



REPUBLIC OF VANUATU

DECENTRALIZATION ACT [CAP 230]

INSTRUMENT OF APPOINTMENT OF PERSON TO
INQUIRE INTO CERTAIN MATTERS OF THE
PENAMA LOCAL GOVERNMENT COUNCIL
ORDER NO. 31 OF 2012

In exercise of the powers conferred on me by paragraph 18L (1) (c) of the Decentralization Act [CAP 230], I, the Honourable GEORGE ANDRE WELLS, Minister of Internal Affairs make the following Order:

1 Appointment

PIERRO WILLIE is appointed to inquire into certain matters of the Penama Local Government Council for a period of 1 week commencing from 19 March 2012.

2 Terms of Reference

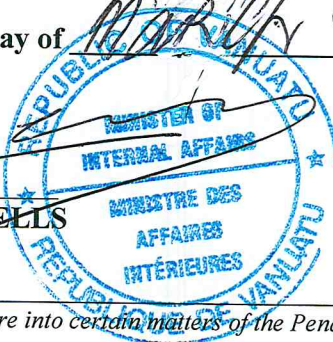
The Terms of Reference of the persons appointed under clause 1 are set out in the Schedule.

3 Commencement

This Instrument of Appointment comes into force on the day on which it is made.

Made at Port Vila this 9th day of March, 2012


Honourable GEORGE ANDRE WELLS
Minister of Internal Affairs



Instrument of Appointment of person to Inquire into certain matters of the Penama Local Government Council Order No. 31 of 2012

SCHEDULE

TERMS OF REFERENCE OF THE INQUIRER TO INQUIRE INTO CERTAIN MATTERS OF THE PENAMA LOCAL GOVERNMENT COUNCIL

1 Objective

The objective of the Inquiry is to inquire into, ascertain and report whether the financial transactions of the PENAMA Local Government Council has been carried out in accordance with :

- (a) the Decentralization Act [CAP 230];
- (b) the Local Government Councils (Financial Instructions);
- (c) the ministerial instructions;
- (d) the relevant accounting standards.

2 Inquiry Report

The inquirer is to prepare a report of the results of this inquiry to the Minister of Internal Affairs on or before 7 April 2012.

3 Extension of inquiry

Where the results of the inquiry indicate that the inquiry should be expanded to areas other than financial transactions, the inquirer 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 inquirer considers 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

In carrying the inquiry, the inquirer must observe the following:

- (a) Whether the Collecting Revenue Budget for a financial year has been met;
- (b) Whether the Council has been receiving dividends from a company for the past 10 years;
- (c) Whether transfer of funds from expenditure code to another or if expenditure code has overspent its allocated fund has been approved and endorsed by the Minister;

- (d) Whether any payment made to any Councilor, staff and suppliers of goods and services is in accordance with the Financial Instructions guidelines and the Council's accounting policies.
- (e) Whether expenditure on procurement of goods under the development fund have the necessary supporting documentation and the establish criteria have been incurred accordance within the provisions of the Financial Instructions and accounting policies and reaches the intended recipient together with its monitoring;
- (f) Whether goods and services procured by the Council , are supported by valid orders, receipts and invoices and are recorded correctly in the Books of Account;
- (g) Whether the imprest given to staffs and Councilors have been retired in accordance to Financial Instructions and accounting policies;
- (h) Whether the Council has the ability to settle its creditors in due course as provided for under the Financial Instructions and Accounting Policies;
- (i) Whether all debts or monies owed to the Council has been collected and recorded as required by the Financial Instructions and Accounting Policies;
- (j) Whether the Council has maintained three Bank accounts as provided by the Act;
- (k) Whether bank accounts opened and kept in the name of the Council are reconciled at least once a month against financial records in the Treasury section;
- (l) 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;
- (m) Whether financial records have been prepared in accordance with consistently applied relevant Accounting Policies and gives a true and fair view of the financial position of the Council;
- (n) Whether documentation is filed promptly in easily identifiable and accessible locations for accounts verification;
- (o) 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;
- (p) 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 standards;

- (q) Whether annual accounts are prepared for audit in the timeframe designated by the Finance Instructions; and
- (r) Whether any payment made to any Councilor is in accordance with the Financial Instructions, guidelines and Ministerial instructions.

6 Coverage

The inquirer 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 inquirers in verifying the following:

- (a) Whether the necessary supporting documents, records, invoices etc have been kept within the 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 License 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; and
- (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 as provided under clause 2 of the Order, the inquirer must prepare a management letter in which he is:
 - (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 Instructions 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 Instructions 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 inquirer considers pertinent.
- (2) The observations in the management letter must be accompanied by suggested recommendations from the inquirer and Management comments on the observations or recommendations from the Management.

8 Access

The inquirer is to have access to all legal documents, correspondences, Financial Instructions, Ministerial instructions, notices and any other information deemed necessary by the inquirer.