



REPUBLIC OF VANUATU

MUNICIPALITIES ACT [CAP 126]

Instrument of Appointment of persons to inquire into certain matters of the Luganville Municipal Council Order No.89 of 2009

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. Luke SHEM is appointed to inquire into certain matters of the Luganville Municipal Council:

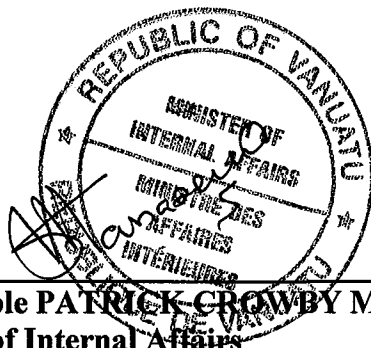
2 Terms of reference

The terms of reference of the person appointed under clause 1 are as set out in the Annex attached to this Instrument.

3 Commencement

This Instrument of Appointment commences on the day on which it is made and ceases to have effect on 28 August 2009.

Made at Port Vila this 26th day of August 2009.



Honourable PATRICK CROWBY MANAREWO
Minister of Internal Affairs

ANNEX

TERMS OF REFERENCE OF PERSONS WHO ARE TO INQUIRE INTO CERTAIN MATTERS OF THE PORT VILA MUNICIPAL COUNCIL

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] with the Municipal 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 28 August 2009.

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 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;
- (b) whether balance Sheet accounts are reconciled at least once per month;
- (c) whether documentation is filed promptly in easily identifiable and accessible locations for accounts verification;
- (d) 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;

- (e) 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;
- (f) 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;
- (g) whether annual accounts are prepared for audit in the timeframe designated by the Finance Regulations;
- (h) whether any payment made to any Councilor is in accordance with the Financial Regulations guidelines and Ministerial instructions;
- (i) misuse of the Council's vehicles by the Mayor for private use denying revenue officers access to go out and collect revenue, distribute tax notices;
- (j) what happened to the mayor's official vehicle;
- (k) threats towards female staff of the Council by Councilors to receive financial advances and payments;
- (l) political interference by Councilors into daily administration of the Council;
- (m) absences of the Mayor representing the Council in official functions without valid reasons;
- (n) why no election held to elect a new Deputy Mayor whose term has expired in May 2009.

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.