Maintenance	62,961	50,926	--
Motor Vehicle Expense	123,561	88,569	--
Insurance	151,495	92,491	--
Parking Meter	2,253	7,105	17,723
Depreciation	462,785	459,397	558,100
Total Expenditure	4,943,550	4,194,255	4,477,170
Net Deficit for the Year	(1,646,875)	(365,582)	(726,596)

Abridged Statement of Financial Position

Description	2018 (\$)	2017 (\$)	2016 (\$)
Cash and cash equivalents	(2,286,719)	(481,513)	(327,106)
Trade and other receivables	2,856,930	2,791,304	2,727,219
Financial Assets	17,275	17,275	16,311
Property, plant and equipment	19,295,081	19,397,571	19,488,963
Intangible assets	66,651	77,617	84,658
Total Assets	19,949,218	21,802,254	21,990,045
Trade and other payables	1,680,347	1,806,065	1,803,861
Employee benefits	30,435	30,435	23,680
Interest bearing borrowings	10,508,131	10,678,427	10,634,505
Deferred income	3,275,111	3,275,111	3,254,111
Total Liabilities	15,494,024	15,790,038	15,716,157
Net Assets	4,455,194	6,012,216	6,273,888

Ba Town Council - 2020**Abridged Statement of Financial Performance**

Description	7 months ended 31 July 2020 (\$)	Restated 12 months ended 31 December 2019 (\$)
Rates	350,607	545,174
Business, trading and other licenses	33,200	167,116
Rent from council properties	399,538	661,003
Market fees	176,750	350,080
Bus station	15,487	30,210
Municipal car park	123,765	182,863
Government grant	810,199	1,121,018
Public convenience fees	7,144	-
Parking meter income	12,461	18,757
Others	62,812	158,053
Total Revenue	1,991,963	3,234,274
Salaries and wages	499,689	907,946
Development of Clopcott settlement	-	204,902
Maintenance and upgrading of drains and waterways	216,700	351,919
Motor vehicle related expenses	46,800	85,568
Repairs, maintenance and cleaning	49,454	101,829
Roads, drains, paths and verges	35,731	51,511
Security services	44,439	64,109
Utilities	72,655	107,195
Depreciation	170,556	268,556
Finance Cost	50,122	86,791
Other expenses	270,386	595,578
Total Expenditure	1,456,532	2,825,904
Net Surplus for the Year	535,431	408,370

Abridged Statement of Financial Position

Description	7 months ended 31 July 2020 (\$)	Restated 12 months ended 31 December 2019 (\$)
Cash and cash equivalents	1,773,175	1,531,328
Trade and other receivables	997,076	914,910
Term deposit	1,919	1,899
Property, plant and equipment	11,078,446	11,506,253
Investment properties	9,841,814	9,490,344
Total Assets	23,692,430	23,444,734
Creditors and accruals	539,697	292,238
Interest bearing borrowings	1,760,069	1,861,296
Provisions	25,200	31,183
VAT payable	192,302	203,000
Deferred grant	4,893,949	5,328,002
Total Liabilities	7,411,217	7,715,719
Net Assets	16,281,213	15,729,015

Lautoka City Council – 2015 to 2019

Abridged Statement of Financial Performance

Description	2019 (\$)	2018 (\$)	2017 (\$)	2016 (\$)	2015 (\$)
Rates	4,916,224	3,604,363	5,182,018	3,678,335	4,111,032
Business license fees	501,791	507,011	448,697	478,748	384,834
Fees, charges and rent	4,057,791	3,481,707	3,365,274	2,914,345	2,621,478
Parking meter fund revenue	439,868	442,598	387,158	438,003	477,081
Car park fund revenue	299,206	256,678	102,334	94,516	86,099
Amortisation of capital grant	2,266,722	3,312,869	2,000,000	1,206,857	293,783
Interest	190,524	75,161	107,318	53,077	67,226
Others	890,331	681,236	2,567,358	1,429,686	708,508
Total Revenue	13,562,457	12,361,623	14,160,157	10,293,567	8,750,041
Personnel costs	3,697,483	3,548,755	3,489,730	2,730,063	2,293,736
Administrative and operating costs	2,027,951	1,850,084	2,113,162	1,336,794	1,220,576
Rate payer services	896,325	850,857	703,632	846,571	908,613
Depreciation and amortisation	704,602	494,734	586,562	544,032	709,400
Parks, gardens and public amenities	1,439,516	1,213,861	977,296	1,005,438	647,654
Legal and professional fees	85,547	73,816	57,975	113,416	377,869
Interest	271,210	282,674	307,756	334,235	322,274
Streetlight and street maintenance costs	131,315	112,757	192,184	136,924	239,236
Auditor's remuneration	-	-	-	-	16,000
Parking meter fund expenses	36,574	23,840	22,257	37,470	30,623
Car park fund expenses	20,405	41,064	20,513	-	41,050
Total Expenditure	9,310,928	8,492,442	8,471,067	7,084,943	6,807,031
Net Surplus for the Year	4,251,529	3,869,181	5,689,090	3,208,624	1,943,010

Abridged Statement of Financial Position

Description	2019 (\$)	2018 (\$)	2017 (\$)	2016 (\$)	2015 (\$)
Cash on hand and at bank	2,173,493	1,540,874	6,755,651	6,519,966	6,101,704
Held to maturity investment	8,494,172	8,469,345	4,646,652	1,428,478	1,415,678
Project supplies	492,753	397,288	304,750	189,794	63,919
Receivables	6,996,426	4,724,321	4,739,606	4,716,490	4,759,949
Other receivables	529,876	430,084	323,471	258,837	65,071
VAT receivable	-	380,672	365,002	24,877	-
Property, plant and equipment	14,882,598	13,039,757	9,090,615	7,556,213	4,655,997
Investment properties	5,404,775	5,619,827	5,834,879	6,049,932	6,264,984
Total Assets	38,974,093	34,602,168	32,060,626	26,744,587	23,327,302
Creditors and accruals	435,981	430,105	481,696	457,689	758,957
Provisions	382,466	370,721	353,592	318,232	290,968
Interest bearing borrowings	5,316,463	5,885,092	6,395,459	6,880,852	7,342,117
VAT payable	135,196	-	-	-	70,310
Capital grant in aid	1,630,175	1,093,967	1,876,777	1,823,802	809,562
Total Liabilities	7,900,281	7,779,885	9,107,524	9,480,575	9,271,914
Net Assets	31,073,812	26,822,283	22,953,102	17,264,012	14,055,388

Suva City Council – 2016 to 2019

Abridged Statement of Financial Performance

Description	2019 (\$)	2018 (\$)	2017 (\$)	2016 (\$)
General and street light rates	16,015,453	15,918,202	16,024,879	15,994,685
Interest on overdue rates	2,327,745	2,134,673	2,126,129	1,960,510
Fees charges - stalls, building permit, carrier stands, garbage disposal and others	4,437,678	4,579,094	4,612,098	4,213,578
Hire charges - Civic Centre and parks	27,529	10,823	35,521	122,150
Rental revenue - properties, bus station, carpark, minimarkets and others	3,140,730	3,099,940	3,001,262	3,038,711
Business License Fees	1,925,017	1,960,735	1,949,880	2,002,079
Release of deferred revenue	392,814	355,399	329,001	132,412
Finance income	445,517	401,807	455,071	301,860
Fees - Gully emptier	13,181	12,416	24,136	20,862
Outside chargeable jobs (net of income/(expense))	490	3,869	647	14,608
Refund - Training and Productivity Authority of Fiji	35,699	26,775	41,321	48,229
Miscellaneous income	212,332	496,512	289,580	237,520
Release of grant income	254,051	--	--	--
Reversal of expected credit loss	1,811,430	--	--	--
Total Revenue	31,039,666	29,000,245	28,889,525	28,087,204
Administrative and operating costs	5,040,427	5,569,416	6,731,063	4,074,293
Wages and salaries expense	9,878,627	10,068,344	9,401,259	9,755,826
Superannuation	998,150	1,040,675	1,033,107	1,138,129
Other personnel costs	680,874	682,049	425,732	503,196
Amortization expense	49,654	62,086	5,849	9,042
Depreciation expense (property, plant and equipment and investment properties)	1,583,008	1,600,824	1,665,228	1,520,593
Depreciation expense (right-of-use assets)	17,472	--	--	--
Rate payer services	6,117,932	6,448,804	6,408,060	6,429,463
User maintenance costs	3,515,808	3,969,598	3,147,168	2,827,274
Finance Cost	162,033	87,656	122,207	193,210
Total Expenditure	28,043,985	29,529,452	28,939,673	26,451,026
Net Surplus / (Deficit) for the year	2,995,681	(529,207)	(50,148)	1,636,178

The net surplus increased by \$2,466,474 in 2019 compared to 2018. The increase in net surplus was mainly due to the decrease in expenses incurred during the financial period.

Abridged Statement of Financial Position

Description	2019 (\$)	2018 (\$)	2017 (\$)	2016 (\$)
Cash and cash equivalents	26,725,815	24,373,626	17,302,393	24,159,898
Inventories	590,680	366,204	293,282	375,918
Trade and other receivables	6,891,778	5,343,420	7,723,218	7,236,011
Property, plant and equipment	35,201,474	34,803,410	34,306,827	32,855,595
Right-of-use assets	707,037	--	--	--
Investment properties	15,844,712	16,064,746	15,631,651	15,499,155

Description	2019 (\$)	2018 (\$)	2017 (\$)	2016 (\$)
Held-to-maturity investments		--	5,000,000	--
Intangible assets	198,468	248,122	310,208	42,185
Loan receivable	4,955,092	5,004,944	5,053,344	5,100,332
Total Assets	91,115,056	86,204,472	85,620,923	85,269,094
Trade and other payables	28,784,014	25,612,947	21,653,861	20,229,217
Employee benefits	1,391,452	1,172,855	1,069,978	1,364,476
Interest bearing borrowings	--	1,582,240	2,233,208	3,152,986
Lease Liabilities	1,766,430	--	--	--
Deferred grant income	14,465,979	15,053,633	15,068,430	15,114,512
Capital grant in aid	98,279	116,396	138,337	164,985
Total Liabilities	46,506,154	43,538,071	40,163,814	40,026,176
Net Assets	44,608,902	42,666,401	45,457,109	45,242,918

The net assets increased by 5% or 1,942,501 in 2019 compared to the financial year 2018. The increase in net assets was mainly due to the increase in total assets in the financial period 2019. The net assets for the financial years 2017 and 2016 were favourable.

Savusavu Town Council – 2012 to 2017

Abridged Statement of Financial Performance

Description	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)
General Rates	317,520	312,382	248,042	244,089	270,921	193,084
Amortisation of capital grant	166,091	108,294	118,326	26,064	19,882	19,882
Business license fees	44,334	42,820	39,520	34,709	34,804	41,074
Fees, charges and rent	103,041	233,321	255,758	228,069	205,249	192,988
Profit on sale	--	--	6,304	--	25,698	--
Loan rates			71,727	70,722	79,169	80,242
Special rates	96,107	93,088	--	--	--	--
Others	204,556	107,896	110,263	92,684	76,762	86,448
Total Revenue	931,649	897,801	849,940	696,337	712,485	613,718
Administrative and operating costs	215,766	138,928	126,891	214,357	130,088	66,133
Auditor's remuneration	9,000	9,000	9,150	9,150	6,087	4,348
Depreciation and amortization	98,392	83,893	61,861	46,984	45,498	42,166
Employees salaries and benefits	474,346	363,675	388,429	332,899	281,928	278,720
Finance cost	17,809	9,145	15,989	11,441	7,449	9,300
Maintenance costs	106,059	146,783	139,736	182,775	98,727	87,470
Loss on sale	6,037	--	--	--	--	--
Streetlights	--	--	--	--	16,378	46,248
Total Expenditure	927,409	751,424	742,056	797,606	586,155	534,385
Net Surplus/(Deficit) for the year	4,240	146,377	107,884	(101,269)	126,330	79,333

The net surplus decreased by 97% or \$142,137 in 2017 compared to 2016. The decrease in net surplus was mainly due to the increase in expenses incurred during the financial period. The council had also recorded net surplus for financial years 2015, 2013 and 2012.

Abridged Statement of Financial Position

Description	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)	2012 (\$)
Cash and cash equivalents	103,282	293,646	234,306	254,168	52,538	20,376
Trade and other receivables	825,383	702,812	547,664	471,707	531,853	446,284
Property, plant and equipment	8,047,559	7,947,540	7,813,619	7,497,302	7,639,401	7,610,840
Total Assets	8,976,224	8,943,998	8,595,589	8,223,177	8,223,792	8,077,500
Trade payables	239,747	297,628	334,602	230,395	666,885	614,551
Bank Overdraft	366,805	251,448	282,711	236,691	152,840	169,200
Borrowings	--	--	5,143	5,143	10,501	--
Term Loan	--	--	--	--	--	--
FNPF Loan	5,143	5,143	--	--	--	27,501
Deferred Grant	632,128	671,451	481,727	368,283	172,491	171,503
Land sales deposit	460,714	457,406	457,406	456,549	--	--
Total Liabilities	1,704,537	1,683,076	1,561,589	1,297,061	1,002,717	982,755
Net Assets	7,271,687	7,260,922	7,034,000	6,926,116	7,221,075	7,094,745

Net assets increased by 0.15% or \$10,765 in 2017 compared to 2016. The increase in net assets was mainly due to the increase in total assets and increase in total liabilities in the financial period 2017. In the year 2015 the net assets increased by 2% or \$107,884 compared 2014. Meanwhile, there was an increase of 2% or \$126,330 in 2013 compared 2012.

Nasinu Town Council – 2013 to 2020

Abridged Statement of Financial Performance

Description	2020 (\$)	2019 (\$)	2018 (\$)	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)
General Rates	2,880,547	2,787,825	2,362,096	2,334,536	2,370,366	2,571,501	2,197,586	1,975,106
Business and trading license	381,532	--	236,022	228,080	190,208	244,944	250,104	265,602
Taxi stands and carrier base charges	--	--	77,479	295,846	387,582	302,386	385,278	328,973
Interest Revenue	863,469	--	860,153	815,458	850,992	766,888	878,688	987,891
Other operating	749,860	246	599,715	2,900,670	1,163,100	926,862	876,591	253,626
Grant income	1,236,811	1,544,735	3,526,827	--	--	--	--	--
Total Revenue	6,112,219	4,332,806	7,662,292	6,574,590	4,962,248	4,812,581	4,588,247	3,811,198
Advertising and public relation expense	24,675	11,271	5,038	3,401	2,458	36,062	23,806	36,166
Depreciation and amortization expense	317,283	298,571	238,347	226,857	230,729	212,830	222,442	176,971
Employees' salaries and benefits expenses	1,249,190	2,251,822	2,438,660	2,091,708	2,032,563	2,170,935	2,155,428	2,086,693
Garbage collection expense	--	2,727	39,525	486,111	636,152	1,130,711	728,472	643,751
Repairs and maintenance expense	218,825	259,824	283,012	93,417	42,942	355,832	344,870	736,834
Transportation expense	91,104	105,718	47,628	40,612	26,210	305,450	105,594	150,297
Other operating	1,734,838	1,792,933	2,384,988	1,156,121	494,969	713,737	424,090	901,482
Finance Cost	37	82,892	690	1,197	51,306	13,862	9,954	13,033
Discount allowed	85,116	--	67,600	131,716	56,257	300,703	--	--
Total Expenditure	3,721,068	4,805,758	5,505,488	4,231,140	3,573,586	5,240,122	4,014,656	4,745,227
Net Surplus/(Deficit) for the Year	2,391,151	(472,952)	2,156,804	2,343,450	1,388,662	(427,541)	573,591	(934,029)

Abridged Statement of Financial Position

Description	2020 (\$)	2019 (\$)	2018 (\$)	2017 (\$)	2016 (\$)	2015 (\$)	2014 (\$)	2013 (\$)
Cash on hand and at bank	804,265	692,316	777,561	518,087	731,793	1,440,230	65,325	56,361
Trade and other receivables	9,728,850	7,538,608	8,703,434	8,234,297	7,455,558	6,891,796	9,113,692	9,000,823
Property, plant and equipment	7,757,981	7,955,384	7,049,421	4,509,016	2,210,729	2,001,931	1,683,465	1,435,939
Investment property	20,000	20,000	25,000	30,000	35,000	40,000	45,000	45,625
Intangible asset	--	--	--	--	--	3,374	4,949	5,959
Total Assets	18,311,096	16,206,308	16,555,416	13,291,400	10,433,080	10,377,331	10,912,431	10,544,707
Trade and other payables	1,351,566	1,491,754	1,315,480	980,611	937,311	792,344	476,896	1,146,492
Interest bearing borrowings	148,368	294,143	346,572	331,715	494,285	279,211	236,316	133,423
Employee Entitlement	71,394	71,394	71,394	63,692	63,692	63,692	63,692	38,052
Deposits	392,545	392,945	392,945	392,945	392,946	392,945	392,945	392,945
Deferred revenue	1,148,709	1,148,709	1,148,709	398,925	647,412	1,372,897	739,533	404,336
Total Liabilities	3,112,582	3,398,945	3,275,100	2,167,888	2,535,646	2,901,089	1,909,382	2,115,248
Net Assets	15,198,514	12,807,363	13,280,316	11,123,512	7,897,434	7,476,242	9,003,049	8,429,459

Appendix B: Glossary

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

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



OFFICE of the AUDITOR GENERAL
Republic of Fiji

www.oag.gov.fj