'Public Accounts Committee (PAC') Questions – Crown Land Lease System. (PP No. 58 of 2024)

No.	Question	Response
1.	Did the Office of the Auditor-General have the necessary technical expertise and capacity to conduct an audit on the **C**rown **L**and **L**ease **S**ystem, particularly concerning the registration of land leases and related matters?	• The audit was carried out by officers from the Performance Audit Services Group of Auditor General's Office with IT qualifications. • The audit was on the computerized system (CLLS) that is a database that houses lease information and is used to support lease administration.
2.	Did the Office of the Auditor-General consider engaging an auditor familiar with the Crown Land Lease System or an external auditor to conduct this audit?	While the Ministry formally requested an audit of CLLS, it would be at the office of the Auditor General's discretion to engage an external auditor or use auditors from within to carry out the audit.
3.	What was the purpose of the audit on the Crown Land Lease System (CLLS) and why did it focus only on records from 1 January 2020 to 28 October 2023, given that the CLLS has been in existence since the 1990s?	The focus for the records from January 2020 to October 2023 was due to the auditor's request for the most recent information at the time of the audit.
4.	Could the Ministry of Lands specify when the Crown Land Lease System was last upgraded, and why was the upgrade undertaken at that time? How did the upgrade address or rectify existing issues?	• The last upgrade was undertaken in 2007 from the 1990's DOS (Aven) System to the current CLLS using Oracle 9.2. • The upgrade was undertaken due to operating system changes across government and THE phasing out of DOS. • The upgrade at that time allowed for more functionality for ease of use that was not possible with DOS (Aven) System.
5.	How many land lease registration systems are currently used by the Ministry of Lands? Is the Ministry moving towards an integrated system for all lease-related matters, like the systems used by iTaukei Land Trust Board and in countries like United Kingdom, Kenya, and Malaysia? If not, why?	• Only one system is currently being used which is CLLS. • Yes, the Ministry is currently developing a digital lease administration system.
6.	Why did the Ministry of Lands choose not to engage an external Information Technology company with specific expertise to assist in the development of the land lease system in Fiji?	The ministry has an applications development team who are currently working on upgrading the lease systems and digitalizing administration processes.

7.	The audit concluded that the Crown Land Lease System was ineffective and inefficient, leading to incorrect calculation of lease interest arrears over the years. What actions has it taken to correct this, and have these been implemented to date?	*Please refer to attached excel which highlights the progress of the actions taken*
8.	The audit report highlighted discrepancies in revenue received from expired leases, which were recorded only in the Crown Land Lease System and not reflected in the Government Financial Management Information System (FMIS), resulting in an understatement of the Ministry's annual revenue. What measures have been implemented to address this revenue understatement? What was the amount lost to the State and gained by overstatement of lease value. Whether any reimbursement was made by the State.	• All revenue received within a financial year is accurately recorded in the Financial Management Information System (FMIS). Occasionally, there are delays in batching these payments into the Crown Land Lease System (CLLS) because the related accounts are locked upon lease date expired. • To address this issue, the Ministry temporarily reopens expired accounts to process and batch outstanding payments. Once a new lease is issued, any overpayments are subsequently transferred to the corresponding new account. This approach helps to prevent lessees from having to make substantial lump-sum payments upon receiving their new lease, as the lease is backdated to the original expiry date. • The Ministry continues to closely monitor and manage these transactions to ensure accurate revenue recording and to minimize discrepancies until the system upgrade is implemented.
9.	The Ministry of Lands has been engaged in ongoing discussions with Information Technology and Computing Services regarding connectivity and storage of its various software programs, including the Crown Land Lease System. Could the Ministry provide the status of these discussions?	• The Ministry continues to collaborate closely with the Information Technology Centre (ITC) to ensure reliable connectivity and adequate data storage to support its operations. • Servers, personal computers, network switches, and other essential IT infrastructure have been procured in consultation with, and clearance from ITC.
10.	Among the concerns brought up by risk assessments for the effective running of the Crown Land Lease Systems are IT	*Please refer to attached excel which highlights the progress of the actions taken.*

	operations, information security, and application control. What actions, if any, has the Ministry taken to mitigate these risks going forward?	
11.	Has any development occurred in the creation of an IT Steering Committee to oversee significant IT projects and ensure that the System Application Team's applications are aligned with the Ministry's operational procedures?	Yes, an IT Steering Committee has been established in the Ministry.
12.	Has there been any progress in prioritizing the development of a comprehensive IT strategic plan that addresses resource allocation, missed opportunities, and security threats, while aligning with the Ministry's business objectives?	The IT Strategy is earmarked for the 2025-2026FY, with the first draft has been prepared for review.
13.	Has any progress been made in providing the Application Support Team with the necessary resources and tools to enhance their productivity and effectiveness.	Yes, a project budget has been provided to resource the Application Development Team.
14.	Has there been any progress in providing relevant training to support the professional development of the Application Support Team and to ensure the seamless operation of applications?	Yes, officers have been attending training and short courses offered by international cooperation partners for upskilling and to build their capacity.
15.	Has any progress been made in aligning the IT Risk Management Policy with the Ministry's broader Risk Management Policy?	A Business Continuity Plan which includes the IT Risk Management component has been drafted by the IT Steering Committee for review.
16.	Have there been any developments or advancements regarding the review of the Non-Disclosure Agreement by the Ministry and ITC Services to ensure compliance and effective governance of the Crown Land Lease System?	A Business Continuity Plan which includes the NDA component has been drafted by the IT Steering Committee for review.
17.	Has there been any progress or update regarding the assessment of the Crown Land Lease System's viability as a long-term application platform, considering factors such as cost, compatibility, customization, long-term support, and ITC Services' capacity to support Oracle applications?	Yes, through the CLLS IT Audit report which describes the viability of the CLLS and the recommendations to address issues identified.

18.	Has there been any change or progress in collaborating with ITC Services to ensure optimal support for Oracle platforms and to enhance the effectiveness of that support?	ITC is no longer subscribing to Oracle and has moved to SQL which is now being used by the Ministry.
19.	Has any progress been made in developing a business continuity and disaster recovery plan aimed at mitigating risks, minimizing operational disruptions, and safeguarding the Ministry's data and operations?	Yes, a draft has been developed and is due for review.
20.	Has there been any progress in establishing a test environment to support the efficiency and reliability of the Crown Land Lease System?	Yes, a test environment has been established for the upgrade CLLS to SLLS.
21.	Has any progress been made in reviewing and updating data definitions to ensure proper data management, and in verifying that column definitions in referring tables match those in referenced tables to maintain data consistency and prevent issues with Foreign Key constraints?	Yes, the team is migrating the data table from Oracle to SQL where the Foreign Keys are identified and established.
22.	Has any development occurred regarding the creation of an information security policy to safeguard data generated by the Crown Land Lease System and to ensure compliance with relevant standards?	Yes, a draft has been prepared for review by the IT Steering Committee.
23.	Has there been any progress in reviewing the current Data Backup and Storage Guidelines Policy to confirm that the backup procedures for the Crown Land Lease System are properly documented and implemented?	A draft policy has been prepared. The team conducts scheduled backups of the CLLS as part of its responsibilities.
24.	Are there any updates on evaluating current system users, appropriately assigning roles and permissions, eliminating redundancies, reviewing access to Lands Manager, and routinely monitoring user activity?	Yes, these updates are carried out as and when required when there is a change to our staffing.
25.	Has any work been undertaken to review and modernise the system's logging and session management mechanisms for improved security and functionality? Has the issue of null values in logoff day, logoff time, and elapsed minutes been addressed?	Yes, this has been addressed in the upgraded system.

26.	Has the audit trail feature of the system been enabled to ensure that database modifications are accurately recorded for user activity monitoring?	Yes, this has been enabled in the upgraded system.
27.	Have there been any developments regarding the review of the Arrears VAT procedure to eliminate conflicting duplicates, document backend modifications related to procedure assessments, and delete or disable unnecessary procedures within the system?	• The Ministry has implemented and documented the revised procedure to address the calculation of VAT, interest, and rent. This initiative aims to eliminate duplicates and ensure greater accuracy and consistency in financial processing. • However, it is important to note that for the Crown Land Lease System (CLLS), the implementation of these revised procedures may further highlight the platform's outdated architecture and communication incompatibilities. This could potentially accelerate the need to transition away from CLLS, as it is increasingly unable to support modern system requirements.
28.	Are there any updates on the annual reconciliation of lessee accounts, including the evaluation and adjustment of impacted accounts, review of interest calculation scripts, and Improvements in error handling and input validation in the Crown Land Lease System?	• The Ministry's Finance Team conducts monthly reconciliations between the Crown Land Lease System (CLLS) and the Financial Management Information System (FMIS) to ensure accuracy and consistency in financial records. • In relation to interest calculation, once a double charge is identified on an account, the Application Support Team promptly reverses the incorrect charges. They also closely monitor unaffected accounts to ensure no unintended reversals occur and to maintain data integrity.
29.	Has progress been made in modifying the system to effectively manage expired leases, restore the 'commit' button for inactive accounts, reconcile FSC payments for expired accounts, assess long expired accounts for necessary action, and resolve interest charges linked to those accounts?	Yes, the upgraded system will allow for highlighting of expired leases.

30.	Have there been any developments regarding the testing and integration of the recommended feature into SLAP (as referenced in management comments on page 30), and an evaluation of its potential impact on the current data entry-only functionality of CLLS? How might this affect the system?	The team is currently migrating data from Oracle to SQL. Once this exercise is complete, it will enable the integration mentioned on page 30.
31.	What is the total area (hectares) of state land that is not leased, leased but not utilized, lease and utilized. Please provide the breakdown by division and province of these State land and confirm to us whether the data is system generated.	*Currently, there is a work in progress to determine this data. There is an ongoing project currently carried out by the Land Use Master Plan Unit.*
32.	What was the exact area of land that was acquired for a particular purpose after independence and having served that purpose or not used for that purpose was it given back to the original owners. Whether this data is reflected in the Land Lease System.	• Land acquired for public purposes is subject to a final survey to determine the exact area acquired. • The final survey establishes the precise land boundaries and measurements. For most acquisitions, survey work is still in progress, and the final land areas are yet to be confirmed. Any requests to revert land acquired for public purposes to the original owners are considered on a case-by-case basis and most of which are still manually recorded. • The Land lease system captures state land leasing matters as such, these (reverted land that were acquired after Independence) are not captured on CLLS.
33.	What is the level of revenue earned and projected in the future for State Land and whether the data is system generated?	• The Ministry has implemented strategic measures aimed at addressing arrears, which are expected to result in a significant increase in revenue within the financial year. • These strategies, combined with the planned upgrade of the system, will enhance our ability to accurately track and monitor the clearance of individual accounts.

		• With an improved system, data generation and reporting will become more efficient and reliable, supporting better financial planning and forecasting.
34.	What was the total area of land in hectares for crown land now state land, freehold land and iTaukei land in 1970 after independence and now. Is these reflected in the records kept by the Ministry of Lands and whether the data is system generated?	• At present, the Ministry does not have a consolidated information on land area in 1970. • However, what it has is, a national land register that provides recent land tenure areas.
35.	Regarding the transition of land from state land to iTaukei land, is this information captured in the system? If so provide an explanation?	Yes, the information on SSA and SSB lands are captured in the system, however manual input and update are still required.
36.	In your opinion, which option is preferable for the Crown Land Lease Management System— purchasing a new system or upgrading the existing one or explore the system that is being used by iTaukei Land Trust Board.	Upgrading the existing system.
37.	How much has the Ministry of Lands spent annually to maintain the Crown Land Lease System from 2009 till now and also state how much is Ministry of Land spending on SLAP?	• The ministry is given a budget $150,000 to cater for IT infrastructure, while licenses are managed by ITC. • The SLAP budget for 2024/2025 was $165,000, with the 2025/2026 budget being $135,000
38.	Has there been any cost and benefit analysis done on all the options concerning the land lease management system? If yes, provide the requisite information.	The Cost-and-Benefit Analysis has yet to be undertaken.
39.	What is the methodology used to calculate land rentals? Is the methodology used similar to iTaukei Land Trust Board and whether the data is system generated?	• The calculation of rental is assessed according to the State Lands Act Leases & Licenses Regulation 11 where the maximum rental to be charged is 6% of the fee simple value of the land, not taking into account any improvements (basically, 6% of the land value). However, 6% is only charge for all zonings except residential. This was imposed by the Counter Inflation Act Rent Control Order of 1992 where: i. 2.5% of unimproved value of the land if occupied by no other than the lessee himself;

		ii. 3% of the unimproved value of the land:
		     a. If there is one unit and it is rented out; and
		     b. If one unit is rented out and the other is occupied by the owner; and
		iii. 3.5% of the unimproved value of the land if more than one unit is rented out.
		
		• The assessment of the land value is assessed from analyzing the property market for vacant land sales. The iTLTB calculation is more on market rentals or market premiums, whereby they base their assessment on previously agreed lease offers or rentals. They analyze rentals (within iTLTB), that have been previously accepted and paid by lessees, to determine the rentals to be charged. Their analysis is based on rate per square metre.

40.	Are there any updates regarding the assessment of the long-term viability of the Crown Land Lease System, including infrastructure upgrades such as Windows Server and Oracle database versions, and ensuring that appropriate Non-Disclosure Agreements and Service Level Agreements are in place?	The IT audit was undertaken to look into the viability of the CLLS.
41.	Have there been any developments concerning the rectification of system-generated errors, including the necessary documentation, and an evaluation of the Crown Land Lease System's viability considering the impact of such faults as of now?	Yes, there have been some issues, however the team resolves the problem as and when it occurs.
42.	Does the Ministry of Lands have records of land (state freehold) that were sold off or transferred. If so, provide details of such transactions and whether the data is system generated?	Yes, we have transaction records within the Department of Lands.

43.	How many hectares of land is under Schedule A and B? Provide breakdown of categories and purpose and whether the data is system generated?	**a) Hectares of Land Under Schedule A & B** • Schedule A Area - 83,803.0 ha (*Also incl. unleased area*) • Schedule B Area - 35,720.5 ha (*Also incl. unleased area*) • Total No. of Leases - 3,577 (*Fully Verified & Transmitted – 2,811*) **b) Breakdown is Categorized in provinces.**

#	PROVINCE	TOTAL NUMBER OF LEASES
1	Ba	528
2	Bua	3
3	Cakaudrove	206
4	Kadavu	2
5	Lomaiviti	18
6	Macuata	1336
7	Nadroga	237
8	Naitasiri	106
9	Namosi	3
10	Ra	146
11	Rewa	29
12	Tailevu	197
13	Serua	0
14	Lau	0
15	Bal. missing	327
16	Bal. Found	439

c) The data is not system generated.

44.	Could the Ministry of Lands confirm if there has been write-off, fraud and abuse during the implementation of the Crown Land Lease System. If so explain.	The Ministry has experienced this over the years and has dealt with them on a case-by-case basis.

SRL	Area	Audit Finding	Corrective Activity	Responsible	Suggested Timeline
1	IT Governance	Absence of IT Steering Committee	**Setup** LMR ITSC	MGIM	End of 2024
		Absence of **IT Strategic Plan**	**Develop** IT Strategic Plan	MGIM & PGOFGIS and RO	End of 2025
		Capacity and Capability	**Fill relevant posts** with capable and innovative individuals	MGIM & PGO FGIS and RO	Ongoing
		Management of IT Risks	**Derived** from IT Strategic Plan		Ongoing
		Proper Governance Arrangements with ITC Servces	**Continue** to **develop the strong relationship** with ITC through bi-annual meetings to **share intentions and vision**	SSSO & SSAP	Ongoing
		Absence of **Busines Continuity and Disaster Recovery Plan**	**Develop** Business Continuity and Disaster Recovery Plan	SSSO & SSAP	End of 3rd Quarter FY 2024-2025
2	IT Operations	Obsolete Systems Still in Use		SSAP	End of FY2024-2025
		Application errors present in CLLS	Upgrade, OR **Redevelop**(Current)		
		Absence of Test Environment			
		Identified Foregin Key Constratints Impacting Performance and Data			
3	Information Security	Absence of **Information Security Policy**	**Derived** from IT Strategic Plan	SSSO	TBC
		Lack of proper documentation on backup procedures for CLLS	Upgrade, OR **Redevelop**(Current)	VGIS: SGOFGI SLLS: SSAP Data Entry: SSSO Verification and Finalization PGOFGIS	End of Q3 FY
		Anomalies in User Access in CLLS	Idnetify and Address (One User Multiple Usernames and User sharing Credentials)	SSAP	End of FY
		Security of System at Risk Without Systems Timeout (recurring issue)	Implement db restrictions on timeouts	SSAP	
4	Application Control	Lack of Audit Trail in CLLS	Currently captured through manual reporting. Future would be catered by SQL	SSAP	
		Duplication in Calculation of Arrears Procedure	Removed duplicates		
		Weakness in Transaction Controls Regarding Interest on Arrears	Controls to be implenmented		
		Expired Leases Not Properly Captured in CLLS	Data Entry		