



## REPUBLIC OF VANUATU

### MUNICIPALITIES ACT [CAP 126]

#### **Instrument of Appointment – Person to Inquire into certain matters of the Port Vila Municipal Council** **Order No. 158 of 2013**

In exercise of the powers conferred on me by paragraphs 61(1)(a), (b) and (c) of the Municipalities Act [CAP 126], I, the Honourable PATRICK CROWBY MANAREWO, Minister of Internal Affairs, make the following Appointment.

#### **1 Appointment**

Mr. Pierro WILLIE is appointed to inquire into certain matters of the Port Vila Municipal Council.

#### **2 Terms of reference**

The terms of reference of the person appointed under clause 1 is set out in the Schedule attached to this Instrument.

#### **3 Commencement**

This Regulation commences on the day on which it is made.

Made at Port Vila this 04<sup>th</sup> day of November, 2013.

  
Honourable Patrick Crowby MANAREWO  
Minister of Internal Affairs

# SCHEDULE

## TERM OF REFERENCE

### **1 Objective**

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

- (a) sections 42 to 58 of the Municipalities Act [CAP 126] and the Municipal Council's Financial Regulations;
- (b) Ministerial instructions;
- (c) relevant accounting standards.

### **2 Inquiry Report**

The investigator is to prepare a report of the results of this inquiry to the Minister of Internal Affairs on or before 8<sup>th</sup> November 2013.

### **3 Extension of inquiry**

If the results of the inquiry indicate that the inquiry should be expanded to areas other than financial transactions, the investigator 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 investigator considers necessary.
- (2) The inquiry is to cover the activities carried out in all of the Council's premises.

### **5 Specific matters to consider when conducting inquiry**

When 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 Port Vila Municipal 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:
    - (i) in accordance with their conditions of service; and
    - (b) made against time sheets,  
  
approved by their authorized manager or supervisor whose responsibility is to check the entries for accuracy and applicability;
  - (n) whether overtime, advances and other emoluments are recorded and calculated and conform to approval;
  - (o) whether management accounts are produced for the Town Clerk and the Council Members on a monthly basis and represent a true position of the Council's financial position;
  - (p) whether annual accounts are prepared for audit in the timeframe designated by the Finance Regulations;
  - (q) whether any payment made to any Councilor is in accordance with the Financial Regulations guidelines and Ministerial instructions;
  - (r) whether recruitments are made according to structure and salaries, allowance are paid cost effective with each division;
  - (s) whether property tax collection has been collected included in all revenue department or misuses of funds in market, treasurer etc;
  - (t) whether Dispensaries unit collection and the service provided was effective;
  - (u) the financial situation and position of the Council after the Council's term lapses.

---

## 6 Coverage

The investigator is 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 investigator 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 investigator is to prepare a management letter in which is to contain the following:
  - (a) comments and observations, if any, on the accounting records, systems and controls that were examined during the course of the inquiry;
  - (b) identification of specific deficiencies and areas of weakness, if any, in systems and controls and make recommendations for their improvement;
  - (c) a report on the degree of compliance with the financial or internal control procedures as documented in the Financial Regulations and Ministerial instructions;
  - (d) 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) any other matter that the Investigator considers pertinent.

- 
- (2) The observations in the management letter must be accompanied by suggested recommendations from the investigator and comments on the observations or recommendations from the investigator.

## **8 Access**

The investigator is to be given access to all legal documents, correspondence, Financial Regulations, Ministerial instructions, notices and any other information deemed necessary by the investigator for the purposes of conducting the inquiry.