



## Ministry of Lands & Mineral Resources

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1<sup>st</sup> May, 2017

**Hon. Ashneel Sudhakar**  
**Chairman, Public Accounts Committee**  
**Parliament of Fiji**  
**Government Buildings**  
**SUVA**

Dear Sir,

**Re: 2014 & 2015 MANAGEMENT RESPONSES TO PUBLIC ACCOUNTS COMMITTEE**

Reference is made to your letter dated 25<sup>th</sup> April, 2017 on the above captioned subject.

Please find attached the Ministry's response to queries from the Public Accounts Committee.

With Respect,

Timoci Samisoni (Mr)  
for the **PERMANENT SECRETARY**

## MINISTRY OF LANDS & MINERAL RESOURCES

PARLIAMENTARY PAPER NO.	PAC QUESTION	MLMR MANAGEMENT RESPONSE
<p>Report of the Auditor General</p> <p>Volume 4: Audit Report on the Economic and Infrastructure Sector</p> <p>(Parliamentary Paper No. 66 of 2015)</p> <ul style="list-style-type: none"> <li>• Audit for 2014 Accounts</li> </ul>	<p><b>1) Part A: Financial Statement</b> Please provide general comments on the following:</p> <ul style="list-style-type: none"> <li>➤ 31.1 Audit Opinion</li> <li>➤ 31.2 Statement of Receipts and Expenditure</li> <li>➤ 31.3 Appropriation Statement</li> <li>➤ 31.4 Statement of Losses</li> </ul> <p><b>2) Part B: Audit Findings</b> Please provide an update on the following:</p> <ul style="list-style-type: none"> <li>➤ 31.5 Anomalies in the Receipting and Recording of Revenue</li> <li>➤ 31.6 Administration of Accountable Advance</li> <li>➤ 31.7 Anomalies in Main Trust Fund Accounts</li> <li>➤ 31.8 Other Prior Year Recurring Issues</li> </ul>	<p><b>1) Part A: Financial Statement</b> <u>General Comment</u></p> <p>31.1 Audit Opinion</p> <p>The Ministry acknowledges the opinion of the Auditor General in the issue of an “Unqualified Audit Report”. This merely concludes that that the Financial Statement of the Ministry;</p> <ul style="list-style-type: none"> <li>✓ Present fairly its affairs in all material aspects,</li> <li>✓ Observed compliance with generally accepted Accounting Principles and Statutory Requirements &amp;</li> <li>✓ Is transparent and thorough and has not hidden important facts.</li> </ul> <p>However the Ministry considers that improvements is still needed in some aspects of the Accounting processes within and its compliance will ensure that all audit issues highlighted and related anomalies are eliminated and prevented from recurring in future.</p> <p>31.2 Statement of Receipts and Expenditure</p> <p>Year 2014 is considered the most success year in which the Ministry had collected \$20.1 million being the largest Revenue ever been collected by the Ministry in one financial year. The increase was due to the vigorous measures implemented by the Ministry to collect revenue including</p>

arrears of revenue.

The Public consultation held around the Country with State Land Lessees had greatly contributed to this high collection. Also encouraging lease payments to be facilitated through Post Fiji had contributed to this increase.

The increase in the issue of new Mining licenses including renewals also contributed in the increase in Revenue.

Total expenditure increased compared to the previous year was largely due to increase in Capital expenditure by 174% which was the result of the increased number of projects executed during the year.

### 31.3 Appropriation Statement

The Ministry incurred expenditure totalling \$24.3 million against a revised budget of \$32.7 million resulting in a savings of \$8.4 million. Most projects were carried out within the budget allocated which contributed to that savings.

### 31.4 Statement of Losses

The short lodgement of Revenue was made good during the year however the case has been investigated by FICAC and taken to Court in the same year. Accordingly, the contract of the officer responsible for the short lodgement has been terminated however the decision on the case is still pending with the Court till to date.

### 2) Part B: Audit Findings Update

31.5 Anomalies in the Receipting and Recording of Revenue

		<p>The Ministry has taken appropriate approaches internally to address the issues highlighted by the Auditors and continue pursuing approaches in enhancing the processes and procedures on receipting and recording of revenue.</p> <p>31.6 Administration of Accountable Advance</p> <p>The Ministry has taken on board the recommendations of the Auditors and pursued appropriate measures in ensuring that the Administration of Accountable Advance is fully complied with.</p> <p>31.7 Anomalies in Main Trust Fund Accounts</p> <p>The Ministry has pursued appropriate action in ensuring that the issues highlighted by the Auditors have been rectified and addressed accordingly in Y2016.</p> <p>Continuous consultation with relevant Banks and Ministry of Economy instigated for better administration and management of the Trust Fund Account.</p> <p>31.8 Other Prior Year Recurring Issues</p> <p>The Ministry has taken appropriate approaches to address the prior year recurring issues highlighted by the Auditors. In terms of collection of Arrears of Revenue – this is still a great challenge for the Ministry. The Ministry continues to pursue appropriate measures to address this issue.</p>
<p>Report of the Auditor General</p> <p>Volume 4: Audit Report on the Economic and Infrastructure Sector</p>	<p><b>1) Part A: Financial Statement</b></p> <p>Please provide general comments on the following:</p> <ul style="list-style-type: none"> <li>➤ 33.1 Audit Opinion</li> <li>➤ 33.2 Statement of Receipts and Expenditure</li> <li>➤ 33.3 Appropriation Statement</li> </ul>	<p><b>1) Part A: Financial Statement</b></p> <p><b><u>General Comment</u></b></p> <p>33.1 Audit Opinion</p>

<p>(Parliamentary Paper No. 61 of 2017)</p> <ul style="list-style-type: none"> <li>• Audit for 2015 Accounts</li> </ul>	<ul style="list-style-type: none"> <li>➤ 33.4 Statement of Losses</li> </ul> <p><b>2) Part B: Annual Financial Statement Audit Findings</b> Please provide an update on the following:</p> <ul style="list-style-type: none"> <li>➤ 33.5 Anomalies in Trust Fund Account (Main Trust Funds)</li> <li>➤ 33.6 Presentation of Trust Account Statement of Receipts and Payments</li> <li>➤ 33.7 Rental Being Charged on Expired Leases</li> <li>➤ 33.8 Arrears of Revenue</li> <li>➤ 33.9 Anomalies in the Underline Accounts Reconciliation</li> <li>➤ 33.10 Accountable Advance</li> <li>➤ 33.11 Stamp Duty</li> <li>➤ 33.12 Write Off of Government Asset Accounts</li> </ul> <p><b>3) Part C: Regularity Audit Findings</b> Please provide an update on the following:</p> <p><b>Department of Lands</b></p> <ul style="list-style-type: none"> <li>➤ 33.13 Administration of Extensions and Contracts</li> <li>➤ 33.14 Salary and Wages Reconciliation not prepared on Time</li> <li>➤ 33.15 Anomalies in Procurement and Payment Processes <ul style="list-style-type: none"> <li>• 33.15.1 Insufficient Supporting Documents</li> <li>• 33.15.2 Splitting of Cost</li> <li>• 33.15.3 Anomalies in the Payment of Rates for Crown Land – Municipal Council Allocation: 1-3301-79101-040612 <ul style="list-style-type: none"> <li>○ 33.15.3.1 Payments made after the Discount Period</li> <li>○ 33.15.3.2 Difference between Audit and Lands</li> </ul> </li> </ul> </li> </ul>	<p>The Ministry acknowledges the opinion of the Auditor General in the issue of an “Unqualified Audit Report”. This merely concludes that that the Financial Statement of the Ministry;</p> <ul style="list-style-type: none"> <li>✓ Present fairly its affairs in all material aspects,</li> <li>✓ Observed compliance with generally accepted Accounting Principles and Statutory Requirements &amp;</li> <li>✓ Is transparent and thorough and has not hidden important facts.</li> </ul> <p>However the Ministry considers that improvements is still needed in some aspects of the Accounting processes within and its compliance will ensure that all audit issues highlighted and related anomalies are eliminated and prevented from recurring in future.</p> <p>33.2 Statement of Receipts and Expenditure</p> <p>The Ministry collected \$15.1 million in 2015 a decrease of \$4.98 million compared to the collection in 201 even though the Ministry had taken vigorously measures to collect arrears due to Government.</p> <p>The Ministry had offered an incentive of waiver of Interest to all Lessees in the first 6 months of the year and then was extended for another two months.</p> <p>The increase in the number of expired leases also contributed to the decrease.</p> <p>Total expenditure increased compared to the previous year was largely due to increase in Capital expenditure by 13% which was the result of the increased number of projects executed during the year.</p> <p>33.3 Appropriation Statement</p>
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	<p>Calculation of the Rates Payable</p> <ul style="list-style-type: none"> <li>➤ 33.16 Anomalies in the Receipting and Recording of Revenue – CLLS <ul style="list-style-type: none"> <li>● 33.16.1 Incorrect posting of reference numbers.</li> <li>● 33.16.2 Delays in updating Lessees' Account in the CLLS</li> <li>● 33.16.3 Lessees' Statement of Account not updated to reflect payments made</li> <li>● 33.16.4 No Reconciliation performed between the Manual Receipts with the entries to CLLS</li> </ul> </li> <li>➤ 33.17 Accounting for Revenue received through Housing Authority of Fiji and Post Fiji Limited</li> <li>➤ 33.18 Record Keeping – Survey of Mahogany</li> <li>➤ 33.19 Legislation Governing Lands Department</li> <li>➤ 33.20 Crown Land Lease System (CLLS)</li> </ul> <p><b>Department of Mineral Resources</b></p> <ul style="list-style-type: none"> <li>➤ 33.21 Incorrect payments of Salary</li> <li>➤ 33.22 Salary Reconciliation not Prepared on time</li> <li>➤ 33.23 Purchase Orders not Received</li> <li>➤ 33.24 Insufficient Supporting Documents</li> </ul>	<p>The Ministry incurred expenditure totalling \$25.4 million against a revised budget of \$33 million resulting in a savings of \$7.6 million. Most projects were carried out within the budget allocated which contributed to that savings.</p> <p>33.4 Statement of Losses</p> <p>Misappropriation of revenue of \$129,602.22 was recorded in 2015. An internal investigation was conducted internally (Finance Section) in first week of October 2015 to authenticate the loss and an Officer was suspended with effect from 14/10/2015. Subsequently, a Ministerial Investigation team was appointed to further investigate and collate relevant information pertaining to the loss. An initial loss notification was lodged with Fiji Police Force on 13/10/2015. A proper report was lodged on 30/11/2015. Fiji Police Force had investigated the matter and the officer implicated has been sentenced to prison.</p> <p><b>2) Part B: Annual Financial Statement Audit Findings Update</b></p> <p>33.5 Anomalies in Trust Fund Account (Main Trust Funds)</p> <p>The Ministry has pursued appropriate action in ensuring that the issues highlighted by the Auditors have been rectified and addressed accordingly in Y2016.</p> <p>Continuous consultation with relevant Banks and Ministry of Economy instigated for better administration and management of the Trust Fund Account.</p> <p>33.6 Presentation of Trust Account Statement of Receipts and Payments</p>
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The presentation of Trust Account Statement of Receipts and Payments has been further clarified with office of the Auditor General and implemented accordingly with effect from 2016.

33.7 Rental Being Charged on Expired Leases

The Ministry has taken appropriate approach and stopped charging rental on expired leases.

33.8 Arrears of Revenue

This is still a great challenge for the Ministry. The Ministry continues to pursue appropriate measures to address this issue.

- Stopped charging rentals on expired leases
- targeting the top defaulters of the various lease types.

33.9 Anomalies in the Underline Accounts Reconciliation

The Ministry with the assistance of Ministry of Economy has pursued appropriate action in ensuring that the issues highlighted are rectified and addressed accordingly

33.10 Accountable Advance

All relevant processes relating to the Administration of Accountable Advance has been pursued and complied with.

33.11 Stamp Duty

The collection of Stamp duties is the now responsibility of FRCA and not the Ministry.

33.12 Write Off of Government Asset Accounts

The figures approved for written off were due to misposting of charges to wrong account numbers. Proper verification has been carried out by the Ministry together with Ministry of Economy's further consideration before being approved by Minister for Economy for it to be written off.

**3) Part C: Regularity Audit Findings**  
**Update**

**Department of Lands**

**33.13 Administration of Extensions and Contracts**

The Ministry has pursued appropriate internal approach in ensuring that the Administration of Extensions and Contracts of all Staffs is well managed.

Efforts to ensure that officers' acting and temporary extensions are inputted on time are guided by the Ministry Quarterly Planner which depicts timelines for submission of Performance Assessments for extensions. There are necessary processes implemented by the ministry to ensure a qualitative assessment for the extension of acting or temporary appointments. The timeline allows for a 2 weeks submission to Accounts prior to expiry of acting or temporary appointment.

CSD is also actively pursuing in collaboration with the Ministry's Systems Support Unit, a pop up message of alert to officers and corresponding CSD desk officer of expiry dates for all appointments. This will assist in the early facilitation of the above with due process.

The Ministry continues to update the internal database HRIS which records staff information.

33.14 Salary and Wages Reconciliation not prepared on Time

All Salary and Wages reconciliations are now prepared and submitted as scheduled

33.15 Anomalies in Procurement and Payment Processes

- 33.15.1 Insufficient Supporting Documents

The Ministry has pursued appropriate approach to address the issue.

A Payment checklist is now in place to ensure that proper checking and verification is carried out before processing payments.

- 33.15.2 Splitting of Cost

The Ministry has taken appropriate measures to address the issue from recurring in future.

A Procurement Unit has been established within the Finance Section whom is responsible and provides guidance for all Procurements in the Ministry that are executed through the Request for Quotation (RFQ) and the Request for Tender (RFT)

- 33.15.3 Anomalies in the Payment of Rates for Crown Land – Municipal Council Allocation: 1-3301-79101-040612
  - o 33.15.3.1 Payments made after the Discount Period
  - o 33.15.3.2 Difference between Audit and Lands Calculation of the Rates Payable

The Ministry has pursued appropriate approach to address the issue highlighted.

Consultation has been pursued with relevant municipal authorities and Ministry of Economy in addressing this issue.

The verifications and reconciliations of rates charged and rates payables are normally carried by the valuation divisions before the schedules are submitted to the Finance section to facilitate payment.

33.16 Anomalies in the Receipting and Recording of Revenue – CLLS

- 33.16.1 Incorrect posting of reference numbers.
- 33.16.2 Delays in updating Lessees' Account in the CLLS
- 33.16.3 Lessees' Statement of Account not updated to reflect payments made
- 33.16.4 No Reconciliation performed between the Manual Receipts with the entries to CLLS

The Ministry has taken appropriate approaches internally to address the issues highlighted by the Auditors and continue pursuing approaches in enhancing the processes and procedures on receipting and recording of revenue.

33.17 Accounting for Revenue received through Housing Authority of Fiji and Post Fiji Limited

The Ministry has taken appropriate approach in ensuring that all payments received from both Post Fiji Limited and Housing Authority are receipted and updated in the CLLS with immediate effect.

Part of the Ministry Restructure is to have an Assistant Accounts Officer and a Revenue Officer appointed at the Central Eastern Division office and part of their duties is ensuring the swift update of payments into CLLS.

33.18 Record Keeping – Survey of Mahogany

Relevant Divisions in the Ministry dealing with Survey are taking the responsibility of safeguarding and keeping the records relevant to the survey being carried out.

### 33.19 Legislation Governing Lands Department

The Ministry is targeting to revise the State Lands Act and development of the Valuation Act in the next financial year depending on the provision of budgetary allocation in the next financial year.

The above also includes the Surveyors Act which currently being pursued by the Ministry and the Surveyor's Registration Board.

### 33.20 Crown Land Lease System (CLLS)

The Ministry is pursuing the upgrading of the oracle system at the same time too integrates some of the fields which would capture some eminent information that are mandatory. This would include capturing not only the municipal ratings but for rental assessment too.

The CLLS has already in place a receipting module but needs to be further developed to accommodate the Revenue Management and Revenue control measures. Ministry of Economy is currently pursuing the Receipting Module through FMIS to be implemented throughout the whole of Government Ministries and Department. We appreciate this initiative of Ministry of Economy and are looking forward to its implementation to be used in the Ministry.

This cleansing of data in CLLS is currently being pursued by the Ministry. The Ministry as part of the internal restructure had created a Policy, Planning, Quality Assurance Unit

(PPQA) and one of its mandatory roles is to collate recent updated information pertaining to leases and lessee's to be updated in CLLS.

**Department of Mineral Resources**

**33.21 Incorrect payments of Salary**

The Ministry has pursued appropriate action in rectifying the issue and has in place an appropriate measure to address it.

**33.22 Salary Reconciliation not Prepared on time**

All Salary and Wages reconciliations are now prepared and submitted as scheduled.

**33.23 Purchase Orders not Received**

The Ministry has pursued appropriate approach to address the issue.

A Payment checklist is now in place to ensure that proper checking and verification is carried out before processing payments

**33.24 Insufficient Supporting Documents**

The Ministry has pursued appropriate approach to address the issue.

A verification process is in place in ensuring that all approvals are obtained prior to claims being processed.