

ISSUES

RECOMMENDATIONS

ACTION TAKEN

Rental Being charged on Expired Leases

From data obtained from the Crown Land Lease System, the audit noted that the rental revenue was being charged on expired leases. This amounted to \$1,043,573.58 as at the date (4/11/15) of audit.

The Department should ensure that:

- Lease rentals are not charged on expired leases; and
- Necessary processes are taken after the expiry of leases

-Currently the Ministry has taken appropriate approach and stopped charging rental on expired lease. The team responsible has separated the Active and Inactive (expired lease) accounts. For now when lease has expired the system does not allow charging of rental and batching on this expired lease.

Arrears of Revenue

The audit noted that the arrears of revenue for Department of Lands as at 31/12/15 which totalled \$26,980,319 only included crown land lease. The Department was not able to provide arrears figures for the other revenues. The audit also noted that the recovery of arrears of revenue have been slow as the arrears of revenue have been increasing. Although a Taskforce Unit was established in 2008 to enforce collection of land rent, arrears of revenue continue to increase.

Accounting Heads to:

- Ensure correct figures are supported before finalizing the arrears of revenue report
- Take appropriate steps vigorously follow up for recovery of long outstanding debts;
- Follow up the outstanding debts in accordance with the debt recovery procedures prescribed in the Ministry's Finance Manual and
- Review the effectiveness of the

Taskforce Unit that was established to enforce the collection of land r

- Revenue Management System (for RRs only)- the Ministry has put in place a system that captured all other revenue apart from the Land rent.
- SAUMIA Team (PPQA) best to advise-
 - ✓ Each Officer is allocated respective listing to call and discuss rental arrears with lessees.
 - ✓ Daily follow-ups carried out by each officer.
 - ✓ Field Deployment and issuance of statement to lessees.
 - ✓ 6 Months 'Waiver of Interest' (Jan to June) period.
- SAUMIA Team (PPQA) best to advise
 - ✓ Monitoring of arrears collection on a weekly basis and reflected on the weekly report.
 - ✓ Follow-up on FLIP.

<ul style="list-style-type: none"> ✓ Identification of arrears payments by each officer through weekly update. ✓ Field Deployment. ✓ Provide weekly/monthly/quarterly update as per Ministry reporting templates. • PSLMR best to advise 		
<p><i>-The Ministry had always prepared reconciliation statements on a monthly basis as required by the Financial Instructions.</i></p> <p><i>-As of to date we have been submitting our reconciliation on Operating trust and RFA on monthly basis to FMIS.</i></p> <p><i>-We also noted that in the previous year's Vat paid to FRCA was less as they calculated the 9% on the total VAT instead of paying the whole amount.</i></p> <p><i>-All VAT on Revenue for the past few years has been remitted to FRCA.</i></p>	<p>Reconciliation statements should be prepared on a monthly basis and the statements should be properly checked and signed off.</p> <ul style="list-style-type: none"> • The Ministry should comply with the procedures relating to the preparation of reconciliation statements as stated in the Finance Manual to strengthen the reconciliation process • The Ministry should ensure that all balances in its books of accounts are accurate and adequately supported • The Ministry should ensure correct calculation of VAT payments made to FRCA. 	<p>Anomalies in the Underline Accounts Reconciliation</p> <p>Audit noted the following anomalies:</p> <ul style="list-style-type: none"> • The preparation of monthly reconciliation statements for the Department of Lands Operating Trust and Revolving Fund Account were not performed on time. <p>An amount of \$1,317,407 was recorded as Vat from Provision for Goods & Services (account No: 1-33301-79101-863201) under the Operating Trust Fund Account. The balance in this account has always been increasing since it was opened in 2009 to record the VAT collected on revenue and the VAT payment made to FRCA. The audit noted that the Department of Lands had been short debiting this account when payment is made to FRCA resulting in the outstanding balance increasing every year. This balance may be regarded as the amount owed to FRCA.</p> <p>Salary and Wages Reconciliation not prepared on time.</p> <p>Audit noted that some salary and wages reconciliations were performed and statements prepared very late which would have made it</p>
<p><i>-The Ministry has since updated all their reconciliation on a monthly basis. This report is submitted to the MOF as per the timeline.</i></p>	<p>The Department should ensure that regular payroll (salaries/wages) reconciliations are performed on a fortnightly/weekly basis and that the reconciliation statements are thoroughly</p>	

<p>difficult for the Department to detect and act upon any payroll discrepancy in a timely manner.</p> <p>Payments made after the Discount Period</p> <p>From the review of sample of payment vouchers for payments of rates to Municipal Councils, audit noted that the Department did not take advantage of the full discount offered by the Municipal Councils by paying within the discount period.</p>	<p>checked by the Principle Accounts Officer to minimize or avoid incorrect payments of salaries and wages.</p> <p>The Department should take advantage of the discounts offered by the Councils by planning the requisitioning of funds with the Ministry of Economy within the discount period given by the Municipal Councils.</p>	<p><i>-The Ministry has stretched further on these, and the team responsible have been making payments all this years within the Discount Period.</i></p>
<p>Legislation Governing Crown Lands Act</p> <p>Legislations should be reviewed and updated on a regular basis to accommodate changing developments. The Department of Lands is directly governed by the legislations listed below: - Land Use Decree 2010 (2010) - Lands Transfer Act (1978) - Surveyors Act (1978) - Subdivision of Land Act (1978) - State Lands Act (1978) - Agricultural Landlord and Tenants Act (1978) - Valuation Registration Act (1986) - State Acquisition of Lands Act (1978) - Local Government Act (1985) The audit however noted that the Decrees were released from time to time to amend various sections within the legislations. The whole legislation needs to be reviewed. No evidence existed to indicate that proposals have been made to review the entire legislation. The review of the legislation needs to be done to ensure that the various requirement and amendment to the legislations are harmonized into the main</p>	<p>The Department should consider making proposals to review legislations governing the Department to ensure that all the different legislations are harmonized.</p>	<p><i>MF to comments</i></p> <p><i>Mining Act (1967)</i></p> <p><i>Surveyor Registration</i></p> <p><i>Water Policy</i></p>

legislation governing the Department of Lands.