

Head 122 Ministry of Tourism & Lands

1. Financial Statements

1.1 Opinion

Head 122 - The audit of the financial statements of the Ministry of Tourism & Lands for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 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 these financial statements of the Ministry of Tourism & Lands was issued to the chief Accounting officer on 29 May 2023 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the ministry was issued to the Chief Accounting Officer on 21 June 2023 in terms of Section 11(2) of the National Audit Act No. 19 of 2018. This report will be tabled in Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

The financial statements give a true and fair view of the financial position of the Ministry of Tourism & Lands as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified 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 Chief Accounting Officer for the Financial Statements

The Chief Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

In terms of Sub-section 38(1)(c) of the National Audit Act, the Chief Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Ministry and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

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 misstatement, 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 judgement and maintain professional scepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk 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 procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- Evaluate the 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.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Chief 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 express the following matters in terms of Section 6 (1) (d) of the National Audit Act, No. 19 of 2018.

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

2. Financial Review

2.1 Management of Expenditure

It was observed the cases where annual estimates had been prepared as completely and accurately as possible in terms of the Financial Regulation 50 (ii) and expenditure had not been incurred as per annual action plan based on the same.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
(a) The balance of the net provision of Rs. 653,000,000 allocated for recurrent expenses of the year under review was Rs. 71,262,395, and it was 11 percent, while the balance of the net provision of Rs. 2,732,000,000 allocated for capital expenses was Rs. 740,691,144, and it was 27 percent.	Estimates are forecasted based on the prevailing conditions on that day and the annual action plan is prepared according to the allocations requested and approved. It was not possible to implement the annual action plan in the same way in the year 2022 due to fuel shortage, transportation difficulties, reducing the number of office opening days, restricting the calling of officials to work, announcing special holidays, etc. The provision of one minister was saved due to suspension of foreign travel, limitation of capital purchases and capital expenditure and incurring other expenses on a priority basis by the Expenditure management circulars including National Budget Circulars 3/2021, 3/2022, 4/2022 issued by the government and merging the Ministry of Tourism with the Ministry of Lands in the middle of the year 2022. Accordingly, the allocations made for recurrent expenses and 27 percent of the allocations made for capital expenses had been saved.	Estimates should be prepared as completely and accurately as possible.
(b) The provision of Rs. 316,725,000, which was made in relation to 11 object codes, was completely left.	The provision was completely saved due to the suspension of foreign travel and ministers not applying for rented accommodation. Similarly, the provision was saved due to expenditure management and the limitation of expenditure due to the bad economic situation in the country according to the Budget Circular 3/2022. Accordingly, the provisions of object codes of the Minister were completely saved. Even though price	Estimates should be prepared as completely and accurately as possible.

hikes were applied for by the contract company, the allocations of the object codes have been left as approval was not received and non-agreement of grant of imprests by the general treasury.

- (c) The allocation of Rs. 52,552,198 out of the total allocation of Rs. 60,615,000 made in relation to 09 expenditure objects was saved and it was over 75 percent as a percentage. Over 75 percent of estimated allocations were saved in object codes due to expenditure allocated to the Minister of Tourism had been borne by the Lands Division and the expenditure had been restricted due to the bad economic situation in the country, and management of expenditure as per budget circulars. The provision has been left due to non-payment of water or electricity bills for ministerial quarters and the provision was spared as minor repair requirements of the Cabinet Office had not been arisen during the year. Estimates should be prepared as completely and accurately as possible.
- (d) Since the recurring expenses of Rs.7, 282,743 incurred for the repair of machinery and vehicles was included within Rs. 41,384,298 ,which is the worth of the construction of physical assets, purchases and other investment acquisitions were overstated by that amount in the cash flow of the year under review. The total expenditure under Capital Expenditure Program 1 and Program 2 is Rs. 41,384,298. Accordingly, capital expenditure is shown under the construction or purchase of physical assets and other investment acquisitions in the cash flow generated from investment activities in the cash flow statement, and no additional expenditure has been shown in the relevant object codes. Since the object codes related to the rehabilitation and improvement of capital assets 2001, 2002 and 2003 had also been classified under public investment expenditure according to the financial statements form ACA 2(ii), measures had been taken to show in the same way under investment activities in the cash flow statement. In previous years as well, Expenses should be brought in to the correct object code.

the expenses incurred for the rehabilitation and improvement of the assets mentioned in the query and for the repair of machinery and vehicles were shown under investment activities in the presentation of financial statements.

2.2 Incurring of Liabilities and Commitments

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
Even though Rs. 305,900 should be recognized as a VAT liabilities for the two months of November and December of the year under review, a shortfall of Rs.149,126 was observed as the figure was Rs. 156,774 according to the liabilities register.	You are kindly informed that at the time of preparing the final account only the November bills have been included as liabilities as only the November bills were available.	All the liabilities related to the year should be brought in to accounts.

2.3 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed below.

Observation Reference to Laws, Rules and Regulations	Value	Non-compliance	Comments of the Chief Accounting Officer	Recommendation
(a) Establishments Code of the Democratic Socialist Republic of Sri Lanka				
(i) Paragraph 4.2.5 of Chapter xxiv	Rs.159,800	Even though the amounts remain to be recovered from an unpaid loan, any other payment need to be made to the Government	The Director General of Pensions has been informed in dated 16.03.2023 to settle the amount of Rs. 159,800 due from Administrative	Measures should be taken to act as per the instructions of the Establishment Code.

or the Lohor Arya Fund or any other amount to be paid should be recovered from the converted pension or gratuity of the officer in consultation of the Director of Pensions, the outstanding loan balance of Rs.159, 800 relevant to a retired officer for a period between 1-2 years had not been settled even on 06 April 2023.

(ii) Section 253,578
4.5 and 4.6 of
the Chapter
xxiv

In cases, where the loan balance of Rs. 253,578 need to be recovered from two retired officers who left the service is not recoverable from the principal debtor, the procedure prescribed to be followed in respect of the guarantor and the amount should be recovered from the guarantor. Even though the Attorney General should have been consulted if the principal debtor is dead and not recoverable from his heirs also, it had not been dealt with accordingly.

Officer who had worked in the Tourism Division of the Ministry and retired from 05.02.2021.

Addresses of retired female officer are incorrect. Also, no loan had been taken from this ministry. Therefore, the details will be inquired from the police headquarters from where she had been transferred to this ministry, and arrangements will be made to recover the relevant loan balance from the guarantor. The Public Service Commission has decided to get retired Mr. K. Manuel, who had left the service, on the grounds of general inefficiency. Institutions should act as per the instructions of the Establishment Code.

(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

(i) F.R. 103(1) (b)	353,600	Even though the accidents in an establishment should be reported to the police, it was not done for 02 road accidents totaling Rs.353,600.	Neither the ministry nor the police had been informed regarding these two accidents and damages had been observed during the return of the vehicles.	Accidents should be reported to the police.
(ii) F.R. 103(1) (f)	462,800	Evan though the damage should be investigated and those responsible should be identified, it had been decided that the Coordinating Secretary of the Minister of Lands and Parliamentary Affairs who was traveling in that vehicle number KI – 1527 should be held responsible for the accident that took place at Matugama Pradeshiya Sabha car park on 20 August 2018 and although the value of that loss is mentioned as Rs.462, 800 in the accounts, the loss had not been recovered by the audited date of 06 April 2023 also.	It was decided that the Coordinating Secretary to whom the vehicle was attached was responsible according to the final inspection report of F.R.104 (4) regarding the accident dated 20.08.2018 of the vehicle No. KI-1527 and the said officer had been informed to pay the amount of Rs. 462,800/- , the cost of repairing the car. However, a request had been made by that officer to consider regarding the charges at the end of the case since the Matugama Police is maintaining a case in the Matugama Magistrate's Court in this regard. Currently, a report has been called from the Matugama Police in this regard and further work is being done.	The recommendations mentioned in the final report should be implemented without delay.
(iii) F.R.	316,400	No preliminary	The final inspection	The investigation

104(3)	<p>investigation was conducted regarding 30 items of inventory worth Rs.316,400 in the Minister's office had been destroyed by fire on 09 May 2022 and regarding the existence of a shortage of 50 inventory items.</p>	<p>boards have been appointed according to the F.R.104 (4) regarding the damages caused by the fire mentioned below, and further action will be taken according to the inspection report.</p>	<p>should be completed without delay and the loss should be recovered from the responsible parties.</p>
(iv) F.R. 2,031,327 109(1)	<p>If there is any difference between the maximum value to be recovered from the damage and the amount decided to be recovered after completion of all preliminary work including determination of amounts to be collected by all means such as revenues, insurance and surety etc., the difference should be removed from the book. No such measures had been taken in 10 cases amounting to a total of Rs. 2,031,327.</p>	<p>Investigation boards have been appointed to conduct final investigations according to F.R. 104(4) related to the accidents mentioned under this, and it is kindly informed that the inspection reports will be obtained and will be dealt with according to F.R.109(1).</p>	<p>The losses incurred should be written off from the books immediately.</p>
(v)FR 1647 (e)	<p>The officers in charge of the vehicles had not maintained a register indicating the type and design of each motor vehicle in their custody, the registration number, the date of delivery, the date of hand over and details in that regard and other due information.</p>	<p>An updated data system containing vehicle information in the tourism sector had been prepared and relevant information could be obtained online. However, due to the installation of the tourism department in a new building, the internal networking activities have not yet been completed, therefore, it was not possible to submit the relevant information to the audit.</p>	<p>A motor vehicle register must be maintained.</p>

- (c) Ministry of Public Administration and Management Circulars
Circular No. 05/2008 dated 06 February 2008 as amended by Circular No. 05/2018 (1) dated 24 January 2018
- The Ministry had not taken action to prepare the Citizen/Client Charter and display it to the public.
- The Ministry Citizens' / Clients' Charter has been prepared and displayed in the official website of the Ministry by 29.12.2021. As the Land Commissioner General's Department and the Ministry of Lands are located in the Mihikata Madura building, there was a problem regarding the place of displaying the Citizens' Charter and since the role of the Ministry was revised as of Tourism and lands, action has not been taken to display the citizenship charter prepared in relation to the aforesaid Ministry of Lands. At present, the citizens' charter has not been printed as unnecessary expenditure has to be restricted based on the Circulars for restricting government spending
- As per instructions of the Circulars, the Citizens'/Clients' Charter should be displayed to the public.
- (d) Section 2 of the Asset Management Circular No. 05/2022 dated 04 April 2022.
- The fixed assets of the Tourism Division of the Ministry were not recorded.
- Since a fixed assets module has been set up in the Cigas programme as per the Public Accounts Circulars, it is not mandatory to maintain the fixed asset register.
- A fixed asset register should be maintained as per circular instructions.

2.4 Deposit Balances

The following observations are made.

Audit observation	Comments Of The Chief Accounting Officer	Recommendation
(a) Even though the due contributions for the Employees' Provident Fund and Employees' Trust Fund must be credited within 14 days after the end of the relevant month according to Section 10 of the Employees' Provident Fund Act, No. 15 of 1958, total contributions amounting to Rs.1,837,169 comprised of Rs. 1,682,865 as Employees' Provident Fund and Rs. 154,304 as Employees' Trust Fund had been retained in the general deposit account of the Ministry without remitting the amounts to those institutions. It was further observed that surcharges should be charged from the responsible officers for the money not paid so as per Section 16 of the Act.	There were allocated amounts of Rs.1,290,950 to the Employees' Provident Fund and Rs.154,304 to the Employees' Trust Fund for the employees of the organic fertilizer project implemented in the North Central Province by the Land Reform Commission in the month of June 2021. The preparation of B forms related to the workers had not been carried out or the registration of the Land Reform Commission as an employer had not been done until the completion of this project, and the Land Reform Commission has made arrangements by now to complete the forms and forward them to the Labour Department. I would like to inform that arrangements will be made to pay the funds after the completion of those activities.	The outstanding funds should be remitted to the Employees' Provident Fund and the Employees' Trust Fund immediately.
(b) Even though the money kept in suspense in an account should be credited to the relevant account or the government revenue or should be refunded promptly as the case may be without allowing it to be considered as overdue deposits in terms of FR 571(3), an amount of Rs. 33,869,485, which had been retained for payments related to the organic fertilizer project, had been held in the general deposit account of the Ministry since 24 April 2022.	Sixty one (61) cheques worth Rs.33,869,485 issued by the Land Reform Commission had been concealed and the amounts had been submitted to the Ministry and credited in the General Deposit Account and letters bearing No. s 03/12/8 dated 28.02.2023 and No. 3/1/2 dated 04.04.2023 have been forwarded to the Chairman of the Land Reform Commission informing to take action related to repayment of the amounts as and when the requests are received in that regard.	Deposits should be settled promptly.

2.5 Operation of Bank Accounts

Audit observation	Comments Of The Chief Accounting Officer	Recommendation
Even though action should be taken to identify cheques that had not been presented to the bank for more than 06 months and to charge them to revenue in terms of FR 396 (d), action had not been taken accordingly in relation to a cheque worth Rs.24,666 in the bank account of the Ministry of Tourism and Lands.	Action will be taken in relation to the cheques worth Rs. 24,666 in terms of FR 396.	The cheque should be cancelled and the amount payable should be accounted as a credit.

3. Operational Review

3.1 Non-achievement of the expected level of outcome

The following observations are made.

Audit observation	Comments Of The Chief Accounting Officer	Recommendation
(a) The amended Bills related to the Land Acquisition Act No. 09 of 1950 and Survey Act No. 17 of 2002 had not been published in the Gazette and the said amended Acts had not been passed in the Parliament.	Cabinet approval has been obtained for the amendment of the Land Acquisition Act No. 09 of 1950 and the Act is being drafted by the Legal Draftsman. Proposals received from the Survey Department and the Survey Council for the amendment of the Survey Act No. 17 of 2002 are being discussed.	Necessary measures should be taken to pass the relevant Act promptly.
(b) The Ministry of Justice had not been consulted and the necessary amendments had not been made as indicated in the performance report 2022 regarding the Registration of Title Act No. 21 of 1998, and the Sections to be amended in the Land Grant (Special Provisions) Act No. 43 of 1979 had not been identified and the approval of the Cabinet of Ministers had not been obtained.	It was discussed at the workshop held by the Ministry of Justice on 24.02.2023 that it should be decided whether amendments would be introduced for the Registration of Title Act No. 21 of 1998 or whether it is appropriate to introduce a new Act for that. It was decided to discuss it in the future. Preliminary discussions have been held to identify amendments to the Land Grants (Special Provisions) Act No. 43 of 1979.	Necessary measures should be taken to pass the relevant Act promptly.
(c) Provision amounting to Rs.74,703,644 had been utilized and an provision of Rs.160,019,166	Even though provision had been allocated in the year, an amount of Rs. 160,019,166 had been saved imprest has not been	Action should be taken to carry out the planned tasks

had been saved out of the provision of Rs.234,722,810, allocated for the 04 districts of Kurunegala, Puttalam, Ratnapura and Kegalle for the acquisition of lands in the year under review. The amount saved had been in between 50 and 79 percent as a percentage.

released. Release of imprest is carried out promptly. by the General Treasury. It was observed that a large amount of money has been saved in the year due to not providing imprest amounts even though allocation has been released to the District Secretary in the year 2022.

3.2 Not obtaining the expected Benefits

Audit observation	Comments Of The Chief Accounting Officer	Recommendation
<p>It had been planned to give 20,000 land parcels in the year under review by the programme of providing investment opportunities in the state lands for encouraging youth entrepreneurship implemented in order to encourage youth entrepreneurship with the objective of encouraging local production and providing the necessary institutional support by selecting young people, who are engaged in various production by representing agriculture, commerce, tourism and other service production sectors in Sri Lanka and who have entrepreneurship skills but have not yet received initial state testing support for that and 47 plots of land had been given comprised of 03 to Kalutara district, 04 to Galle district, 28 to Kurunegala district and 6 each to Ratnapura and Badulla districts. It was observed in the audit that it had taken as less amount as 5 percent out of the planned amount.</p>	<p>Although provision had been requested from the budget estimates for the year 2022 for this programme, which was started to provide investment opportunities in state lands with the aim of encouraging youth entrepreneurship in Sri Lanka, the total number of land plots that could be provided under this programme by the end of the year was limited only to 1,119 as provision had not been allocated from the budget for this project.</p>	<p>Action should be taken to reach the goals as planned.</p>

3.3 Asset Management

The following observations are made.

Audit observation	Comments Of The Chief Accounting Officer	Recommendation
(a) Organic Fertilizer Project		
(i) In the last year, the allocation of Rs.350,000,000 had been spent and organic fertilizer projects had been started in Anuradhapura and Polonnaruwa districts and cultivation machinery and equipment worth Rs.31,027,575 had been purchased for that. Although the project has been closed during the year under review, action has not been taken regarding the protection of the assets of the project or re-utilization of assets for an productive function even by 10 April 2023.	The asset register dated 22.04.2022 has been the asset register prepared in relation to the transfer of the 33 centres of the pilot project of producing the organic fertilizer to farmer organizations. Namely, Annexure related to the letter bearing No. 9/2/6/1-vol iii dated 22.04.2022 submitted to the Commissioner General of the Department of Agrarian Development. I would like to further inform you that the equipment and materials of Oyamaduwa warehouse, Senanayake warehouse and office warehouse have not been included in this document and the reason for not including them was that those warehouses were not intended to be transferred to farmers' organizations at that time.	Prompt action should be taken regarding the security of assets and their productive utilization.
(ii) Even though it had been recommended to the Secretary of the Cabinet of Ministers to carry out an independent full investigation into the reasons for the failure of this project, the manner of spending money and the parties contributed to it and to submit a report with suitable proposals regarding the related future actions to the Cabinet according to the decision of the Cabinet of Ministers bearing No. CP/23/0383/615/017 dated 28 March 2023 regarding the completion of the organic fertilizer project implemented by the Land Reform	I kind inform that the Cabinet Memorandum dated 28.03.2023 was received by the Secretary to the Cabinet of Ministers on 17.04.2023 and according to the said memorandum, the next steps have been taken very quickly. An investigation committee was appointed in the discussion dated 2023.04.29 and under my signature to conduct an independent investigation focusing on the reasons that affected the suspension of the project studying the project intensely and the use of money and the personnel, who contributed in that. The said committee consisted of a former state minister, secretary and an additional secretary of the ministry, a chief financial officer and an executive	An independent full investigation should be conducted and disciplinary action should be taken accordingly.

Commission in the North Central Province and disposal of the resources, action had not been taken accordingly.

level officer of the National Fertilizer Secretariat. The relevant investigation activities are being conducted currently.

The Chairman of the Committee has informed that an in-depth study should be done on the project, and accordingly an investigation should be conducted according to the Cabinet memorandum and sufficient time is required for that and at least 06 weeks to submit the investigation report. It is expected to take further action in this regard after receiving the report.

(iii) Bank reconciliation statements regarding the transactions of 02 bank accounts maintained in Anuradhapura and Battaramulla branches of the Bank of Ceylon on the Organic Fertilizer Project had not been prepared and submitted to the Auditor-General and although they had become inactive accounts on the date of audit, the related information was not submitted to the audit.	The Management had not submitted comments.	Bank reconciliation statements should be submitted to the Auditor General.
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(b) The motorcycle bearing No. WP UL 1769 belonging to the Ministry had not been in running condition for many years and the repair was carried out without any checks on whether it was economically productive.	The Management had not submitted comments.	It should be examined whether the renovation is economically productive.
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3.4 Losses and Damages

The following observations are made.

Audit Observation	Comments of the Chief Accounting Officer	Recommendation
The value of the damage related to the accident occurred to the vehicle No. PE-0628 on 04	PF-0628 was a car assigned to the former Minister. The Ministry has not been informed about this accident and it has	Should be recovered from the driver.

August 2022 had been estimated as Rs.323,600 and even though it was revealed according to the report of the Board of Inspection that the driver had been responsible for this, any action had not been taken in this regard.

not been reported to the police. It has been observed that the driver was responsible as per the preliminary inspection report in terms of FR 104 (3). The initial report on the losses has also been submitted and a final Board of Inspection has already been appointed in terms of FR 104 (4). I hope to take appropriate action after receiving the final inspection report.

3.5 Management Deficiencies

The following observations are made..

Audit Observation	Comment of the Chief Accounting Officer	Recommendation
(a) Although provision of Rs.2,513,476,724 required for paying compensation for the acquired lands was released to the District Secretariats by the Ministry in the year 2021,It was observed that action had not been taken to obtain a confirmation to the effect that the relevant provision was paid to the recipients.	Since imprest is released by the treasury although provision has been allocated, reports are called from each Divisional Secretary at the end of each year regarding the releasing of funds to compensation recipients. Further, a data system is being prepared using information technology for the purpose of getting connected with the Divisional Secretariats.	After obtaining a confirmation as to the actual value of the compensation paid, the balance should be revealed.
(b) As per section 2 of the Land Acquisition Act, after Notice being published on 21 April 2021 for the purpose of acquisition of the lands in the extent of 10 acres 02 roods and 27.26 perches located in the villages of Gandara and Thalalla in the Divisional Secretariat of Devinuwara in the district of Matara for the construction of the Gandara fisheries harbor, and as per section 38(A) of the Act, interim injunction order being published in the gazette No2266/51 dated 10 February 2022, and although a sum of Rs.31,500,000 had been paid on 06 January 2021 to the Devinuwara Divisional Secretariat by the Ministry of	When a land is required for certain institution, Department or Ministry, the aquisition process should be started only after the assesed amount therefor being deposited in the relevant Divisional Secretariat or obtaining the F.R.53 approval. Compensation is subsequently paid having conducted inspections on title and determining the entitlement.This acquisition process has currently progressed up to section 7 statge.	The relevant acquisition should be carried out in a such way that no interest payments are made and compensation should be paid as immediatly as possible.

Fisheries for making compensations, no action had been taken to pay such compensation and instead had been retained in a current account belonging to the Divisional Secretariat. It was therefore observed at the audit that there was a possibility of interest being increased to be paid on the compensation.

- (c) Bids were called for the internal repair of the vehicle No 253 – 3555 on 30 September 2020 and handed over to approved private garage in Thalawathugoda which submitted the lowest assessed amount of Rs. 389,000 and after recalling the bids the repair being completed at a cost of Rs. 1,020,000 and it had been handed on 28 March 2023. It was further observed that the delay in repairing the vehicle was due to the engine Number of the vehicle (4D56JSO 455) and the engine number of the registration certificate((JWYJNK 340 WP 0129) being different and it was observed at the audit that the the Ministry's non initiation of immediate action to solve that issue a sum of Rs. 631,000 had to be additionally incurred by the Ministry.
- When the need for an engine repair of the vehicle No 253-3555 was arisen, as per the public circular 03/2016, it was referred to Indika Motors for dismantling and when it was referred to the Mechanical Engineer on 30.09.2020 for obtaining recommendation for the estimate of Rs.389,000, it was revealed that the register number of it did not match. And, Instructions were sought in this regard from the Commissioner General of Motor Traffic. However, owing to obstruction of duties due to the Covid 19 pandemic prevailed in the country, there was delay in receiving instructions from that Department. It was instructed to show the vehicle to a Motor Traffic Instructor and get a report and although several written and verbal requests were made for obtaining instructions, due to the situation prevailed, it was not possible obtain the required assistance. When the Mechanical Engineer attached to this Ministry went to the Department of Motor Traffic and presented the issue, instructions had been given to repair the vehicle and thereafter show it to the Werahara branch. Accordingly, since the vehicle was not in running condition, action was taken to obtain a new estimate from the Indika Motors as per the Public Administration Circular No 03/2016. On that occasion, an estimate of Rs. 1,020,000 dated 09.01 2023
- Further action should be taken after ascertaining as to how the engine number was changed.

has been presented. Since there has been an excessive price increase in motor spare parts due to prevailing economic crisis, the approval of the Minor Procurement Committee was received to carry out the repair under new estimate. All mechanical side recommendations related to the vehicles of the Ministry had to be obtained from the Mechanical Engineer attached to the Ministry of Education and a Technical officer. Here, several practical delays were caused and nevertheless, repairs have been completed by now and it is informed that action is being taken to correct the registration certificate.

- (d) After the application for the acquisition of the land in extent of 1 acre 02 roods and 20 perches(0.6545) in the plan No 4406 for the development of Moragahahena sub town, located in the village of Moragahahena in the Divisional Secretariat Division of Horana in the District of kalutara being received on 06, September, 2007 from the Ministry of Urban Development and Sacred Area Development, the possession of the land had been taken following the interim order 38(a) being published in the gazette No 1560/16 dated 31 July 2008.. It had been informed to submit entitlements to the land 5 years after the possession of the land being transferred to the Government and it had been taken 06 years from the date from which section 7 was published to publish under section 17 the names, addresses and particulars of those who are entitled to compensation. Accordingly, it was observed at the audit that since around 12 years had been taken for the above process, the interest amount that had to be paid
- There are 26 blocks in the preliminary plan prepared related to this acquisition and inspections on tile for those blocks should be separately conducted, and issues confronted regarding each block are different from each other.. Therefore, the issues thus confronted should be resolved through the mediation of the Ministry of Lands, the Legal Draftsman's Department and the Compensation Review Board. Therefore, the time taken for inspections on title cannot be controlled and a preliminary draft for amending the Acquisition Act related to minimizing the prevailing weaknesses and making the acquisition process efficient, has been prepared. Further, action has been taken to prepare the data systems using information technology for the follow up activities of the acquisition files and action is being taken to expand it at Divisional Secretariat level.
- Compensation should be paid in a way that doesn't involve the payment of uneconomic interest.

uneconomically in respect of the compensation amount that stood at Rs. 26,180,250 paid for the lot numbers 1,10,11,14, was Rs. 24,227,134.

- (e) The request by the Urban Development Authority for the acquisition of the land for the reestablishment of the Army Headquarters, containing in extent of 0.492 hectare, comprising 274 blocks, located in the village of Thalangama -South in the Divisional Secretariat Division of kaduwela in Colombo district, had been referred to the Ministry on 26 June 2013. However, as per order 248 (A) of section 460 of the land acquisition Act, action had not been taken to conduct a preliminary investigation and pay attention towards the suitability of the land, effectiveness and the hardships caused to the owner of the land due to the acquisition and the other development programmes taking place in the area. And also, as per section 38 of the Act, although the accepting of the ownership of the land for an emergency and essential matter takes place on the informing of the Minister of the requesting Ministry, notwithstanding of which the transferring of the land to the Government from the date of referring the application following the interim order being published in the gazette which is, that the Ministry had not maintained the information regarding as to when the land was handed over to the Ministry of Defence following the relevant land being accepted by the District Secretary of Colombo on 16 July 2015, 01 year and 06 months later from the date from which the interim
- The institution using the land for a common purpose prepare and refer the acquisition proposal to the Ministry of Lands after inspecting the suitability of the land and other factors. The then Minister of Urban Development and Defence has referred the recommendation dated 19.09.2014 for issuing the interim order 38(A). The process of accepting of the possession should be carried out once the interim order 38(A) is issued following which the relevant gazette is issued. Since the interim order has been issued for 272 blocks, this may take a considerable time. Since the possession of the block has been handed over to the relevant institution at the very time when accepting of the possession took place from the owner of the land related to this acquisition, handing over of the possession cannot be mentioned as a single day. Since the administrative expenses related to this acquisition which is related to national defense was paid by the Urban Development Authority, the acquisition has been carried out on the basis of giving F.R. 53 approval prior to compensation being paid. This has been presented prior to compensation being paid following obtaining of the F.R 53 approval.
- Compensation should be paid in a way that doesn't involve the payment of uneconomic interest.

order 38 (A) being published. Further, no approval had been obtained for the shedule of approved proposals related to the lands acquired as per F.R. 53(4) and (5) after it being sumitted to the Director General of Budget before 15 of

February each year. Although interest amount should be paid to the compentation recipients for the time period that spans from the day of issuing the gazette under interm order 38(A) of the Act to the day the compentation being paid, no provision had been made by the Ministry to pay interest for these acquisitions even by the end of the year under review and accordingly, it was observed that the number of years in respect of which interest to be paid at 7 percnt was 3 to 4 years.

4. Human Resource Development

The following observations are made.

Audit Observation

Comments of the Chief Accounting Officer Recommendation

The following are the Ministry approved and actual cadre particulars.

	Approve d	Actual	Vacant
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Senior	35	27	08
Tertiary	05	03	02
Seconda ry	546	533	13
Primary	51	30	21
Other	<u>03</u>	<u>01</u>	<u>02</u>
	<u>640</u>	<u>594</u>	<u>46</u>

(a) The following observations are made related thereto

The approved cadre of the Ministry as at 31 of December in the year under review stood at 640 and since the actual cadre stood at 594, there were 46 vacancies.

(b)

46 posts had fallen vacant including 08 approved posts at senior level, 02 posts at tertiary level, 13 posts at secondary level, 21 posts at primary level and 02 posts under other posts.

The Ministry of Public Administration has been made aware of the vacant posts at senior, secondary, and tertiary level as at 31.12.2022. Although all activities related to the recruitment to the Departmental post of stenographer (Sinhala) have been finalized, giving permanent appointments has been stopped as per the budget Circular 03/2022. For obtaining approval based on the essentiality of posts(stenographer-Sinhala, Legal Officer), it has been referred to the Cabinet Appointed Committee for reviewing the process of recruitment of officers to the Government service.

Vacancies should be filled.