

APPENDICES

APPENDIX 1

Appendix 1: Provincial Council Findings and Recommendations

1. Ba Provincial Council

Findings

Below is a list of findings that the Committee noted:

1. The Council's opening balances for key accounts such as cash, receivables, property, plant and equipment (PPE), payables, and borrowings could not be verified due to insufficient audit evidence. This resulted in disclaimers of opinion and raised concerns about the reliability of closing balances in subsequent years.
2. The Council consistently failed to provide complete receipt books, payment records, and cheque books for its cash accounts. This limited the auditor's ability to verify bank reconciliations and the accuracy of the general ledger, making the reported cash balances unreliable.
3. Receivables, payables, and borrowings were recorded without sufficient supporting documentation. As a result, the completeness and accuracy of these balances could not be confirmed, and potential misstatements in the financial statements could not be ruled out.
4. The Statement of Cash Flows lacked adequate supporting records, preventing the auditor from confirming the accuracy of reported cash movements.
5. The Council's reporting on Property, Plant and Equipment was undermined by missing valuation records, incomplete asset disposal documentation, and lack of land title verification. These gaps led to non-compliance with IFRS for SMEs and cast doubt on the accuracy of asset values.

6. Income from provincial rates could not be verified due to poor record-keeping and the inherent limitations in tracing collections beyond official receipts. This raised concerns about whether the reported income was fairly stated.
7. Payments and liabilities related to allowances for *Turaga ni Koro* and *Mata ni Tikina* were not supported by adequate documentation. This made it impossible to confirm whether these transactions were correctly accounted for.
8. The Council did not record provisions for annual leave in accordance with accounting standards and lacked documentation to support any such liabilities. This likely resulted in understated obligations in the financial statements.
9. Prior year adjustments were made without proper documentation and in breach of IFRS for SMEs requirements. These adjustments were therefore not correctly reported in the financial statements. Adjustments were made without supporting documentation and in breach of IFRS for SMEs requirements. These were not correctly recorded in the financial statements.
10. Expenses not covered by subvention lacked journal and payment vouchers, making it impossible to verify their accuracy or determine if adjustments were needed.
11. Over multiple years, the Council failed to provide complete receipt books, cheque books, and payment records. This limited the auditor's ability to verify bank reconciliations and confirm the accuracy of cash balances.

Recommendation

The Committee recommends the following:

1. Strengthen Documentation and Record-Keeping

- 1.1. Establish a standardised system for maintaining complete receipt books, payment vouchers, cheque books, and supporting schedules.
- 1.2. Introduce digital record-keeping to reduce the risk of missing documentation and improve audit trails.

2. Improve Cash Management Controls

- 2.1. Require monthly reconciliations of all bank accounts, reviewed independently by someone not involved in cash handling.
- 2.2. Implement a clear segregation of duties between staff responsible for cash collection, recording, and reconciliation.
- 2.3. Ensure all bank accounts are supported by complete and signed receipt books, cheque books, and payment records.

3. Receivables, Payables, and Borrowings Verification

- 3.1. Maintain detailed ledgers and supporting documentation for receivables, payables, and borrowings.
- 3.2. Conduct periodic reconciliations with external confirmations (e.g., creditors, debtors, banks) to validate balances.
- 3.3. Review aging schedules to assess collectability and accuracy.

4. Enhance Financial Reporting (Cash Flows and Statements)

- 4.1. Train finance staff in preparing Statements of Cash Flows and ensure supporting schedules are retained.
- 4.2. Align reporting practices with International Financial Reporting Standards for SMEs (IFRS for SMEs).

5. Property, Plant & Equipment (PPE) Management

- 5.1. Conduct full asset valuations in compliance with IFRS requirements, ensuring all classes of assets are included.
- 5.2. Maintain updated fixed asset registers with disposal records, valuation reports, and ownership documents (e.g., land titles).

6. Provincial Rates Collection

- 6.1. Introduce stronger controls over rate collection, including reconciliations between receipts, ledgers, and bank deposits.
- 6.2. Consider independent verification of rate collections to ensure completeness and accuracy.

7. Allowances and Grants Oversight

- 7.1. Require supporting documentation for all allowance payments and grant expenditures.
- 7.2. Establish clear policies for recording liabilities and expenditures related to allowances.

8. Annual Leave Provisions

- 8.1. Ensure compliance with accounting standards by recording provisions for annual leave.
- 8.2. Maintain updated HR records to support leave entitlements and reconcile them with financial reporting.

9. Prior Year Adjustments

- 9.1. Only record prior year adjustments in accordance with IFRS for SMEs Section 10.
- 9.2. Require full documentation and justification for any adjustments made to equity or retained earnings.

10. Expense Verification

- 10.1. Ensure all expenses, especially those not covered by subvention, are supported

by journal entries and payment vouchers.

10.2. Introduce periodic internal audits to verify expense classifications and accuracy.

2. Bua Provincial Council

Findings

Below is a list of findings that the Committee noted:

1. Cash at Bank and on Hand

- 1.1. Payment records, receipt books, and reconciliations were missing across multiple accounts and years.
- 1.2. Auditors were unable to verify the accuracy of reported cash balances.

2. Statement of Cash Flows

- 2.1. Supporting documentation was consistently unavailable.
- 2.2. Auditors could not confirm the accuracy of reported cash movements.

3. Receivables, Payables, and Deferred Income

- 3.1. Lack of sufficient documentation prevented verification of balances.
- 3.2. Deferred income was not properly supported or reconciled.

4. Property, Plant and Equipment (PPE)

- 4.1. Additions and disposals were undocumented.
- 4.2. Valuations were incomplete or non-compliant with IFRS for SMEs.
- 4.3. Title deeds were missing for land assets.

5. Available for Sale Financial Assets

- 5.1. Investment confirmations were not provided.
- 5.2. Valuation and existence of investments could not be verified.

6. Annual Leave Provisions

- 6.1. No provisions were recorded.

6.2. HR records were incomplete or inconsistent, leading to likely understatement of liabilities.

7. Provincial Rates Revenue

7.1. Due to inherent limitations and poor documentation, completeness of revenue could not be confirmed.

8. Rental Income and Tax Compliance

8.1. Rental income from Naulumatua and Rest House was not assessed for VAT or income tax implications.

8.2. Council failed to register for VAT despite exceeding the threshold.

9. Naulumatua House Expenses

9.1. Expenses were misclassified and lacked supporting documentation.

9.2. Auditors could not verify accuracy or determine necessary adjustments.

10. Prior Year Adjustments and Revaluation Reserves

10.1. Adjustments were made without documentation and in breach of IFRS for SMEs.

10.2. Variances in revaluation reserves were unexplained and unsupported.

Recommendation

The Committee recommends the following:

1. Strengthen Financial Documentation

- 1.1. Implement standardised procedures for maintaining payment records, receipt books, and reconciliations.
- 1.2. Digitise financial records to improve traceability and audit readiness.

2. Improve Cash Flow Reporting

- 2.1. Train finance staff in preparing and supporting Statements of Cash Flows.
- 2.2. Retain schedules and source documents for all cash movements.

3. Verify and Reconcile Receivables, Payables, and Deferred Income

- 3.1. Maintain detailed ledgers and supporting documentation.
- 3.2. Conduct periodic reconciliations and confirmations with third parties.

4. Comply with PPE Valuation Standards

- 4.1. Conduct full asset valuations, including all building classes.
- 4.2. Maintain fixed asset registers and ensure title deeds are on file.

5. Substantiate Investments

- 5.1. Obtain and retain investment confirmations annually.
- 5.2. Reconcile investment values with financial statements and revaluation reserves.

6. Record and Support Leave Provisions

- 6.1. Maintain accurate HR records of leave entitlements.
- 6.2. Record provisions in accordance with accounting standards.

7. Strengthen Revenue Controls

- 7.1. Improve documentation and reconciliation of provincial rates.

7.2. Consider independent verification or audit sampling.

8. Ensure Tax Compliance

8.1. Assess VAT and income tax implications of rental income.

8.2. Register for VAT if thresholds are met and disclose tax provisions accordingly.

9. Clarify Expense Classifications

9.1. Review and reclassify misallocated expenses.

9.2. Require supporting documentation for all expense accounts.

10. Correct Prior Year Adjustments

10.1. Ensure adjustments comply with IFRS for SMEs and are fully documented.

10.2. Disclose rationale and impact in financial statements.

3. Kadavu Provincial Council

Findings

Below is a list of findings that the committee noted:

1. Cash at Bank and on Hand

- 1.1. Missing bank confirmations, payment records, and reconciliations.
- 1.2. Auditors unable to verify existence or accuracy of reported balances.

2. Statement of Cash Flows

- 2.1. Lack of supporting documentation across years.
- 2.2. Cash flow movements could not be substantiated.

3. Receivables, Payables, Borrowings, Deferred Income

- 3.1. Insufficient documentation to support balances.
- 3.2. Completeness and accuracy of liabilities and receivables unverifiable.

4. Property, Plant and Equipment (PPE)

- 4.1. Unreconciled variances between asset registers and financial statements.
- 4.2. Missing documentation for additions, disposals, and valuations.
- 4.3. Non-compliance with IFRS for SMEs.

5. Available for Sale Financial Assets

- 5.1. No investment confirmations provided.
- 5.2. Valuation and existence of investments could not be verified.

6. Annual Leave Provisions

- 6.1. No provisions recorded.
- 6.2. HR records incomplete or inconsistent, likely understating liabilities.

7. Provincial Rates Revenue

7.1. Inherent limitations in collection and poor documentation.

7.2. Auditors unable to confirm completeness of revenue.

8. Grant Payments and Allowances

8.1. Payments to *Turaga ni Koro* and *Mata ni Tikina* not properly recognised.

8.2. Supporting documentation for liabilities and expenditures missing.

9. Prior Year Adjustments

9.1. Adjustments made without supporting documentation.

9.2. Non-compliance with IFRS for SMEs Section 10.

10. Investment Revaluation Reserve

10.1. Variances between IRR and supporting notes.

10.2. Gains on revaluation not substantiated.

11. Rental Income and Tax Compliance

11.1. Rental income not assessed for VAT or income tax implications.

11.2. Council failed to register for VAT despite exceeding thresholds.

12. Expense Classification

12.1. Misclassification of grants, repairs, and lease expenses.

12.2. Payment vouchers and supporting records missing.

Recommendation

The Committee recommends the following:

1. Strengthen Financial Documentation

- 1.1. Standardise record-keeping for bank accounts, receipts, payments, and reconciliations.
- 1.2. Digitise financial records to improve traceability and audit readiness.

2. Improve Cash Flow Reporting

- 2.1. Train finance staff in preparing and supporting Statements of Cash Flows.
- 2.2. Retain schedules and source documents for all cash movements.

3. Verify and Reconcile Receivables, Payables, and Deferred Income

- 3.1. Maintain detailed ledgers and supporting documentation.
- 3.2. Conduct periodic reconciliations and confirmations with third parties.

4. Comply with PPE Valuation Standards

- 4.1. Conduct full asset valuations, including all building classes.
- 4.2. Maintain fixed asset registers and ensure title deeds are on file.

5. Substantiate Investments

- 5.1. Obtain and retain investment confirmations annually.
- 5.2. Reconcile investment values with financial statements and revaluation reserves.

6. Record and Support Leave Provisions

- 6.1. Maintain accurate HR records of leave entitlements.
- 6.2. Record provisions in accordance with accounting standards.

7. Strengthen Revenue Controls

- 7.1. Improve documentation and reconciliation of provincial rates.
- 7.2. Consider independent verification or audit sampling.

8. Ensure Tax Compliance

8.1. Assess VAT and income tax implications of rental income.

8.2. Register for VAT if thresholds are met and disclose tax provisions accordingly.

9. Clarify Expense Classifications

9.1. Review and reclassify misallocated expenses.

9.2. Require supporting documentation for all expense accounts.

10. Correct Prior Year Adjustments

10.1. Ensure adjustments comply with IFRS for SMEs and are fully documented.

10.2. Disclose rationale and impact in financial statements.

4. Lomaiviti Provincial Council

Findings

Below is a list of findings that the committee noted:

1. Disclaimer of Opinion and Opening Balances

- 1.1. Auditors issued disclaimers due to lack of evidence for opening balances across multiple years.
- 1.2. Affected accounts include cash, receivables, PPE, borrowings, payables, deferred income, and special funds.

2. Cash at Bank and on Hand

- 2.1. Missing bank confirmations, receipt books, and payment records.
- 2.2. Inability to verify bank reconciliations and general ledger accuracy.

3. Receivables, Payables, Borrowings, and Special Funds

- 3.1. Insufficient documentation to support balances.
- 3.2. Completeness and accuracy of liabilities and receivables unverifiable.

4. Statement of Cash Flows

- 4.1. No supporting records provided.
- 4.2. Cash flow movements could not be substantiated.

5. Available for Sale Financial Assets

- 5.1. Investment confirmations not provided.
- 5.2. Valuation and existence of investments could not be verified.

6. Property, Plant and Equipment (PPE)

- 6.1. Unreconciled variances between asset registers and financial statements.
- 6.2. Missing documentation for additions, disposals, and valuations.

7. Grant Payments and Allowances

- 7.1. Payments to Turaga ni Koro and Mata ni Tikina not properly recognised.
- 7.2. Supporting documentation for liabilities and expenditures missing.

8. Annual Leave Provisions

- 8.1. No provisions recorded.
- 8.2. HR records incomplete or inconsistent, likely understating liabilities.

9. Provincial Rates Revenue

- 9.1. Inherent limitations in collection and poor documentation.
- 9.2. Auditors unable to confirm completeness of revenue.

10. Prior Year Adjustments

- 10.1. Adjustments made without supporting documentation.
- 10.2. Non-compliance with IFRS for SMEs Section 10.

11. Investment Revaluation Reserve

- 11.1. Variances between IRR and supporting notes.
- 11.2. Gains on revaluation not substantiated.

12. Unsubverted Expenses

- 12.1. Journal vouchers missing for significant expenses.
- 12.2. Auditors could not verify accuracy or classification.

13. Rental Income and Tax Compliance

- 13.1. Rental income not assessed for VAT or income tax implications.
- 13.2. Council failed to register for VAT despite exceeding thresholds.

Recommendation

The Committee recommends the following:

1. Strengthen Financial Documentation

- 1.1. Standardise record-keeping for bank accounts, receipts, payments, and reconciliations.
- 1.2. Digitise financial records to improve traceability and audit readiness.

2. Improve Cash Flow Reporting

- 2.1. Train finance staff in preparing and supporting Statements of Cash Flows.
- 2.2. Retain schedules and source documents for all cash movements.

3. Verify and Reconcile Receivables, Payables, and Borrowings

- 3.1. Maintain detailed ledgers and supporting documentation.
- 3.2. Conduct periodic reconciliations and confirmations with third parties.

4. Comply with PPE Valuation Standards

- 4.1. Conduct full asset valuations, including all building classes.
- 4.2. Maintain fixed asset registers and ensure title deeds are on file.

5. Substantiate Investments

- 5.1. Obtain and retain investment confirmations annually.
- 5.2. Reconcile investment values with financial statements and revaluation reserves.

6. Record and Support Leave Provisions

- 6.1. Maintain accurate HR records of leave entitlements.
- 6.2. Record provisions in accordance with accounting standards.

7. Strengthen Revenue Controls

- 7.1. Improve documentation and reconciliation of provincial rates.
- 7.2. Consider independent verification or audit sampling.

8. Ensure Tax Compliance

8.1. Assess VAT and income tax implications of rental income.

8.2. Register for VAT if thresholds are met and disclose tax provisions accordingly.

9. Clarify Expense Classifications

9.1. Review and reclassify misallocated expenses.

9.2. Require supporting documentation for all expense accounts.

10. Correct Prior Year Adjustments

10.1. Ensure adjustments comply with IFRS for SMEs and are fully documented.

10.2. Disclose rationale and impact in financial statements.

5. Lau Provincial Council

Findings

Below is a list of findings that the committee noted:

1. Statement of Cash Flows

- 1.1. Across multiple years, the Council failed to provide sufficient documentation to support reported cash movements.
- 1.2. Auditors were unable to verify the accuracy of the Statement of Cash Flows.

2. Payables and Reconciliations

- 2.1. Payables were recorded without reconciliations or listings.
- 2.2. Auditors could not confirm completeness or accuracy of these liabilities.

3. Provincial Rates Revenue

- 3.1. Due to inherent limitations and poor documentation, auditors could not verify whether revenue from provincial rates was fairly stated.

4. Property, Plant and Equipment (PPE)

- 4.1. Buildings were inconsistently measured some at cost, others at valuation—contrary to IFRS for SMEs Section 17.
- 4.2. Additions and disposals lacked supporting documentation.
- 4.3. PPE balances may be misstated due to valuation inconsistencies and missing records.

5. Prior Year Adjustments

- 5.1. Adjustments were made without supporting documentation and did not comply with IFRS for SMEs Section 10.
- 5.2. Comparative figures were not restated as required.

6. Annual Leave Provisions

6.1. No provisions were recorded.

6.2. HR records were incomplete or inconsistent, limiting audit verification.

7. Unsubvented and Misclassified Expenses

7.1. Journal vouchers were missing for significant expenses (e.g., travel, events, printing).

7.2. Expense classifications were inaccurate or unsupported.

8. Investment Revaluation Reserve

8.1. Revaluation gains lacked documentation.

8.2. Variances existed between IRR and supporting notes, undermining accuracy.

Recommendation

The Committee recommends the following:

1. Cash Flow Documentation

- 1.1. Maintain detailed schedules and source records for all cash movements.
- 1.2. Train finance staff in preparing compliant Statements of Cash Flows.

2. Payables Reconciliation

- 2.1. Prepare and retain reconciliations and listings for all payables.
- 2.2. Review and confirm balances periodically with supporting documentation.

3. Provincial Rates Controls

- 3.1. Strengthen documentation and reconciliation of rate collections.
- 3.2. Consider independent verification or sampling to confirm completeness.

4. PPE Valuation and Register

- 4.1. Apply consistent valuation methodology across all building assets.
- 4.2. Maintain a complete fixed asset register with acquisition, valuation, and disposal records.

5. Prior Year Adjustments Compliance

- 5.1. Ensure adjustments are supported and comply with IFRS for SMEs.
- 5.2. Restate comparative figures and disclose rationale in financial statements.

6. Annual Leave Provisioning

- 6.1. Record leave provisions in accordance with accounting standards.
- 6.2. Maintain accurate HR records of staff entitlements.

7. Expense Verification

- 7.1. Require journal vouchers and supporting documents for all expenditures.
- 7.2. Review classifications to ensure expenses are accurately reported.

8. Investment Revaluation Accuracy

8.1. Obtain and retain documentation for all revaluation gains.

8.2. Reconcile IRR with investment schedules and disclose variances.

6. Rewa Provincial Council

Findings

Below is a list of findings that the committee noted:

1. Cash at Bank and on Hand

- 1.1. Receipt books, payment records, and bank statements were incomplete or missing across multiple years.
- 1.2. Auditors could not verify the accuracy of cash balances or determine necessary adjustments.

2. Statement of Cash Flows

- 2.1. Supporting documentation was consistently unavailable.
- 2.2. Auditors were unable to confirm the accuracy of reported cash movements.

3. Receivables, Payables, and Borrowings

- 3.1. Reconciliations and listings were not provided.
- 3.2. Confirmations from lenders (e.g., iTaukei Affairs Board) were missing.
- 3.3. Balances could not be verified for completeness or accuracy.

4. Property, Plant and Equipment (PPE)

- 4.1. Land assets were omitted from the financial statements due to missing title deeds and valuations.
- 4.2. Buildings were inconsistently measured—some at cost, others at valuation—contrary to IFRS for SMEs.
- 4.3. Additions and disposals lacked documentation.

5. Available for Sale Financial Assets

- 5.1. Investment confirmations and valuation statements were not provided.

5.2. Auditors could not verify the existence or fair value of investments (e.g., Unit Trust of Fiji).

6. Annual Leave Provisions

6.1. No provisions were recorded.

6.2. HR records were incomplete or inconsistent, limiting audit verification.

7. Provincial Rates Revenue

7.1. Due to inherent limitations and poor documentation, completeness of revenue could not be confirmed.

8. Prior Year Adjustments

8.1. Adjustments were made without supporting documentation and did not comply with IFRS for SMEs Section 10.

8.2. Comparative figures were not restated as required.

9. Unsubvented and Misclassified Expenses

9.1. Journal vouchers were missing for significant expenses (e.g., travel, events, printing).

9.2. Expense classifications were inaccurate or unsupported.

Recommendation

The Committee recommends the following:

1. Cash Management and Documentation

- 1.1. Maintain complete receipt books, payment records, and bank statements for all accounts.
- 1.2. Conduct monthly bank reconciliations and retain supporting documentation.

2. Cash Flow Reporting

- 2.1. Train finance staff in preparing compliant Statements of Cash Flows.
- 2.2. Retain schedules and source documents for all cash movements.

3. Receivables, Payables, and Borrowings

- 3.1. Prepare reconciliations and listings for all balances.
- 3.2. Obtain confirmations from lenders and creditors annually.
- 3.3. Review aging schedules and ensure proper classification.

4. PPE and Land Asset Management

- 4.1. Record all land assets with supporting title deeds and valuations.
- 4.2. Apply consistent valuation methodology across all building assets.
- 4.3. Maintain a complete fixed asset register with acquisition, valuation, and disposal records.

5. Investment Verification

- 5.1. Obtain and retain investment confirmations and valuation statements annually.
- 5.2. Reconcile investment values with financial statements and revaluation reserves.

6. Annual Leave Provisioning

- 6.1. Record leave provisions in accordance with accounting standards.
- 6.2. Maintain accurate HR records of staff entitlements and reconcile with financial reporting.

7. Revenue Controls for Provincial Rates

7.1. Strengthen documentation and reconciliation of rate collections.

7.2. Consider independent verification or audit sampling to confirm completeness.

8. Prior Year Adjustments

8.1. Ensure adjustments are supported and comply with IFRS for SMEs.

8.2. Restate comparative figures and disclose rationale in financial statements.

9. Expense Verification and Classification

9.1. Require journal vouchers and supporting documents for all expenditures.

9.2. Review classifications to ensure expenses are accurately reported.

7. Serua Provincial Council

Findings

Below is a list of findings that the committee noted:

1. Statement of Cash Flows

- 1.1. The Council consistently failed to provide sufficient documentation to support reported cash movements.
- 1.2. Auditors were unable to verify the accuracy of the Statement of Cash Flows across multiple years.

2. Receivables

- 2.1. Large receivables (e.g., from Serua Provincial Investment Co-operative Ltd) lacked confirmation.
- 2.2. Completeness and existence of receivables could not be verified.

3. Payables and Borrowings

- 3.1. Reconciliations and listings for payables were not provided.
- 3.2. Borrowings from entities like the iTaukei Affairs Board lacked confirmation.
- 3.3. Balances may be misstated due to unverifiable liabilities.

4. Property, Plant and Equipment (PPE)

- 4.1. Land assets were omitted or lacked valuation and title documentation.
- 4.2. Buildings were inconsistently measured—some at cost, others at valuation—contrary to IFRS for SMEs.
- 4.3. Additions and disposals lacked supporting records.

5. Available for Sale Financial Assets

- 5.1. Investment confirmations and valuation statements were missing.

5.2. Auditors could not verify the existence or fair value of investments (e.g., Unit Trust of Fiji, Serua Co-operative).

6. Annual Leave Provisions

6.1. No provisions were recorded.

6.2. HR records were incomplete or inconsistent, limiting audit verification.

7. Provincial Rates Revenue

7.1. Due to inherent limitations and poor documentation, completeness of revenue could not be confirmed.

8. Prior Year Adjustments

8.1. Adjustments were made without supporting documentation and did not comply with IFRS for SMEs Section 10.

8.2. Comparative figures were not restated as required.

9. Unsubvented and Misclassified Expenses

9.1. Journal vouchers were missing for significant expenses (e.g., travel, events, printing, sundry).

9.2. Expense classifications were inaccurate or unsupported.

Recommendation

The Committee recommends the following:

1. Cash Flow Documentation

- 1.1. Maintain detailed schedules and source records for all cash movements.
- 1.2. Train finance staff in preparing compliant Statements of Cash Flows.

2. Receivables Verification

- 2.1. Obtain confirmations for material receivables, especially from related entities.
- 2.2. Reconcile receivable balances with supporting documentation and aging schedules.

3. Payables and Borrowings

- 3.1. Prepare reconciliations and listings for all payables.
- 3.2. Obtain confirmations from lenders and creditors annually.
- 3.3. Review classification and disclosure of borrowings.

4. PPE and Land Asset Management

- 4.1. Record all land assets with supporting title deeds and valuations.
- 4.2. Apply consistent valuation methodology across all building assets.
- 4.3. Maintain a complete fixed asset register with acquisition, valuation, and disposal records.

5. Investment Verification

- 5.1. Obtain and retain investment confirmations and valuation statements annually.
- 5.2. Reconcile investment values with financial statements and revaluation reserves.

6. Annual Leave Provisioning

- 6.1. Record leave provisions in accordance with accounting standards.
- 6.2. Maintain accurate HR records of staff entitlements and reconcile with financial reporting.

7. Revenue Controls for Provincial Rates

- 7.1. Strengthen documentation and reconciliation of rate collections.
- 7.2. Consider independent verification or audit sampling to confirm completeness.

8. Prior Year Adjustments

- 8.1. Ensure adjustments are supported and comply with IFRS for SMEs.
- 8.2. Restate comparative figures and disclose rationale in financial statements.

9. Expense Verification and Classification

- 9.1. Require journal vouchers and supporting documents for all expenditures.
- 9.2. Review classifications to ensure expenses are accurately reported.

8. Ra Provincial Council

Findings

Below is a list of findings that the committee noted:

1. Statement of Cash Flows

- 1.1. Across multiple years, the Council failed to provide sufficient documentation to support reported cash movements.
- 1.2. Auditors were unable to verify the accuracy of the Statement of Cash Flows.

2. Receivables

- 2.1. Significant receivables (e.g., from Serua Provincial Investment Co-operative Ltd) lacked confirmation.
- 2.2. Completeness and existence of receivables could not be verified.

3. Payables and Accruals

- 3.1. Reconciliations and listings for payables were not provided.
- 3.2. Opening balances and deposits from the public were unsupported.

4. Borrowings

- 4.1. Borrowings from entities such as the *iTaukei* Affairs Board lacked confirmation.
- 4.2. Auditors could not verify the existence or completeness of these liabilities.

5. Property, Plant and Equipment (PPE)

- 5.1. Land assets were omitted or lacked valuation and title documentation.
- 5.2. Buildings were inconsistently measured—some at cost, others at valuation—contrary to IFRS for SMEs.
- 5.3. Additions and disposals lacked supporting records.

6. Available for Sale Financial Assets

- 6.1. Investment confirmations and valuation statements were missing.
- 6.2. Auditors could not verify the existence or fair value of investments (e.g., Unit Trust of Fiji, Serua Co-operative).

7. Annual Leave Provisions

- 7.1. No provisions were recorded.
- 7.2. HR records were incomplete or inconsistent, limiting audit verification.

8. Provincial Rates Revenue

- 8.1. Due to inherent limitations and poor documentation, completeness of revenue could not be confirmed.

9. Prior Year Adjustments

- 9.1. Adjustments were made without supporting documentation and did not comply with IFRS for SMEs Section 10.
- 9.2. Comparative figures were not restated as required.

10. Unsubvented and Misclassified Expenses

- 10.1. Journal vouchers were missing for significant expenses (e.g., travel, events, printing, sundry).
- 10.2. Expense classifications were inaccurate or unsupported.

11. Other Income

- 11.1. Miscellaneous income lacked supporting documentation and journal vouchers.
- 11.2. Accuracy of reported income could not be confirmed.

Recommendation

The Committee recommends the following:

1. Cash Flow Documentation

- 1.1. Maintain detailed schedules and source records for all cash movements.
- 1.2. Train finance staff in preparing compliant Statements of Cash Flows.

2. Receivables Verification

- 2.1. Obtain confirmations for material receivables, especially from related entities.
- 2.2. Reconcile receivable balances with supporting documentation and aging schedules.

3. Payables and Borrowings

- 3.1. Prepare reconciliations and listings for all payables and accruals.
- 3.2. Obtain confirmations from lenders and creditors annually.
- 3.3. Review classification and disclosure of borrowings.

4. PPE and Land Asset Management

- 4.1. Record all land assets with supporting title deeds and valuations.
- 4.2. Apply consistent valuation methodology across all building assets.
- 4.3. Maintain a complete fixed asset register with acquisition, valuation, and disposal records.

5. Investment Verification

- 5.1. Obtain and retain investment confirmations and valuation statements annually.
- 5.2. Reconcile investment values with financial statements and revaluation reserves.

6. Annual Leave Provisioning

- 6.1. Record leave provisions in accordance with accounting standards.
- 6.2. Maintain accurate HR records of staff entitlements and reconcile with financial reporting.

7. Revenue Controls for Provincial Rates

- 7.1. Strengthen documentation and reconciliation of rate collections.
- 7.2. Consider independent verification or audit sampling to confirm completeness.

8. Prior Year Adjustments

- 8.1. Ensure adjustments are supported and comply with IFRS for SMEs.
- 8.2. Restate comparative figures and disclose rationale in financial statements.

9. Expense Verification and Classification

- 9.1. Require journal vouchers and supporting documents for all expenditures.
- 9.2. Review classifications to ensure expenses are accurately reported.

10. Income Recognition

- 10.1. Ensure all income streams, including miscellaneous income, are supported by documentation.
- 10.2. Implement controls to verify completeness and accuracy of income recognition.

APPENDIX 2

Appendix 2

Report on Site Visit to Western and Northern Division 12-24 January 2026

BA PROVINCIAL COUNCIL

1. Purpose of Engagement

The Committee's visit followed up on:

- Previous audit qualifications and PAC comments
- Concerns raised by the Auditor-General and Departmental Committees
- Outcomes of earlier meetings with the Permanent Secretary, Provincial Council, and ICT/system support teams

The engagement was not investigative in nature. Its purpose was to:

- Assess whether agreed corrective actions have materialised
- Understand current accounting and control practices
- Identify remaining gaps requiring strengthening or support

2. Financial Reporting and Audit Status

Findings:

- Outstanding audits from 2017 onwards were acknowledged.
- Audit years 2022 and 2023 are near completion and expected to be finalised by February.
- Records for 2024 are still being prepared.
- Financial reports are prepared at Provincial Council level, reconciled, and then submitted to Head Office (HQ) prior to submission to the Auditor-General.

PAC Observation:

- Reconciliation prior to submission is a positive improvement.
- Audit delays are largely attributable to historical documentation gaps, not current practices.

3. Accounting Systems and Internal Controls

Findings:

- The Council is using an integrated accounting system (SAGE) covering:
 - General Ledger
 - Accounts Payable
 - Accounts Receivable

- Financial Reporting
- Payments are processed through internet banking, with:
 - Initiation by Treasury staff
 - Multiple levels of authorisation
 - Posting into the accounting system after completion
- No manual payments are currently made.
- Monthly bank reconciliations are performed.
- User access and segregation of duties are managed through HQ-issued credentials.

PAC Observation:

- System controls are operating as intended.
- Weaknesses identified in past years reflect legacy capacity and resourcing issues, not current control design.

4. Documentation and Procurement Controls

Findings:

- A Finance Manual and procurement procedures exist and are in use.
- Management acknowledged that historical audit findings repeatedly cited *insufficient documentation* up to audit year 2022.
- Council confirmed that both system-based records and manual files are now maintained to strengthen audit trails.

Procurement Case – Construction/Foundation Work

- Committee minutes confirm that:
 - Council resolutions were passed
 - Approved amounts (~\$28,700–\$29,650) were recorded
- The foundation was not fully dismantled and remains on site.
- No funds were misappropriated; expenditure was applied to actual works completed.
- However, documentation supporting full procurement evaluation and selection was incomplete.
- Subsequent works are planned to continue the existing foundation with revised scope.

PAC Observation:

- While no financial loss was identified, weak procurement documentation exposes the Council to audit and accountability risk.
- Management has acknowledged this and committed to stricter procurement compliance going forward.

5. Advances, Allowances, and Payroll

Findings:

- Advances are strictly limited to official travel and work-related activities.
- There are:
 - No salary advances
 - No staff loans
- Advances must be retired within 7 days.
- No further advances are issued until retirement is completed.
- Supplier payments (e.g. fuel) may be made directly under contract arrangements.
- Advance registers are maintained and actively monitored.

PAC Observation:

- Controls over advances have improved significantly compared to prior years.

6. Revenue Collection and Fraud Prevention

Findings:

- Revenue is collected using:
 - Official manual receipts
 - System posting after collection
- Monthly reconciliations are conducted.
- Controls include:
 - Weekly checks
 - Surprise cash counts
 - Receipt verification
 - Reconciliation between receipt sheets, deposits, and system records
- Management demonstrated evidence supporting reliability of electronic records.

PAC Observation:

- Reasonable fraud detection and prevention mechanisms are in place.
- Oversight by senior finance officers provides added assurance.

7. Risk Management and Governance**Findings:**

- Risk issues are addressed through:
 - First reminders
 - Second reminders
 - Penalties applied case-by-case
- Serious breaches (especially financial misconduct) are escalated promptly.
- Delegation of authority is documented and supported by formal authority letters.

PAC Observation:

- Enforcement exists, but formal risk registers and mitigation tracking can be further strengthened.

8. Financial Performance Observations**Findings:**

- PAC noted:
 - Significant year-to-year salary and wage variations
 - Low expenditure recorded for printing, stationery, and communications in some years
- Management explained that:
 - Staffing numbers fluctuated
 - Some costs were centrally captured or categorised under different budget lines
 - Temporary staff costs contributed to apparent variances

PAC Observation:

- Variances require clearer explanatory disclosures in financial statements to avoid misinterpretation.

9. Performance Monitoring and Service Delivery**Findings:**

- Monthly operational and financial reports are prepared.

- Work plans and itineraries are now required for officers undertaking field activities.
- Village-level performance monitoring remains challenging due to cultural and contextual factors.
- Complaints are addressed through verification and council-level review.

PAC Observation:

- Current reporting focuses on activity, not always outcomes.
- Technology-enabled reporting (e.g. geo-tagged submissions) could significantly improve performance verification.

B. PAC Recommendations

1. Audit Completion

- Finalise outstanding audits (2022–2023) without further delay, with clear timelines.

2. Documentation & Procurement

- Enforce full procurement documentation for all projects, regardless of value.
- Maintain complete records for contractor selection, evaluation, and approval.

3. Financial Policies

- Complete revision and formal approval of the Finance Manual.
- Ensure consistent application across all provincial councils.

4. Performance Reporting

- Strengthen linkage between operational reports, business plans, and measurable outcomes.

5. Training & Capacity Building

- Develop a structured annual training plan for:
 - Roko assistants
 - Assistant administrators
 - Finance and operations staff

6. Risk Management

- Introduce a documented risk register with monitoring and mitigation tracking.

7. Financial Statement Disclosures

- Improve explanations of significant variances, especially for:
 - Salaries and wages
 - Operating expenses
 - Other income sources

8. Use of Technology

- Gradually introduce technology-based reporting tools to improve accountability and verification of field activities.

Overall PAC Conclusion

The Committee acknowledges that substantial progress has been made since earlier years, particularly in system use, internal controls, and management awareness. Most weaknesses identified relate to historical practices rather than current intent. Continued focus on documentation, audit finalisation, and capacity building will further strengthen accountability and financial governance.

BUA PROVINCIAL COUNCIL

The Committee commenced proceedings by welcoming Members of the Public Accounts Committee, Council representatives, and officials attending both in person and virtually.

The Chair recalled the Committee's visit to the province in the previous year and noted that, while some Provincial representatives were not present at that time, ongoing engagement had continued throughout the year. The purpose of this meeting was to:

- Receive an update on audit queries raised by the Office of the Auditor-General (OAG) for the years 2017 to 2022.
- Assess progress made since the last engagement.
- Understand what improvements have been implemented and how the Council is positioning itself for 2023–2024 and future accounts.
- Focus on resolution and prevention, rather than investigation.

The Committee emphasised that it was seeking clear explanations, evidence of corrective action, and assurance that previously identified weaknesses will not recur.

2. Company Governance & Assets (Provincial Company)

Findings:

- The former provincial company carries legacy debts, noted in records at approximately \$300,000.
- A new company has been established, with 100% shareholding held by the Provincial Council.
- The transfer of assets from the old company to the new company is ongoing:
 - Some assets remain recorded under the Council rather than the company.
 - Complete, notarised asset transfer schedules are not yet available.
- A governance distinction was noted between directors and shareholders:
 - Directors are not necessarily shareholders, which caused confusion in earlier governance arrangements.
- Documentation supporting some legacy contracts and activities is incomplete or missing.

PAC Assessment:

The Committee considers this a significant governance and accountability risk, particularly in relation to:

- Asset ownership and title regularisation.

- Recovery of public funds previously advanced.
- Transparency in council-related entities.

3. Audit, Documentation & On-Site Engagement

Findings:

- The audit team has conducted two visits to date.
- Management requested that the OAG undertake on-site visits while drafting reports, rather than only after submission, to improve accuracy and context.
- Key accounting records, cashbooks, and supporting documents are maintained at the Council office and are available for review.
- Internal audit sessions have been conducted.
- Financial reports for 2023–2024 are being:
 - Submitted to Headquarters (HQ); and
 - Forwarded to the OAG, where applicable.

PAC Assessment:

The Committee acknowledges progress but notes that documentation gaps remain the primary cause of repeated audit qualifications. Improved engagement with OAG during report preparation is likely to reduce misunderstandings and evidence-related findings.

4. Systems & Connectivity (SAGE / GovLink / GovNet)

Findings:

- The SAGE accounting system is in use.
- Payments are processed on a cashless basis where connectivity permits.
- Persistent connectivity issues were highlighted:
 - GovLink is not consistently connecting to GovNet.
 - System submissions and real-time processing are sometimes disrupted.
- The Head of ICT is actively engaged in resolving these issues.

PAC Assessment:

While systems are in place and generally functioning, infrastructure and connectivity weaknesses pose ongoing operational and reporting risks, particularly where manual workarounds become necessary.

5. HR & Leave Records (ESS)

Findings:

- Annual leave management was previously manual.

- Leave processes are now conducted online via ESS (Employee Self-Service), including applications and approvals.

PAC Assessment:

This represents a positive internal control improvement and should be reflected in policy compliance reporting and internal audit reviews.

6. Revenues & Other Income

Findings:

- Other income sources referenced in records include:
 - Fundraising activities (e.g. *Ad-hoc provincial fundraising*).
 - Dividends from Fijian Holdings.
 - Rental income.
- Supporting documentation and classifications are not consistently standardised across income streams.

PAC Assessment:

Each income stream must be clearly classified, properly documented, and fully reconciled to bank records and the general ledger.

7. Grants to Schools & Social Outcomes

Findings:

- School grants are:
 - Approved annually by the Council.
 - Typically, \$2,000 per primary school for development purposes (e.g. fencing, painting).
 - Generally paid directly to vendors, not as cash grants.
- Grants were suspended during the COVID period.
- The Committee noted concern over a high Year 8 dropout rate within the district/province.

PAC Assessment:

While the objective of supporting schools is commendable, the absence of:

- Clear eligibility criteria,
- Formal acquittal requirements, and
- Outcome monitoring
poses a risk to effectiveness and accountability.

8. Updated PAC Findings (Consolidated)

1. Governance weaknesses persist in council-related companies due to legacy debts, incomplete asset transfers, and unclear documentation.
2. Audit practices have improved, but documentation gaps and limited on-site engagement with OAG continue to result in repeat findings.
3. Systems are operational, but connectivity issues (GovLink/GovNet) limit reliability and timeliness.
4. HR controls are strengthening, particularly through ESS implementation.
5. Revenue classification and grant management require stronger policy alignment and evidence-based controls.

9. Public Accounts Committee Recommendations

9.1 Company Governance & Assets

- Conduct an immediate legal and governance review confirming:
 - Shareholding, directorship, constitutions, and resolutions.
- Finalise and notarise asset transfer schedules.
- Implement a formal debt recovery or enforcement strategy for legacy amounts.
- Require quarterly governance and performance reports from the company.

9.2 Audit & Documentation

- Request OAG on-site engagement during audit drafting.
- Establish a comprehensive audit evidence index by year.
- Maintain office-retained copies of all documents submitted to HQ/OAG.

9.3 Systems & Connectivity

- Develop an ICT remediation plan and SLA for GovLink–GovNet connectivity.
- Introduce controlled offline-to-online posting procedures.
- Commit to generating financial statements directly from SAGE.

9.4 HR & ESS

- Align leave and HR policies fully with ESS workflows.
- Produce a monthly ESS compliance report for management oversight.

9.5 Revenues & School Grants

- Map all income streams with supporting schedules and reconciliations.

- Formalise a School Grants SOP, including:
 - Eligibility criteria,
 - Vendor-payment rules,
 - Mandatory acquittals.
- Link grants to measurable education outcomes to address dropout risks.

10. Evidence Required by PAC

- Certified company shareholding and directorship records.
- Asset transfer instruments and schedules.
- Debt recovery correspondence and legal opinions.
- Audit evidence index (2017–2022).
- ICT incident logs and remediation plans.
- ESS reports.
- School grant acquittal packages.
- Revenue reconciliation schedules.

PAC Concluding Note

The Committee recognises that current leadership has inherited long-standing systemic issues. However, the focus must now shift from explanation to decisive resolution, so that future engagements centre on current performance and service delivery, rather than historic failures.

LAU PROVINCIAL COUNCIL

The meeting commenced with an opening prayer and formal welcome to Members of the Public Accounts Committee, Council representatives, and officials.

The Chair recalled the Committee's previous visit to the province and noted that the purpose of this engagement was to review progress on audit queries raised by the Office of the Auditor-General (OAG) for the years 2019 to 2022, which remain similar and recurring in nature.

The Committee reiterated that the meeting was not investigative, but intended to:

- Understand why the same audit issues continue to recur.
- Receive explanations directly from the Council.
- Assess whether improvements have been implemented to prevent recurrence in 2023–2024 and future accounts.

2. Key PAC Findings

2.1 Recurring Audit Issues (2019–2022)

- Most audit findings across all years relate to record-keeping and availability of supporting documentation.
- Council clarified that most original records and copies are held at the Provincial Council office, not at Headquarters.
- The Committee noted that audits were largely conducted through Headquarters, without sufficient on-site engagement at the Provincial Council, resulting in repeated findings of “records not provided”.

PAC Finding:

The persistence of findings is largely due to process and coordination gaps, rather than the absence of records.

2.2 Audit Engagement and Coordination

- Audit teams visited on limited occasions.
- Council requested that future audits include on-site engagement with Provincial Council finance staff during audit fieldwork and report drafting.
- Internal audit sessions have taken place.
- Council confirmed readiness to make records available immediately when auditors are present on site.

PAC Finding:

Improved coordination between OAG, Headquarters, and Provincial Council staff is critical to resolving long-standing documentation issues.

2.3 Advances and Travel Controls

- No salary advances are provided.
- Advances are strictly for official travel.
- Staff must:
 - Retire advances within seven (7) days of completing travel.
 - Return unused funds.
 - Fully retire previous advances before any new advance is issued.
- Delays in retirement were acknowledged in limited cases due to geographical challenges and connectivity issues, but controls are enforced.

PAC Finding:

Advance controls are clearly defined and operating; exceptions are largely logistical rather than control failures.

2.4 Assets and Property Records

- Audit findings since 2019 highlight the absence of updated valuation and complete asset registers.
- Council confirmed that:
 - Asset and property records exist.
 - Some valuations are pending due to cost and reliance on government surveyors.
 - Clarification is still required regarding which assets belong to Council versus related entities.

PAC Finding:

Incomplete asset valuation and classification remain an unresolved audit risk.

2.5 Systems, Connectivity, and Records Retention

- Accounting systems are in use and records are maintained at the Council office.
- Connectivity issues (internet, systems access) affect timely submissions and real-time reporting.
- Council retains copies of invoices, vouchers, and records in line with statutory retention requirements.
- Manual workarounds have occurred when systems or connectivity are unavailable.

PAC Finding:

Systems are in place, but infrastructure and connectivity constraints undermine efficiency and audit assurance.

2.6 Financial Performance and Funding Pressures

- PAC noted:
 - A significant reduction in operational funding over recent years.
 - Increased pressure from allowances and service delivery costs.
 - The challenge of servicing 72 villages across difficult geography, with rising fuel and transport costs.
- Council explained that reduced operational grants have materially affected service delivery capacity.

PAC Finding:

Funding structure changes have had a direct impact on operational effectiveness, which should be considered in future policy decisions.

2.7 Income, Investments, and Subventions

- Income sources include:
 - Government subventions.
 - Deposits and investments (including with the Reserve Bank of Fiji);
 - Other approved sources.
- PAC noted significant fluctuations in investment income over the years and requested clearer explanations and disclosures.

PAC Finding:

Investment income trends require clearer analysis and reporting to ensure transparency.

3. Public Accounts Committee Recommendations

3.1 Audit Process Improvements

- Future audits should include Provincial Council finance staff on-site during audit fieldwork.
- OAG and Headquarters should coordinate directly with the Provincial Council where records are held.
- This should be formalised through written communication from Council to Headquarters.

3.2 Documentation and Record Management

- Establish a centralised audit evidence register mapping each audit finding to supporting documents.
- Ensure all records submitted to Headquarters are retained locally with clear indexing.

- Strengthen record-tracking for legacy years to prevent repeated “records not provided” findings.

3.3 Assets and Valuation

- Complete valuation of all Council properties and assets.
- Clarify ownership and classification of assets between Council and related entities.
- Update the fixed asset register annually.

3.4 Advances and Controls

- Maintain strict enforcement of the 7-day advance retirement rule.
- Continue prohibition of salary advances.
- Document exceptions caused by weather or connectivity disruptions.

3.5 Systems and Connectivity

- Address connectivity issues affecting financial systems.
- Minimise manual processing and ensure timely system updates once connectivity is restored.
- Strengthen ICT support for provincial locations.

3.6 Financial Sustainability

- Review the impact of reduced operational funding on provincial service delivery.
- Consider a cross-province analysis of allowances, staffing levels, and operational grants to inform future funding decisions.

4. PAC Conclusion

The Public Accounts Committee acknowledges that:

- Many issues are long-standing and systemic.
- Current Council leadership has demonstrated willingness to cooperate and provide records.
- Repeated audit findings are largely procedural and coordination-related, rather than indicative of misuse of funds.

However, the Committee emphasises that:

Continued recurrence of the same findings is no longer acceptable.

The focus going forward must be on closing legacy issues, improving audit coordination, and ensuring that future financial statements reflect timely, complete, and verifiable records.

REWA PROVINCIAL COUNCIL

The Public Accounts Committee undertook the visit as a follow-up to the 2024 visit to assess:

- Progress against audit issues raised for FY 2019–2022
- Status of financial statements up to FY 2023–2025
- Readiness of the Provincial Council to produce accounts at provincial level
- Effectiveness of financial controls, staffing, systems, and governance
- Ongoing relevance and performance of Provincial Councils in delivering development outcomes

2. Status of Financial Statements and Audit Opinions

Findings

- Financial accounts up to FY 2022 were audited and received a qualified opinion.
- Qualifications were due to:
 - Missing or insufficient supporting documentation
 - Non-compliance with accounting standards
 - Weak internal controls
 - Delays in financial reporting
- Financial statements for FY 2023, 2024 and 2025 have been prepared and are expected to be submitted to the Auditor-General by end of the current month.
- Audit issues from 2019–2022 are largely recurring, indicating that weaknesses persisted over several years.
- Provincial Council staff were not consistently involved during audits conducted at HQ, contributing to “missing records” findings.

Recommendations

- Expedite submission of outstanding financial statements to the Auditor-General.
- Ensure provincial staff are actively involved during audit fieldwork.
- Conduct audits at the provincial level, where records are held, once decentralisation is fully operational.
- Require written management responses to all audit qualifications and recurring issues.

3. Accounting System (SAGE) and Connectivity

Findings

- The Provincial Council has transitioned to the SAGE accounting system.
- Staff have received training and can post transactions.
- The main constraint is unreliable connectivity and dependence on specific data cables and HQ access.
- Provincial staff must sometimes travel to HQ to complete postings.
- The system itself can resolve most audit issues if fully utilised.

Recommendations

- Resolve connectivity limitations urgently (alternative data cables, Wi-Fi use, network support).
- Clarify that SAGE requires internet connectivity, not a specific government network.
- Strengthen IT support at provincial level to reduce reliance on HQ.
- Move toward monthly financial reporting directly from provinces.

4. Record-Keeping and Documentation

Findings

- A major cause of audit qualifications was missing documentation, including:
 - Disposal of assets (e.g. motor vehicle sales)
 - Grants and assistance payments
 - Procurement records
- The Provincial Council now maintains duplicate records (registry + HQ copies).
- Improvements have been made since 2022, but historical gaps remain.

Recommendations

- Maintain complete documentation at provincial level as the primary record.
- Digitise supporting documents where possible.
- Establish a clear audit-ready filing system linked to SAGE transactions.
- Ensure asset disposals, grants, and tenders are fully supported by documentation.

5. Internal Controls and Segregation of Duties

Findings

- Some segregation of duties exists (receipting, processing, authorisation).

- Staffing constraints mean some officers perform multiple financial roles.
- Payroll is centralised at HQ with partial biometric coverage.
- Cash handling risks remain in certain revenue areas.

Recommendations

- Strengthen segregation of duties where staffing allows.
- Expand biometric coverage to all staff.
- Conduct regular bank reconciliations with HQ oversight.
- Provide backup staffing arrangements to reduce single-officer dependency.

6. Grants, Scholarships, and Education Assistance

Findings

- Grants to schools and education assistance were recorded in earlier years without clear policies.
- Selection criteria were unclear prior to 2023.
- A revised Education Policy is now in place.
- Assistance is non-repayable and intended as educational support, not loans.

Recommendations

- Apply the Education Policy consistently.
- Clearly distinguish grants, scholarships, and assistance in financial statements.
- Maintain transparent selection criteria and records.
- Phase out village-based collections where appropriate and explore alternative funding mechanisms.

7. Staffing and Capacity Building

Findings

- The Provincial Council has a qualified Treasurer.
- Staff shortages and slow replacement processes affect continuity.
- Training budgets have declined significantly over recent years.
- Training needs identified by provinces are not always reflected in HQ programmes.

Recommendations

- Prioritise timely replacement of key finance staff.

- Increase allocation for training and capacity building.
- Develop province-specific training plans and submit them to HQ.
- Provide continuous professional development for finance officers.

8. Revenue Trends and Financial Sustainability

Findings

- Government submissions have declined year-on-year.
- Village levies have been discontinued, further reducing revenue.
- The Council relies increasingly on investments and limited own-source revenue.
- Reduced funding has impacted service delivery and provincial outreach.

Recommendations

- Review the financial sustainability model of Provincial Councils.
- Identify new, transparent revenue-generating activities.
- Strengthen engagement with Provincial Companies to secure dividends or returns.
- Reassess expenditure priorities to align with core mandates.

9. Role and Relevance of Provincial Councils

Findings

- PAC noted a disconnect between the original objectives of Provincial Councils and current outcomes.
- Many development functions are now delivered directly by central government ministries.
- Provincial Companies often operate independently with limited accountability to councils.

Recommendations

- Government to undertake a policy review of the Provincial Council system.
- Clarify whether councils should:
 - Be development-implementing bodies, or
 - Primarily governance and coordination entities
- Clarify relationships between Provincial Councils and Provincial Companies.
- Strengthen accountability for public funds invested in companies.

10. Overall PAC Conclusion

The PAC acknowledges measurable progress by the Provincial Council since the last visit, particularly in:

- Adoption of SAGE
- Improved documentation practices
- Capacity of finance staff
- Timeliness of recent accounts

However, systemic weaknesses remain, especially in documentation, connectivity, staffing continuity, and financial sustainability. The Committee emphasises that continued reform, decentralisation, and clarity of mandate are essential if Provincial Councils are to remain effective and accountable custodians of public funds.

RA PROVINCIAL COUNCIL

1. Governance and Meeting Proceedings

Findings

- The meeting was properly constituted once a quorum was confirmed.
- The PAC visit was a follow-up to the previous provincial visit and audit concerns raised in earlier years.
- The focus of the meeting was to understand the audit status, financial controls, system usage, and capacity at the provincial level.
- Virtual participation by some members was accommodated.

Recommendations

- Ensure future PAC engagements continue as structured follow-ups with clear action tracking of past recommendations.
- Strengthen communication between PAC, Headquarters (HQ), and Provincial Councils.

2. Status of Financial Statements and Audit Issues

Findings

- Financial statements for 2019–2022 were previously qualified by auditors.
- Financial statements for 2022/23 and 2023/24 are still under finalisation, with delays partly due to system transition and historical data corrections.
- Audit reports are largely handled at HQ and not consistently tabled at full Provincial Council meetings.
- Provincial Council members are briefed mainly on budgets rather than audited financial results.

Recommendations

- Expedite completion and submission of outstanding financial statements to the Auditor-General.
- Ensure audit reports and management letters are formally tabled before the Provincial Council.
- Improve accountability by requiring management responses to audit findings with timelines.

3. Centralisation vs Decentralisation of Accounts

Findings

- Accounting remains largely centralised at HQ, despite earlier indications of decentralisation.
- Provincial staff now retain original source documents and post transactions directly into the SAGE accounting system.
- Historically, hard-copy documents sent to HQ resulted in delays and misplaced records.
- Provincial officers expressed greater efficiency when records are kept locally.

Recommendations

- Gradually decentralise accounting responsibilities to the provincial level, subject to capacity and system readiness.
- Maintain original supporting documents at the province, with HQ relying on system-based reporting.
- Clearly define roles between HQ and provinces to avoid duplication.

4. Accounting System (SAGE) and Staff Capacity

Findings

- Provincial finance staff have received basic training on the SAGE system.
- Data entry and posting are now being performed at the provincial level with improving accuracy.
- Errors previously noted were largely due to initial system transition and data migration.
- Staff rely on informal, peer-based learning due to limited refresher training.

Recommendations

- Provide regular refresher and advanced training for finance officers on SAGE.
- Introduce system-based validation and error-checking procedures.
- Strengthen provincial capacity before full decentralisation of audits.

5. Connectivity Constraints

Findings

- Poor and inconsistent internet connectivity remains a major operational risk.
- Connectivity issues delay postings, reporting, and communication with HQ.
- Conflicting advice has been given regarding the use of alternative connectivity solutions (e.g., satellite internet).

Recommendations

- Engage HQ and ICT authorities to resolve policy and technical barriers to improved connectivity.
- Prioritise internet access as a core financial control enabler, not just an administrative support.
- Consider interim alternative connectivity solutions where feasible.

6. Payments, Receipts, and Control Processes

Findings

- All payments are conducted through electronic banking; no cash payments are used.
- Payments follow a paper trail:
 - Verification and approval
 - Supporting documents attached
 - Electronic transfer processed
- Receipts are issued for all funds received, including direct bank deposits.
- Monthly and periodic payment and receipt reports are produced.

Recommendations

- Maintain strict segregation of duties in payment processing.
- Ensure receipts and proof of payment are consistently attached and archived.
- Introduce routine management review of monthly payment and receipt summaries.

7. Procurement and Documentation

Findings

- Procurement procedures exist and are generally followed:
 - Quotations
 - Purchase approvals
 - Delivery verification
 - Payment processing
- Past audit issues arose due to incomplete documentation to substantiate payments.
- Auditors flagged inability to fully verify purpose and value for money in earlier years.

Recommendations

- Strengthen documentation standards for procurement transactions.
- Ensure complete supporting records (quotations, delivery notes, invoices) are retained.
- Reinforce compliance with procurement policies through supervision and training.

8. Advances and Travel Claims

Findings

- Advances are issued mainly for official travel and subsistence.
- Procedures exist requiring:
 - Submission of reports and receipts
 - Return of unspent balances
- Delays in acquittal submissions have occurred but are being actively monitored.

Recommendations

- Enforce strict timelines for acquittal of advances.
- Restrict new advances to staff with outstanding balances.
- Include advance balances in regular management reviews.

9. Human Resources and Payroll Controls

Findings

- Payroll and attendance are supported by biometric systems.
- There are ongoing auditor concerns about accuracy and reconciliation of payroll information.
- Personnel records and payroll systems operate separately from financial accounts.

Recommendations

- Improve reconciliation between payroll, HR records, and financial postings.
- Strengthen internal checks before payroll payments are approved.
- Continue engagement with HQ on payroll accuracy issues.

10. Fixed Asset Management

Findings

- A fixed asset register exists and is reportedly updated monthly.
- Decisions on write-offs and disposals are made through management and committee processes.

- Some assets are old and require reassessment.

Recommendations

- Conduct periodic physical verification of assets.
- Ensure asset valuations, depreciation, and write-offs are properly documented.
- Align asset management practices with audit expectations.

11. Provincial Companies and Shareholding

Findings

- Provincial companies were established to support revenue generation, but:
 - Ownership and shareholding structures are unclear
 - There is no clear documentation linking public funds to equity ownership
- Companies operate under the Companies Act, not Provincial Council regulations.
- PAC noted similar challenges across multiple provinces.

Recommendations

- Clarify legal ownership, directors, and shareholders through company records.
- Obtain and review Articles of Association and Registrar-of-Companies filings.
- Avoid further financial involvement until legal and governance issues are resolved.
- Consider legal advice on recovering or formalising public interest in such companies.

Overall PAC Conclusion

The PAC acknowledges significant progress in system usage, record-keeping, and staff commitment at the provincial level. However, historical audit issues, connectivity constraints, documentation weaknesses, and governance gaps relating to provincial companies remain key risks. The Committee recommends a phased decentralisation approach, strengthened capacity building, improved ICT support, and stronger oversight of public funds to ensure sustained improvement and future unqualified audit opinions.

APPENDIX 3

Appendix 3 iTAB Organisational Improvement Plan

The issues affecting iTAB range from the lack of governance and accountability, integrated data retention system, capacity and performance and monitoring. iTAB acknowledges the shortfalls and are intending to undertake necessary action but it is not apparent what those specific measures are, except superficially stated in 3.3.1 titled ‘Risk and Mitigation’.

Nevertheless, the time frame for achieving the expected outcome has been categorised into three phases varying from 12 months, one to three years and more than three years and costing a total of \$2, 000,000.

3.1.1 Issues

Focus	Current State	Improvement Action	Expected Outcome
Governance and Accountability	Delayed Audits	Clear Backlog and Regular Audits	Transparency and Efficiency
Digital System and Automation	Manual Paper-Based, Fragmented Process	Centralised Data Base and e-Tools	Integrated System, Faster Service Delivery
Capacity Building	Limited Training	Leadership, Corporate Governance and Financial Training Programmes	Skilled Workforce
Performance	Weak Monitoring and Feed Back Mechanism	KPI’s and Scorecards	Measurable Impact

3.1.2 Plan Roll Out Guide

Phase	Time Frame	Focus	Budget (\$)
Phase One	0-12 Months	Governance, Performance Feed Back and Digital Foundations	600,000
Phase Two	One-Three Years	Capacity Building and System Integration	1, 000,000
Phase Three	+Three Years	Long- Term Transformation and	400,000

		Sustainability	
			Total
			\$2,000,000

3.1.3 Risk and Mitigation

No.	Risk	Mitigation
1.	Resistance to Change	Conduct Staff Awareness Workshops and Involve Head of Departments Early
2.	Funding Constraints	To Seek Public Account Committees support to secure funding from Government
3.	Digital Divide	Provide Training and Friendly e-Portals/ Systems/Platforms for Internal Users Including TNK, MNT, TNY and Rural Communities

APPENDIX 4

Appendix 4 Office of the Auditor General and iTAB' s Response to Collection of Provincial and Special Levies

A. Office of the Auditor General

Under the *iTaukei* Affairs Regulations (Provincial Councils) 1996, each Provincial Council is permitted to impose a provincial rate on all eligible iTaukei males aged 21 to 60 years, unless exempted.

To verify the accuracy of these rates, audit requires two key records:

1. A complete listing of eligible males subject to the provincial rate, and
2. The approved rate applicable to each individual.

However, Provincial Councils did not maintain these required records. Instead, collections were channelled through the *Tikina*, where the Council issued receipts only to the *Tikina*—not to individual ratepayers. Because no field receipts or contributor lists were maintained, the audit was unable to substantiate the accuracy and completeness of the collections reported from each *Tikina*.

A similar issue affects the *solu vakavanua* (special levy), which Provincial Councils are authorised to collect under Part 6 of the *iTaukei* Affairs Act 1944. These levies are collected during Council-organised events, but again no field receipts or contributor lists are kept. Only lump-sum deposits from each event are recorded, preventing verification of whether collections were complete or properly reported.

Additionally, some Provincial Councils set annual contribution targets for villages or *Tikina* for example the imposition of the \$1,000 annually. However, actual collections often fall short because the Council depends on the collection capacity and practices of each village or *Tikina*, and no system exists to confirm whether full amounts due from eligible individuals were collected.

Across both provincial rates and *solu vakavanua*:

- Proper lists of eligible payers were not maintained.
- Field receipts were not issued to track individual contributions, and

- Audit could not determine the completeness of revenue due or validate the amounts reported as collected.

As a result, there is no reliable assurance that the Provincial Council collected all amounts owed under the relevant legislation.

1. Any corrective actions that have been initiated or are planned to strengthen oversight.

Provincial Councils are responsible for collecting provincial rates and soli vakavanua in accordance with approvals granted at Provincial Council meetings and as reflected in their approved budgets. Although legislation such as the *iTaukei Affairs (Provincial Councils) Regulations 1996* and Part 6 of the *iTaukei Affairs Act 1944* sets out clear expectations for rate collection, current practices across provinces vary significantly and lack adequate supporting documentation.

Collection Methods

Each Provincial Council adopts its own approach to collecting levies:

- Through Tikina Council or Provincial Council meetings
- Via the *Turaga ni Koro* or *Mata ni Tikina* during quarterly meetings
- Through Provincial Festivals, where opening and closing of the soli serve as major fundraising activities
- Direct payments by individuals at the Provincial Council office, received by the Provincial Treasurer
- Assistant Rokos collecting during village visits and issuing Field Cash Receipts

Despite these mechanisms, inconsistent practices and insufficient documentation limit the reliability of revenue reporting.

Challenges Identified

Historical audit findings noted an absence of:

- Detailed listings of eligible male ratepayers aged 21–60 years
- Field receipts identifying individual contributors

- Supporting documentation for lump-sum *solu vakavanua* deposits
 - Verification mechanisms to confirm completeness and accuracy of reported collections
- Some Provincial Councils assign fixed annual contribution targets to villages or *Tikina* for example \$1,000, but actual revenue often depends on the community’s collection capacity and Council strategies—further complicating audit verification.

Recommended Improvements

To strengthen accountability and compliance:

1. Update the Accounting Manual to reflect regulatory requirements for record-keeping and collection processes.
 2. Improve records management, including maintaining eligible payer listings and issuing field receipts for all collections.
 3. Systematically review revenue forecasts, incorporating historical trend analysis to assess the reasonableness of projected provincial levy revenue.
 4. Publish detailed listings of rates receivable in the NaMATA, as required under the *iTaukei Affairs (Provincial Council) Regulations 1996*, ensuring transparency and traceability.
- 2. Supporting documentation or clarification that can assist in understanding how the Councils currently record, reconcile, and report these collections.**

The Provincial Council revenue cycle begins when the Provincial Treasurer issues official receipts for provincial rates and *solu vakavanua* received. Each transaction is receipted, recorded in the revenue ledger, and deposited into the designated provincial bank account. Regular bank reconciliations and collection reports are maintained to ensure accuracy and accountability.

When collections occur in the field, Assistant Roko Tui (ART) officers use Field Cash Receipts (FCRs) to document payments. Upon returning to the office, ARTs submit collected cash and FCRs for reconciliation, after which the Provincial Treasurer enters the details into

the Sage financial system. Where banking access allows, ARTs may deposit collections directly and provide deposit slips together with the FCRs. Monthly updates are reflected in the General Ledger and Profit & Loss statements under the relevant revenue codes.

Key Issues Identified

Despite the existence of internal financial procedures, several systemic weaknesses hinder accurate assessment and reporting of provincial rates and *solu vakavanua*:

1. Absence of a Formalised Revenue Collection Framework

There is no documented, standardised process outlining how provincial rates or *solu vakavanua* should be assessed, collected, recorded, and reported. As a result, practices vary widely across *Tikina*.

2. Reliance on Traditional and Informal Collection Structures

Collections often occur through customary community systems, with verbal reporting and trust-based methods. While culturally significant, these practices do not meet modern financial accountability and audit standards.

3. Inadequate Training for Field Collectors and *Tikina* Representatives

Many individuals involved in collections lack training in financial controls, including issuing receipts, maintaining contributor listings, and safeguarding cash.

4. No Central Registry of Eligible Ratepayers

Without a continuously updated list of all eligible *iTaukei* males (21–60 years), Councils cannot accurately determine revenue due or confirm whether all payments have been collected.

5. Limited Supervisory Review and Verification

Provincial Councils rely heavily on aggregate amounts submitted by *Tikina* with minimal verification. Supporting receipts, expected-versus-actual comparisons, and independent checks for *solu vakavanua* events are often not undertaken.

6. Weak Internal Controls over Cash Collections

Cash-handling risks remain high due to inconsistent receipting, lack of documentation, and limited oversight.

7. Cultural and Logistical Challenges

Geographic dispersion, reliance on volunteer collectors, and community-based fundraising events make structured documentation difficult—especially during fast-paced *solu vakavanua* activities.

Need for Legislative and Regulatory Alignment

Current practices for levying and collecting provincial rates and *solu vakavanua* do not fully align with the requirements of the iTaukei Affairs Act 1944 and the iTaukei Affairs (Provincial Council) Regulations 1996. A review of the legislation is required to ensure it:

- i. Reflects contemporary administrative realities.
- ii. Supports modern financial control standards; and
- iii. Provides clarity on responsibilities for ratepayer registration, assessment, collection, documentation, and reporting.

B. iTAB's Response to Imposition of the Provincial and Special Levy

iTAB provided an explanation of the underlying causes of the control breakdown

The Provincial Rate *solu vakavanua* is approved and included in the budget of the Provincial Council in accordance with the **iTaukei Affairs Act 1944, Part 6**, which authorises the Council to collect levies from all registered males in the *Vola ni Kawa Bula (VKB)* between the ages of 21 and 60 years. The amount collected is based on the annual rate endorsed by the Provincial Council.

Some Provincial Councils allocate a fixed yearly contribution for each village or *Tikina*. For example, if a village or *Tikina* is assigned an annual target of \$1,000, the Provincial Office cannot guarantee full collection, as actual revenue depends on the collection capacity of each village/*Tikina* and the strategies used by the Provincial Council to gather the provincial rates or *solu vakavanua*.

1. Any corrective actions that have been initiated or are planned to strengthen oversight.

Each Provincial Council (PC) adopts its own methods for collecting *provincial rates* or *solu vakavanua*. Some PCs carry out collections during Tikina Council or Provincial Council meetings, while others collect contributions through the *Turaga ni Koro* or *Mata ni Tikina* during their quarterly meetings.

In some provinces, the annual Provincial Festival plays a key role in fundraising, where both the opening and closing of the *solu* contribute to the council's operational needs. Individual villagers may also pay their provincial rates directly at the Provincial Council office through the Provincial Treasurer.

Assistant Rokos additionally support collections during village visitations by issuing Field Cash Receipts.

Overall, it is the responsibility of the Provincial Council to collect provincial rates or *solu vakavanua* in accordance with the approvals granted at the Provincial Council meeting and as outlined in the PC's approved budget.

2. Supporting documentation or clarification that can assist in understanding how the Councils currently record, reconcile, and report these collections.

The revenue cycle begins when the Provincial Treasurer issues official receipts for provincial rates or *solivakavanua* received. Each receipt records the amount collected and the date of payment, and a system-generated receipt is produced to acknowledge the transaction and update the revenue ledger. The Treasurer then deposits all collected funds into the designated provincial bank accounts. Regular reconciliations are conducted to ensure that receipts, deposits, and bank statements align. Provincial Treasurers also prepare and maintain collection reports to uphold transparency and accountability. This process ensures that all provincial rates are accurately receipted, recorded, and reported in compliance with financial management procedures.

When working in the field, Assistant Roko Tui (ART) officers use Field Cash Receipts (FCR) to record payments collected on-site. Upon returning to the office, the ART submits all collected revenue and corresponding FCRs for reconciliation, after which the Provincial Treasurer enters the payments into the Sage financial system using the information captured on the FCRs. In areas with access to banking facilities, ARTs may directly deposit collections into the Provincial Council's bank account and provide the deposit slip alongside the FCR to the Treasurer.

Updates on provincial rates or *solivakavanua* collections are reflected in the monthly General Ledger and Profit & Loss Statement, recorded under the relevant General Ledger codes.