



REPUBLIC OF VANUATU

DECENTRALIZATION ACT [CAP 230]

**Instrument of appointment of persons to inquire into certain matters of the Penama Provincial Council
Order No.159 of 2011**

In exercise of the powers conferred on me by subsection 18L (1) of the Decentralization Act [Cap 230], I, the Honourable **GEORGE ANDRE WELLS**, Minister of Internal Affairs make the following appointment:

1 Appointment

Pierro Willie is appointed as investigator to the PENAMA local Government Council for a period of two weeks commencing on the date on which this Order is made.

2 Terms of reference

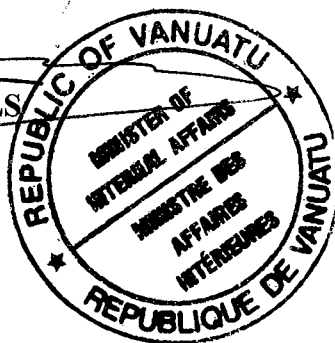
The Investigator must carry out his function according to the Terms of Reference set out in the Schedule

3 Commencement

This Instrument of appointment commences on the day on which it is made.

Made at Port Vila this 8 day of July 2011.


Honourable **GEROGE ANDRE WELLS**
Minister of Internal Affairs



ANNEX

TERMS OF REFERENCE OF PERSONS WHO ARE TO INQUIRE INTO CERTAIN MATTERS OF THE PENAMA PROVINCIAL COUNCIL

1 Objective

To inquire into and report and ascertain whether the financial transactions have been carried out in accordance with:

- (a) The provision of Decentralization Act [CAP 230] with the Local Council's Financial Regulations;
- (b) Ministerial instructions;
- (c) Relevant accounting standards.

2 Inquiry Report

The inquirers are to prepare a report of the results of this inquiry to the Minister of Internal Affairs on or before 26th July 2011.

3 Extension of inquiry

Where the results of the inquiry indicate that the inquiry should be expanded to areas other than financial transactions, the inquirers may request that the inquiry be extended into such areas.

4 Scope of inquiry

- (1) The inquiry is to be carried out in accordance with the relevant standards of accounting and will include such tests and controls as the inquirers consider necessary under the circumstances.
- (2) The inquiry is to cover the activities carried out in all of the Council's premises.

5 Procedure when conducting inquiry

While conducting the inquiry, special attention must be made to the following:

- (a) whether funds provided by the Government, banks, donors or other parties as grants or loans have been used in accordance with the conditions as laid down in their respective agreements and have been recorded in the financial records in such a manner that will distinguish those grants or loans from other transactions;
- (b) Whether expenditure, including procurement of goods and services, have the necessary supporting documentation and have been incurred in accordance within the provisions of the Financial Regulations;

- (c) Whether goods and services procured by the PENAMA Provincial Council (the 'Council'), are supported by valid orders, receipts and invoices and are recorded correctly in the Books of Account;
- (d) whether invoices, financial contracts and other documents (that may affect the future financial and contingent liabilities of the Council) that impact the financial record-keeping of the Council, are promptly received by the Treasury section of the Council and that they are kept in a safe and secure location in the Treasury section.
- (e) whether payments to suppliers of goods and services are made in accordance with the Financial Regulations and relevant Accounting Standards and that they are recorded promptly and accurately in the books of account;
- (f) whether cheques drawn for payments are fully supported by the relevant documentation and are correctly checked and signed by the appointed signatories in accordance with the Financial Regulations;
- (g) whether payments of cash are fully supported by the relevant documentation and that the recipient has signed for the correct amount of the cash disbursed and that the amounts are promptly and correctly recorded in the Books of Account;
- (h) whether bank accounts opened and kept in the name of the Council are reconciled at least once per month against financial records in the Treasury section;
- (i) whether balance Sheet accounts are reconciled at least once per month;
- (j) whether financial records have been prepared in accordance with consistently applied relevant Accounting Standards and give a true and fair view of the financial position of the Council;
- (k) whether documentation is filed promptly in easily identifiable and accessible locations for accounts verification;
- (l) whether payroll records (which are records that also contain full information on conditions of service, position description, entitlements and leave records), are kept up to date in a safe and secure place that is in a location that affords confidentiality;
- (m) whether payments made to staff are in accordance with their conditions of service and are made against time sheets approved by their authorized manager or supervisor whose responsibility it is to check the entries for accuracy and applicability. Overtime, advances and other emoluments are recorded and calculated and conform to approval;

- (n) Whether management accounts are produced for the Secretary General and the Council Members on a monthly basis and represent a true position of the Council's financial position;
- (o) Whether annual accounts are prepared for audit in the timeframe designated by the Finance Regulations;
- (p) Whether any payment made to any Councilor is in accordance with the Financial Regulations guidelines and Ministerial instructions.

6 Coverage

The inquirers are to have free and uninhibited access to all documents within the Council including areas under the jurisdiction of the Council in order to assist the inquirers in verifying the following:

- (a) Whether the necessary supporting documents, records, invoices etc. have been kept with Books of Accounts;
- (b) whether the Standard Books of Accounts such as Cash Book, Bank Book, Journal, Ledger, stock register, fixed assets register etc are Maintained;
- (c) Whether the physical verification of Council assets has been carried out and reconciled at least once in each year;
- (d) Whether the verification that the valuations of properties on which the Council levies Property Tax are regularly updated and that record keeping and invoicing of the Property Tax is carried out in an efficient and timely manner;
- (e) whether the cash and Bank payments to suppliers, contractors, various institutes etc. and receipt of funds from various sources are properly made and that discounts given are given with the appropriate authority and are correctly recorded;
- (f) Whether the adjustment of suppliers part supply against their bills, if any have been correctly controlled and accounted for;
- (g) Whether the expenditure limits are documented and adhered to at all times;
- (h) Whether the process of tender evaluation and award of work to Contractors, Consultants or other parties are as per prescribed in the procedures.
- (i) whether the supervision of the work awarded to contractors, consultants or other parties is carried out and assessed on a continuing basis, and at the completion of the work an evaluation is carried out and recorded by the person responsible for overseeing the work;

- (j) Whether the recommendations to Treasury for payment of bills are on prescribed documents which clearly define the interim and period to date claims against the total expenditure to be incurred;
- (k) whether the interest accrued on loans and overdrafts received are accurately recorded on a monthly basis in the Accounts;
- (l) whether care is taken to ensure that information used for Financial Budgets, Forecasts, Cash Flow Forecasts or other Financial estimates is compiled after carefully assessing and assembling all of the known and calculated financial information required to produce the best information possible. Future potential or contingent liabilities are included as a notation.

7 Management Letter

- (1) In addition to the inquiry report provided in clause 2, the inquirers shall prepare a management letter in which they are to:
 - (a) Provide comments and observations, if any, on the accounting records, systems and controls that were examined during the course of the inquiry;
 - (b) Identify specific deficiencies and areas of weakness, if any, in systems and controls and make recommendations for their improvement;
 - (c) Report on the degree of compliance with the financial or internal control procedures as documented in the Financial Regulations and Ministerial instructions;
 - (d) Communicate matters that have come to attention during the inquiry which might have a significant impact on the financial functions of the Council including:
 - (i) the competency of the current Treasury section in terms of its ability to produce financial reports to the standard required by the Financial Regulations and relevant Accounting Standards; or
 - (ii) the current hardware used by the Treasury section; or
 - (iii) the current software systems used by the Treasury section.
 - (e) bring to attention any other matter that the Investigator considers pertinent.
- (2) The observations in the management letter must be accompanied by suggested recommendations from the inquirers and Management comments on the observations or recommendations from the Management.

8 Access

The inquirers are to be given access to all legal documents, correspondence, Financial Regulations, Ministerial instructions, notices and any other information deemed necessary by the inquirers.

ANNEX

TERMS OF REFERENCE OF PERSONS WHO ARE TO INQUIRE INTO CERTAIN MATTERS OF THE PENAMA PROVINCIAL COUNCIL

1 Objective

To inquire into and report and ascertain whether the financial transactions have been carried out in accordance with:

- (a) Sections to of the Decentralization Act [CAP 230] with the Provincial Council's Financial Regulations;
- (b) Ministerial instructions;
- (c) Relevant accounting standards.

2 Inquiry Report

The inquirers are to prepare a report of the results of this inquiry to the Minister of Internal Affairs on or before 26th July 2011.

3 Extension of inquiry

Where the results of the inquiry indicate that the inquiry should be expanded to areas other than financial transactions, the inquirers may request that the inquiry be extended into such areas.

4 Scope of inquiry

- (1) The inquiry is to be carried out in accordance with the relevant standards of accounting and will include such tests and controls as the inquirers consider necessary under the circumstances.
- (2) The inquiry is to cover the activities carried out in all of the Council's premises.

5 Procedure when conducting inquiry

While conducting the inquiry, special attention must be made to the following:

- (a) whether funds provided by the Government, banks, donors or other parties as grants or loans have been used in accordance with the conditions as laid down in

their respective agreements and have been recorded in the financial records in such a manner that will distinguish those grants or loans from other transactions;

- (b) Whether expenditure, including procurement of goods and services, have the necessary supporting documentation and have been incurred in accordance within the provisions of the Financial Regulations;
- (c) Whether goods and services procured by the PENAMA Provincial Council (the 'Council'), are supported by valid orders, receipts and invoices and are recorded correctly in the Books of Account;
- (d) Whether invoices, financial contracts and other documents (that may affect the future financial and contingent liabilities of the Council) that impact the financial record-keeping of the Council, are promptly received by the Treasury section of the Council and that they are kept in a safe and secure location in the Treasury section.
- (e) Whether payments to suppliers of goods and services are made in accordance with the Financial Regulations and relevant Accounting Standards and that they are recorded promptly and accurately in the books of account;
- (f) Whether cheques drawn for payments are fully supported by the relevant documentation and are correctly checked and signed by the appointed signatories in accordance with the Financial Regulations;
- (g) Whether payments of cash are fully supported by the relevant documentation and that the recipient has signed for the correct amount of the cash disbursed and that the amounts are promptly and correctly recorded in the Books of Account;
- (h) Whether bank accounts opened and kept in the name of the Council are reconciled at least once per month against financial records in the Treasury section;
- (i) Whether balance Sheet accounts are reconciled at least once per month;
- (j) Whether financial records have been prepared in accordance with consistently applied relevant Accounting Standards and give a true and fair view of the financial position of the Council;
- (k) Whether documentation is filed promptly in easily identifiable and accessible locations for accounts verification;
- (l) whether payroll records (which are records that also contain full information on conditions of service, position description, entitlements and leave records), are kept up to date in a safe and secure place that is in a location that affords confidentiality;
- (m) Whether payments made to staff are in accordance with their conditions of service and are made against time sheets approved by their authorized manager or supervisor whose responsibility it is to check the entries for accuracy and

applicability. Overtime, advances and other emoluments are recorded and calculated and conform to approval;

- (n) Whether management accounts are produced for the Secretary General and the Council Members on a monthly basis and represent a true position of the Council's financial position;
- (o) Whether annual accounts are prepared for audit in the timeframe designated by the Finance Regulations;
- (p) Whether any payment made to any Councilor is in accordance with the Financial Regulations guidelines and Ministerial instructions.

6 Coverage

The inquirers are to have free and uninhibited access to all documents within the Council including areas under the jurisdiction of the Council in order to assist the inquirers in verifying the following:

- (a) Whether the necessary supporting documents, records, invoices etc. have been kept with Books of Accounts;
- (b) whether the Standard Books of Accounts such as Cash Book, Bank Book, Journal, Ledger, stock register, fixed assets register etc are Maintained;
- (c) Whether the physical verification of Council assets has been carried out and reconciled at least once in each year;
- (d) Whether the verification that the valuations of properties on which the Council levies Business License are regularly updated and that record keeping and invoicing of the Business Licence is carried out in an efficient and timely manner;
- (e) whether the cash and Bank payments to suppliers, contractors, various institutes etc. and receipt of funds from various sources are properly made and that discounts given are given with the appropriate authority and are correctly recorded;
- (f) Whether the adjustment of suppliers part supply against their bills, if any have been correctly controlled and accounted for;
- (g) Whether the expenditure limits are documented and adhered to at all times;
- (h) Whether the process of tender evaluation and award of work to Contractors, Consultants or other parties are as per prescribed in the procedures.
- (i) whether the supervision of the work awarded to contractors, consultants or other parties is carried out and assessed on a continuing basis, and at the completion of the work an evaluation is carried out and recorded by the person responsible for overseeing the work;