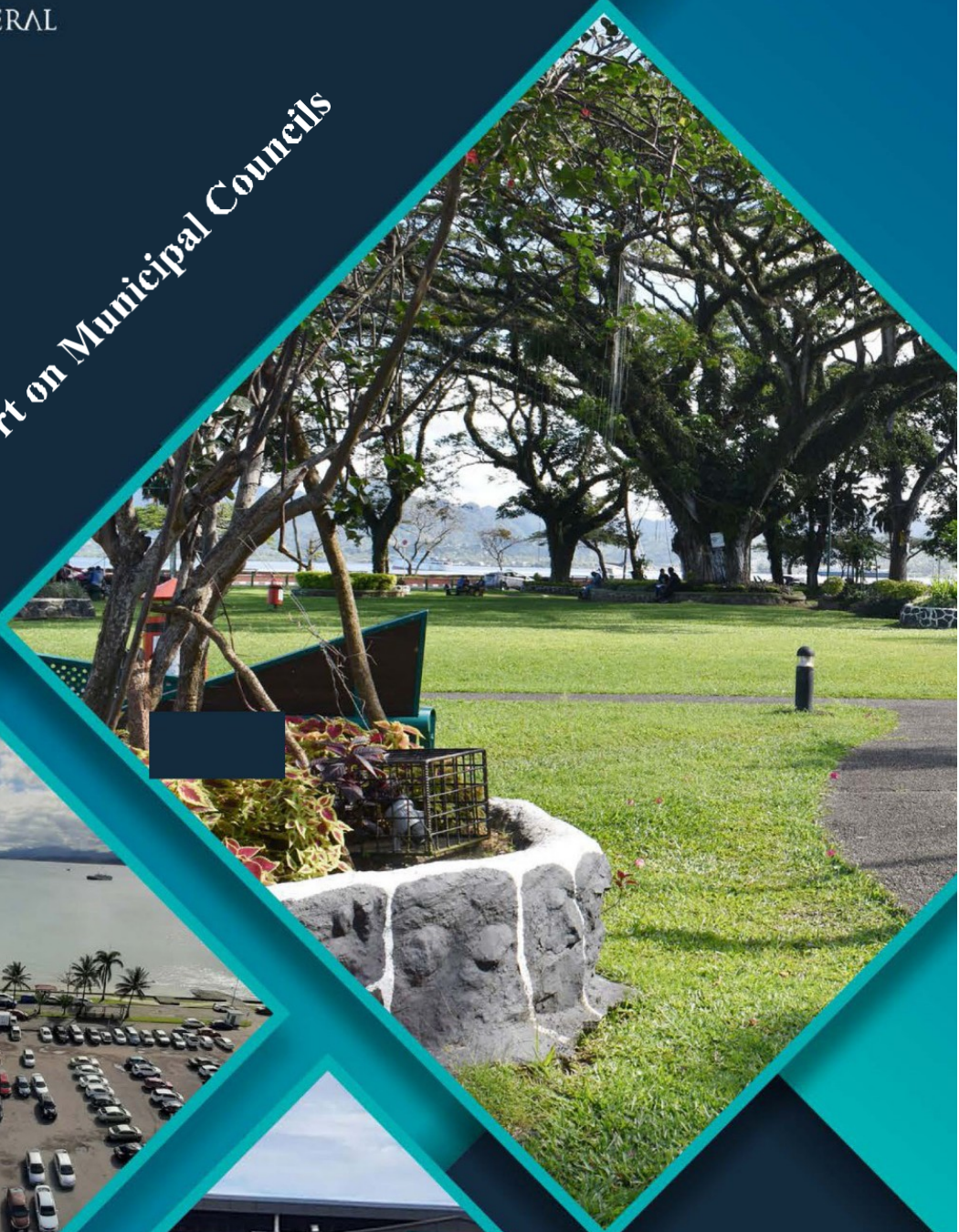




OFFICE of the AUDITOR GENERAL
Republic of Fiji

2018-2019 Audit Report on Municipal Councils



SUMMARY

1. Introduction

Municipal Councils

Status of Audits

There are 14 Municipal Councils which the Auditor-General has the mandate to audit under Section 51 (1) of the Local Government Act 1972. This report is to provide the audit findings for 10 Municipal Councils.

Except of the 3 Municipal Councils, the audits for 11 Municipal Councils are in backlog. The delay in the audits is due primarily to the non-submission of draft financial statements to the Auditor-General for audit, by the legislated date of 31 May annually. We have completed the audit of 14 financial statements for 10 Municipal Councils since my last report. Audits for 9 financial statements are in progress, 4 audits are to commence while 44 financial statements are yet to be received which also includes some financial statements which will be resubmitted due to various reasons.

2. Financial Reporting

Quality of Financial Reporting

The overall quality of financial reporting has been assessed as ineffective and requires improvements:

- We issued modified (Qualified) audit opinions on 6 financial statements audited while 8 financial statements were issued with modified (disclaimer of opinion).
- We reported to the Municipal Councils and the Ministry of Local Government all significant matters concerning material accounting issues and deficiencies in internal controls.

Timeliness of Financial Reporting

Timeliness of financial reporting has been assessed as ineffective and requiring substantial improvements.

3. Internal Controls

Assessment

Internal controls for the 10 Municipal Councils have been assessed as ineffective. The Municipal Councils need to strengthen controls over cash and receipts management, journals & reconciliation, purchases & payments and payroll.

4. Other Significant Matters

Common Findings

Other areas that require immediate attention by the Special Administrators/Chief Executive Officers for the Municipal Councils for priority and prompt actions 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 asset 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.

5. Audit Conclusion

Modified audit opinion were issued on all the 14 financial statements audited which reflects negatively on the Municipal Councils. Urgent and close attention should be given to address matters highlighted in the Auditors' Reports. Due to significant delays in submission of draft financial statements for audit, the risk of fraud being undetected is very high.

For the full report visit our website www.oag.gov.fj



OFFICE of the AUDITOR GENERAL
Republic of Fiji

www.oag.gov.fj