

Head 327 - Land Use Policy Planning Department

1. Financial Statements

The audit of the financial statements of the Land Use Policy Planning Department for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of financial performance, and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. The Summary Report containing my comments and observations on the financial statements of the Land Use Policy Planning Department was issued to the Accounting Officer on 30 June 2022 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Department was issued to the Accounting Officer on 23 September 2022 in terms of Section 11 (2) of the Audit Act.

The Auditor General's Report to be presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka will be presented in due course

1.1 Opinion

In my opinion, the financial statements give a true and fair view of the financial position of the Land Use Policy Planning Department as at 31 December 2021 and its financial performance and cash flow for the year then ended, in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities for the financial statements are further described in the Auditor's Responsibilities section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of the Accounting Officer on Financial Statements

The Accounting Officer is responsible for Preparation of financial statements in a manner that reflects a true and fair view and determines the internal control required to enable financial statements to be prepared without material misstatements that may result from fraud and error in accordance with Generally Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018.

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Department is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

The Accounting Officer shall ensure that an effective internal control system is prepared and maintained for the financial control of the Department in terms of sub-section 38 (1) (c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's summary report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also;

- Appropriate audit procedures were designed and performed identify and assess the risks of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on Other Legal Requirements

I declare the following matters in terms of Sub-section 6 (1)(d) of the National Audit Act No. 19 of 2018.

- (a) The financial statements are in consistent with those of the preceding year,
- (b) The recommendations made by me regarding the financial statements of the preceding year had been implemented.

2. Financial Review

2.1 Expenditure Management

The following matters were observed.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Out of the supplementary estimate provision amounting to Rs.17,500,000 obtained for the purchase of 350 tabs, a sum of Rs.12,075,000 only had been spent and the balance of 31 per cent or Rs.5,425,000 had been saved.	For the purchase of 350 tabs for the officers of the Department at Rs.50,000 each, supplementary provision of Rs.17,500,000 was received as per the gross estimate and due to calling for open competitive bids, tabs were purchased at Rs.34,500 each and it resulted in this savings.	Estimates should be prepared accurately.

2.2 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with Laws, Rules and Regulations observed during the course of audit test checks are specified below.

Referece to Laws, Rules and Regulations	Observation Value Rs.	Non-compliance	Comment of the Accounting Officer	Recommendation
Circulars of the Ministry of Finance and Mass Medial Paragraph 04 of the Assets Management Circular No.03/2018 dated 10 October 2018.	44,250,000	Even though action should be taken to settle the issues regarding taking over of the vehicles used by the Department before 31 December 2019, it had not been possible to register 9 vehicles worth Rs. 44,250,000 in the name of the Department due to the reasons such as changing the ministry from time to time and that had been purchased by the	Although the vehicles had been provided when the Ministry of Agriculture and the Ministry of Lands and Parliamentary Reforms were connected to the Ministry of Lands, as the Ministries had been separated in to new ministries in amending the ministries, letters have been referred to the heads of the institutions informing that arrangements be made to transfer the vehicles to our	Action should be taken to register the vehicles in the name of the Department in accordance with the relevant circular instructions.

Comptroller General Department. Six on lease basis and vehicles purchased by provided in the name the Comptroller of the Secretary to the General on lease basis Ministry of Lands not have been provided in being transferred to the name of the the Secretary to the Secretary to the Ministry of Lands by the Ministry of Lands and it the Bank of Ceylon at is informed that once the end of period of the ownership of the lease. vehicles is transferred to the Secretary to the Ministry by the Bank of Ceylon at the end of the period of lease, the vehicles can be taken over by this Department.

3. Operating Review

3.1 Vission and Mission

The observations revealed on the vision and mission are given below.

Observation	Comment of the Accounting Officer	Recommendation
<p>The department had not been able to formulate a national land usage policy in keeping with the vision of the Department “ Manage the land resource of Sri Lanka in optimum and sustainable manner” and to achieve its Mission “ Formulation of policies, preparation of plans and facilitating their implementation to achieve the optimum utilization of land resources while maintaining sustainability and environmental balance”</p>	<p>Having obtain the Cabinet approval in the year 2018 to amend the National Land Use Policy, measures have been taken considering that policy amendment as a priority task. It is in the final stage in this year and the Cabinet approval is expected to be obtained for that purpose.</p>	<p>Action should be taken to prepare and complete a National Land Use Policy.</p>

3.2 Assest Management

The following observations are made.

Audit Observation

Comment of the Accounting Officer Recommendation

(a) There are 33 vehicles owned by the Department and sums totaling Rs. 9,652,328 had been spent during the year 2021 including Rs. 6,808,378 for vehicle maintenance and Rs. 2,843,951 for rehabilitation and improvement. The following matters were observed during the course of audit test check carried out in that respect.

(i) According to Paragraph 4.4 of the Public Administration Circular No.30/2016 dated 29 December 2016, in order to prevent the delay caused in the repair of vehicles of the department and institutions, it was required to call for tenders from the garages that are competent in repairing vehicles and situated in the Colombo, Dehiwala-Mountlavinia Municipal Council limits and Kotte Urban Council limit for the vehicles available in the Colombo offices, and the garages situated in the main cities of the province in case of provinces. Nevertheless, repairs and improvements totaled Rs. 1,523,679 of seven vehicles of the vehicle pool of the head office and five vehicles in other provinces had been carried out form two garages situated at Malambe, that is, outside the jurisdiction in which the respective offices were located.

The repairs carried out through the head office are done by the institutions registered with the government that were obtained from the Ministry of Lands and action will be taken to adhere to Paragraph 4.4 of the P.A.C No.30/2016 and to call for quotations from the suitable institutions as stated in the circular. Only the main repairs of the vehicles belonging to the regional offices are carried out by the Agent and due to lack of adequate officers in the district offices for the prescribed procurement process, main repairs are carried out through the head office.

Further action should be taken by conducting an investigation.

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| <p>(ii) Although engine repairs of the van bearing No. 61-2377 allocated to the duties of the Gampaha Land Use Office had been carried out at a cost of Rs. 322,510 on two occasions and the engine repairs of the cab bearing No. JV-1497 given to the Puttalam District Land Use Office had been carried out at a cost of Rs. 346,535 on two occasions in the year 2021, it was observed at the physical inspection conducted on 25 January 2022 that the van bearing No.61-2377 could not be started and that the oil pump of the cab bearing No. JV-1497 was observed detached, thus exhausting oil contained therein.</p> | <p>After the repairs of the vehicle bearing No. 61-2377, the recommendations on the further action to be taken is obtained from an officer who has technical knowledge of that matter. According to the information given by the driver regarding this matter on 08 March 2022 , the Technical Officer has recommended the repair of the alternator and the heater meter of the vehicle. The relevant institution has been informed to carry out the repairs remain within the warranty period out of the repairs mentioned therein and action will be taken to call for quotations for the other repairs and carry out those repairs. As the Technical Officer has recommended that the repair to the JV-1497 has no connection with the engine repair done on the previous occasion, the relevant repair has been carried out.</p> | <p>Further action should be taken by conducting an investigation.</p> |
| <p>(iii) The second repair of the cab bearing No. JV-1497 of the Puttalam District Office had been done on 26 October 2021 and the driver had taken over the vehicle on 03 November 2021. It was observed according to the Daily Running Chart that the vehicle had been driven for 427 kilometers by the garage during that period.</p> | <p>Although the vehicle has been driven for some distance by the garage, reason for driving the vehicle for such a distance has been inquired from the relevant institution and further action will be taken accordingly.</p> | <p>Further action should be taken by conducting an investigation.</p> |
| <p>(iv) The Jeep bearing No. 32 – 6748 handed over to the Land Use Policy Planning Department for its use in the year 2008 by the Mahweli Authority had been parked in the department premises from January 2016 to April 2022 without being driven. Nevertheless, the repair</p> | <p>In making arrangements to use the vehicle after settling the issue regarding the ownership of the vehicle, the driver has requested to repair the vehicle at it was not roadworthy. Accordingly, the repair was done after the vehicle was</p> | <p>Further action should be taken by conducting an investigation.</p> |

expenses of Rs. 1,055,011 incurred from time to time from the year 2019 to 30 March 2022 is observed as a matter of contentious nature.

checked and recommended by the Motor Vehicle Inspector. Subsequent to the repair, insurance coverage and the emission test certificate have been obtained on 25 April 2019 and an issue was arisen in obtaining the revenue license due to not updating the details on the ownership of the vehicle. All requirements have already been settled and the vehicle is fit for running at present.

4. **Human Resource Management**

The following observations are made.

Audit Observation

Although the approved cadre of the Department was 697, actual cadre was 623 including 04 employees recruited on contract basis without approval of the Department of Management Services. Accordingly, there were 78 vacancies including 16 at senior level, one vacancy at tertiary level, 42 at secondary level and 19 vacancies at primary level. However, action was taken to manage the existing human resources in order to maintain the department without any impediment amidst the prevailing crisis including the Covid 19 pandemic. Accordingly, the audit observes that the approved cadre should be re-reviewed.

Comment of the Accounting Officer

Although these posts that remained vacant are essential to the department, recruitments have been temporarily suspended as per the circulars imposed from time to time and it is beyond control of the department. Although activities are maintained while managing the actual cadre, further expansion of the services has become an issue, whereas action has been taken to maintain the basic functions of the department at the optimum level.

Recommendation

Action should be taken to recruit employees to the approved posts or revise the approved cadre.