

Head 153- Report of the Auditor General on the the Ministry of Lands and Land Development and the Departments under the Ministry – 2013

This report consists of two parts.

Part 1 – The summary report on the accounts of the Ministry and the Departments under that Ministry.

Part 2 – Detailed report relating to each Head

Part I

The summary Report on the Accounts of the Ministry of Lands and Land Development and the Departments under that Ministry

1. Departments under the Ministry

Head of Expenditure	Department
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286	Department of Land Commissioner General
287	Department of Land Settlement
288	Department of Surveyor General
327	Department of Land Use and Policy Planning

2. Accounts

2.1 Appropriation Accounts

Total Provision and Expenditure

Total net provision made for the Ministry and 4 Departments under the Ministry amounted to Rs.5,455,285,640 and out of that a sum of Rs.4,807,667,431 had been utilized by the end of the year under review. Accordingly, savings from the net provisions of the Ministry and each Department ranged from Rs.1,793,803 to Rs.541,595,589 or from 1 per cent to 20 per cent. Details are given below.

Head	As at 31 December 2013			Savings as a Percentage of Net Provision
	Net Provision			
	Net Provision	Utilization	Savings	
	Rs.	Rs.	Rs.	
153	2,670,181,540	2,128,585,951	541,595,589	20
286	257,730,000	253,052,625	4,677,375	2
287	206,294,100	204,500,297	1,793,803	1
288	2,083,110,000	1,991,473,388	91,636,612	4
327	237,970,000	230,051,170	7,918,830	3
Total	5,455,285,640	4,807,663,431	647,622,209	

2.2 Revenue Accounts

Estimated and Actual Revenue

Revenue aggregating Rs.157 million had been estimated for the year 2013 by the Ministry and 2 Departments under the Ministry for 2 revenue codes and a revenue of Rs. 182 million had been collected during the year under review. Revenue had been collected at percentages ranged from 9 to 41 from the estimated revenue. Particulars are given below.

Revenue Code	As at 31 December 2013			Excess/ Deficit as a Percentage of Estimate
	Estimated Revenue	Actual Revenue	Excess (Deficit)	
	Rs.	Rs.	Rs.	
20.02.01.03	35,000,000	49,503,519	14,503,519	41
20.03.02.04	122,000,000	132,827,068	10,827,068	9
	157,000,000	182,330,587	25,330,587	

2.3 Advance Accounts

2.3.1 Advances to Public Officers Accounts

Limits Authorized by Parliament

Limits authorized by Parliament for the advances to public officers accounts of the Ministry and 4 Departments under the Ministry and the actual amounts are given below.

Item No.	Expenditure		Receipts		Debit Balance	
	Maximum Limit Rs.	Actual Rs.	Minimum Limit Rs.	Actual Rs.	Maximum Limit Rs.	Actual Rs.
15301	13,000,000	8,642,601	4,500,000	9,426,432	50,000,000	24,156,453
28601	19,000,000	13,657,950	11,000,000	14,586,514	85,000,000	50,441,975
28701	18,000,000	9,443,070	6,500,000	8,168,760	48,000,000	34,719,528
28801	155,000,000	96,603,627	100,000,000	109,124,602	492,000,000	293,076,656
32701	18,000,000	17,534,785	6,500,000	7,764,354	60,000,000	43,842,658

2.4 General Deposits Accounts

The total of the balances of Deposit Accounts of the Ministry and 3 Departments under the Ministry as at 31 December 2013 amounted to Rs. 186,293,178. Details are given below.

Ministry/ Department	Deposit Account Number	Balance as at 31 December 2013 Rs.
Ministry of Lands and Land Development	6000/0000/0015/0064/000	44,999
Department of Land Commissioner General	6000/0000/00/0015/0141/000	69,132,458
Department of Surveyor General	6000/0000/00/0003/0214/000	115,620,045
Department of Land Use and Policy Planning	6000/0000/00/0015/0186/000	1,495,676
Total		----- 186,293,178 =====

Part II

Detailed Report relating to each head

1. Head 153 - Ministry of Lands and Land Development

1.1 Scope of Audit

The audit of Appropriation Account of the Ministry of Lands and Land Development for the year ended 31 December 2013, comprising the financial reports, reconciliation statements, books and s and other reports was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Secretary to the Ministry on 04 December 2014. The audit observations comments and findings on the accounts and the reconciliation statements, were based on a review of the accounts and reconciliation statements presented to audit and substantive tests of samples of transactions. The scope and extent of such review and

tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1.2 Responsibility of the Chief Accounting Officer for Accounts and Reconciliation Statements

The Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Account and Reconciliation Statements in accordance with the Provision in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Public Finance and Administrative Regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

1.3 Audit Observation

According to the financial records and books for the year ended 31 December 2013 it was observed that except for the effect of the General observation at (a) to (c) and other major audit finding appearing in paragraph 1.4 to 1.11 herein, the Appropriation Account, the Revenue Account and Reconciliation statement of the Ministry of Land and Land Development had been prepared satisfactorily.

(a) Budgetary Variance

As overprovision for 6 capital Object had been made, savings of those items after being utilized the provisions had ranged from 16 to 100 per cent of the relevant net provisions.

(b) Imprest Accounts

The following observations are made

- i. Ad –hoc sub-imprest should be settled immediately after the purpose for which it was taken in terms of Financial Regulation 371. Nevertheless, sub-

imprests aggregating Rs. 189,625 given in 13 instances had been settled after delays of 01 month to 06 months period.

- ii. Eventhough in terms of Financial Regulation 371 the maximum Ad-hoc sub-imprest to be issued to a staff officer at a time is Rs.20,000, sub-imprests totalling Rs.207,517 had been issued to 03 officers in 04 instances in excess of Rs.20,000 contrary to Financial Regulations.
- iii. Out of the advance totalling Rs.153,000 given in 11 instances, expenditure ranging from 21 per cent to 91 per cent had been incurred. Advances of Rs. 30,000 obtained in 2 instances had been fully returned without being spent. Therefore it was observed that action had not been taken in terms of provisions in F.R 371(4).

(c) Reconciliation Statement of Advances to Public Officers Account

The following observations are made.

- (i) According to the reconciliation statement of the advance account item number 15301, as at 31 December 2013 the outstanding balances totalled as at that date amounted to Rs.219,710. The follow up action on the recoverability of outstanding balances had been at a weak level.
- (ii) Action had not been taken to recover the outstanding loan balances of 2 officers amounting to Rs.96,928 who had vacated their posts and remained for more than 8 years, even up to 31 October 2014.

1.4 Governance and Accountability

1.4.1 Annual Procurement Plan

An annual Procurement Plan had not been prepared even up to 31 December 2013 in terms of National Budget Circular No. 128 dated 24 March 2006.

1.5 Assets Management

(a) Assets given to External Parties

It was observed that 25 motor vehicles had been improperly released to the Land Use and Policy Planning Department by the Ministry.

(b) Unsettled Liabilities

Unsettled liabilities as at 31 December 2013 by the Ministry amounted to Rs.66,420,067. The following observations are made in this regard.

- (i) It was observed that liabilities had been committed in excess of the savings of Rs.405,786 in 4 Objects and as such expenditure had been incurred in excess of the provisions. Eventhough liabilities valued at Rs.4,343,749 had been committed by the end of the year under review, in 58 instances it had not been disclosed in the D.G.S.A. 08 form of the Appropriation Account.
- (ii) Eventhough a sum of Rs.83,000,000 had been given to the Land Settlement Department during the year under review under the Bimsaviya Programme, bearing Object Code No. 153-02-03-04-2105 by the Ministry, Liabilities of Rs.1,617,582 relating to 170 instances, further incurred in the year 2014 related to the expenditure for the year under review had not been disclosed in the Appropriation Account.

1.6 Non – compliance

(a) Non – compliance with Laws, Rules, Regulations etc.

Instances of non – compliance with the provisions of laws, rules and regulations observed at audit test check are analyzed below.

Reference to Laws, Rules and Regulations	Value	Non – compliance
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Rs.

**(i) Financial Regulations of
the Democratic Socialist
Republic of Sri Lanka**

- | | | |
|--|---------|---|
| <ul style="list-style-type: none"> - Financial Regulation
103(1) | - | <p>In terms of this regulation an accident is occurred it should be reported to the nearest Police station immediately after the accident. Nevertheless the accident caused to a vehicle on 22 September 2013 had been informed after a delay of 3 days.</p> |
| <ul style="list-style-type: none"> - Financial Regulation
104(3)
104(4) | 309,706 | <p>The preliminary report within 07 days and the final report within 3 months after occurring accidents should be presented. Nevertheless, action had not been taken to submit those reports in respect of 3 motor vehicle accidents.</p> |
| <ul style="list-style-type: none"> - Financial Regulation
104(2) | - | <p>When the value of losses/ damages is exceeded Rs.50,000 the copy of the report on losses should be submitted to the Treasury. Nevertheless, losses/ damages exceeding the value of Rs.50,000 incurred in 6 instances in the year 2013 had not been reported to the Treasury.</p> |
| <ul style="list-style-type: none"> - Financial Regulation
113(4) | - | <p>Action had not been taken to forward the copies of letters of authority given to waive off claims of Government revenue or other dues to the Auditor General.</p> |

1.7 Performance

Observations on the progress of the Ministry according to of the Annual Budget for 2013, Corporate Plan and the Action Plan are given below.

(a) Main Functions not Adequately Performed

- (i) The progress of the Bimsaviya Program for the year under review along with the past 2 years.

Year	Provision Rs.Mn	Expenditure Rs. Mn	Number of title certificates targeted	Number of plot of lands surveyed	Number of plots gazetted	Number of certificates registered
2011	1,000	481	200,000	157,470	79,678	25,697
2012	1,100	416	200,000	124,717	62,130	26,386
2013	800	670	500,000	110,630	58,690	63,943
Total	2,900	1,567	900,000	392,817	200,498	116,026

The following observations are made in this regard.

- The total expenditure incurred on Bimsaviya Program during the year 2013 was Rs.670 million and a sum of Rs.77.7 million had been paid as incentives to the staff of the Survey Department, Land Commissioner General's Department and the Land Registrar General's Department. However, the overall progress of the had been at a low level as 21.68 per cent as compared with the past 3 years.
- Eventhough the number of plot of lands scheduled to be issued as per the Appropriation Act of the year 2013 amounted to 500,000,

according to the Action Plan, the number of plot of lands, expected to be decided and registered for the issue of certificates amounted to 135,000. The number of title certificates issued in the year 2013 was 63,943 representing 47.4 per cent. Eventhough it was observed the increase of progress as compared with the previous year, it was dropped by 32.5 per cent as compared with the annual target. Further, the certificates so issued had included certificates which were not completed prior to the year 2013.

- Action on Land files could not be taken due to various reasons such as disagreement of land owners for boundaries, involving legal cases, owners not presented and other reasons in respect of many surveyed lands. Attention had not been paid in respect of further action on those files.
 - Even though the number of plot of lands surveyed during the year under review by the Survey Department amounted to 110,630, it was observed in audit that the number of plot of lands for which decisions were declared and the number of plot of lands sent to the Registrar General's Office had been 58,690 and 52,542 respectively.
- (ii) The progress of the implementation of recommendations made by the Lessons Learnt and Reconciliation Commission in respect of the resolution of land issues relating to the resettlement of displaced persons in the North and East due to war had not been included in the performance report for the year 2013. The following observations are made in this regard.
- Out of the provision of Rs.400 million made in the year 2013 for the implementation of recommendations made by the Lessons Learnt and Reconciliation Commission (LLRC), only 39.7 million had been spent for the resolution of problems relating to the resettlement of displaced persons in the North and East due to war.

The progress of the implementation of LLRC recommendations are given below.

	Number of claims received	Number of cases solved	Balance cases to be solved	Resolved cases as a percentage
	-----	-----	-----	-----
Land claims for settlement	96,060	16,181	79,879	16.8
Regularization of documents	31,621	2,471	29,150	7.8
Other Land problems	27,372	4,593	22,779	16.8
	-----	-----	-----	
Total	155,053	23,245	131,808	14.9
	=====	=====	=====	

Accordingly, it was observed in audit that the overall progress of the implementation of recommendations had been at a low level as 14.9 per cent.

- (iii) A provision of Rs.1,300 million had been made in the year 2013 for the acquisition of lands for government activities, out of which a sum of Rs.1,252 million had been spent thereon. However, the progress of the acquisition of lands in each District had not been included in the performance report.
- (iv) Land acquisition files in the Ministry relating to the period from 2008 to 2013 being implemented at present amounted to 1,563 out of which 1,207 files related to the year 2013. Number of no further action files after being paid compensation had been 76 whereas 79 files had been abandoned.

(b) Planning**(i) Non – performance in Accordance with the Annual Action Plan**

The following observations were made.

- Except the implementation of Bimsaviya Program in the Action Plan of the year 2013 and the implementation of the functions of the land acquisitions and compensation division, a proper attention had not been paid for the other main functions of the Ministry such as formulation and implementation of land policies, management of crown lands, optimum survey mapping and information services, planning and implementation of land use, implementation of the National Data Base relating to Lands etc. As such, the progress of the performance report could not be compared with the action plan.
- In the preparation of action plan of the Ministry for the year 2013, the expected targets for the implementation of recommendations of the LLRC had not been included.
- In preparing the action plan of the Ministry, proper attention had not been paid in respect of certain activities in the action plans of the other Departments under the Ministry. As a result, the following contradictions between the Ministry targets and Departmental targets were observed.

Department -----	Activity -----	Targets -----	
		As per the Ministry -----	As per the Department -----
Department of Land Settlement	No. of plots expected to be investigated	135,000	224,280
	No. of title deeds expected to be issued	135,000	134,568
Department of Surveyor General	No. of plots of Lands expected to be surveyed	147,000	184,500

1.8 Irregular Transactions

The Additional Secretary (Bimsaviya) had informed by his letter dated 01 March 2013 to the institution to hand over the stock of handouts before 05 February 2013 printed by that institute to the Ministry, which had submitted the minimum quotation for the printing of 150,000 handouts to be distributed in the Deyata Kirula Exhibition 2013 with the objective of awareness of Bimsaviya Program. However, the covering approval of the procurement committee for this quotation had been requested only on 07 May 2013. Accordingly, it was observed that this purchase had been made without being identified the procurement requirements within the due period and before getting the approval of the procurement committee.

1.9 Losses and Damages

Observations on losses and damages revealed at audit test checks are given below.

- (a) Values of Rs.2,137,534 and Rs.233,915 in the D.G.S.A. 7 and 7 (1) forms respectively stated as losses and damages caused in the year 2012, but the value of losses and damages amounting to Rs.1,343,799 relating to 7 events occurred in the year 2013 had not been included in the D.G.S.A. 7 and 7 (1) forms.
- (b) A motor vehicle had met with an accident on 18 December 2013 and got it repaired by incurring an expenditure of Rs.71,721. A sum of Rs.64,037 had been reimbursed as compensation from the insurance company and as such a loss of Rs.7,684 had been incurred.

1.10 Management Weaknesses

The following weaknesses were observed at audit test checks.

- (a) In terms of paragraph 03 of the letter No.CA/1/17/1 dated 14 May 2010 of the President Secretary on public expenditure management, the maximum number of vehicles allocated to the use and security of Ministers had been limited to 3. Contrary to that 8 official vehicles had been attached to the relevant Minister by the Ministry.

- (b) A sum of Rs.540,000 had been spent for conducting 9 workshops named as monthly enlightenment dialogue pavilion (මාසික ප්‍රබුද්ධ සංවාද මණ්ඩපය) for the 2010 and 2011 batches of Sri Lanka Administrative Service Officers working in the Ministry and Departments under the Ministry during the year 2013. About 203 books of 30 types, not related to the workshops for the year 2013 had been distributed among the participants of those programs and a sum of Rs.292,565 had been spent from the provision made for the training program of the Ministry. Further lists of names who obtained the books had not been maintained, up to date and according to the nature of novels and short stories given to participants, it was not explained to audit what was expected from it.

1.11 Human Resources Management

(a) Approved Cadre and Actual Cadre

The cadre position as at 31 December 2013 is given below.

	Staff Category	Approved Cadre	Actual Cadre	Number of Vacancies
	-----	-----	-----	-----
(i)	Senior Level	20	17	03
(ii)	Tertiary Level	06	05	01
(iii)	Secondary Level	420	392	28
(iv)	Primary Level	48	44	04
	Total	494	458	36
		=====	=====	=====

Action had not been taken to fill 36 vacancies by the Ministry, by the end of the year under review.

2. Head 286 - Department of Land Commissioner General

2.1 Scope of Audit

The audit of Appropriation Account and the Revenue Account of the Department of Land Commissioner General for the year ended 31 December 2013 comprising the financial reports, reconciliation statements, books and s and other reports was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Report for the year under review was issued to the Head of Department on 17 December 2014. The audit observations, comments and findings on the accounts and the reconciliation statements, were based on a review of the accounts and the reconciliation statements presented to audit and substantive tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

2.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements.

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account, Revenue Account and the Reconciliation Statements in accordance with the provision in Articles 148, 149, 150 and 152 of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Public Finance and Administrative Regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

2.3 Audit Observations

According to the financial records and books for the year ended 31 December 2013, it was observed that except for the effects of the general observations at (a) to (e) and other major audit findings appearing in paragraphs 2.4 to 2.10 herein, the Appropriation Account, the Revenue Account and Reconciliation Statement of the Department of Land Commission General had been satisfactorily prepared.

(a) Budgetary Variances

As overprovision for 06 Objects had been made, the savings after being utilized the provisions had ranged from 12 per cent to 89 per cent of the net provision of those Object.

- (b) Eventhough the rent and local authorities taxes most probalaly can be estimated exactly, a net provision of Rs.1,215,000 had been made under Object Code 286-02-01-1404, a sum of Rs.584,795 or 48 per cent of the provision had been saved at the end of the year. The reasons stated there for that was non – incurring expenditure as expected.

(c) Imprest Account

Eventhough sub – imprests should be settled immediately after the purpose for which it was obtained, sub – imprests had been settled after the purpose for which they were obtained after delays of 26 to 66 days in 21 instances. As action had not been taken to forcast the expenditure to be incurred properly advance balances to be settled in cash after expenditure was incurred, ranging from 23 to 66 per cent in 16 instances.

(d) Revenue Accounts

 The following observations are made.

- (i) A sum of Rs.35 million had been estimated under the Code No. 20.02.01.03 by the Department for the year 2013 and a sum of Rs.50 million or 143 per cent of the estimated revenue had been collected during the year under review.
- (ii) According to the Revenue Account Code No.20.02.01.03 presented, arrears of revenue totalled Rs.11,818,745 and such arrears of revenue had been outstanding for the periods ranging from 01 to 03 years. The follow up action for the recovery 4 of these arrears had been at a weak level.
- (iii) According to FR 85(1)(c) and the Public Fiscal Policies and Economic Affairs Circular No.01/2002 dated 17 July 2002, it was directed that the revenue should be forecasted as accurate as possible. All Accounting Officers had also been informed by paragraph 4.1 of State Account Circular No.235/2013 dated 07 January 2014 to pay attention in this regard. In the Examination of the estimated revenue and the actual revenue for the past 5 years, it was revealed that the Department had continuously prepared under estimations. Particulars are given below.

Year	Revenue estimate	Actual revenue	Revenue collected more than the estimates	Revenue collected more than the estimates as a percentage of the estimate
-----	-----	-----	-----	-----
	Rs.	Rs.	Rs.	
2008	11,543,976	18,709,654	7,165,678	62
2009	10,699,290	23,084,289	12,384,999	115
2010	15,000,000	17,425,204	2,425,204	16
2011	16,000,000	28,854,745	12,854,745	80
2012	25,000,000	34,690,642	9,690,642	39
2013	35,000,000	49,503,519	14,503,519	41

- (iv) The Department had not maintained registers containing particulars such as total state lands in the Island, total number of lease hold lands and the nature of revenue collections and as such it was not ensured the correctness of net revenue collected, whether arrears of revenue was correct and the recovery position.

(e) Reconciliation Statement of Advances to Public Officers Account

The following observations are made.

- (i) According to the Reconciliation Statements of the Advance Account bearing item No.28601 as at 31 December 2013, the outstanding balances totalled Rs.2,922,487 and the follow up action of recovery of these outstanding balances had been at a weak level.
- (ii) The balance of the Advances to Public Officers 'B' Account as at 31 December 2013, amounted to Rs.50,532,945 whereas according to the Treasury printout the balance was Rs.50,738,733, thus showing a difference of Rs.205,788.

2.4 Governance and Accountability

2.4.1 Unsettled Liabilities

Unsettled liabilities by the Department as at 31 December 2013 amounted to Rs.2,931,340 and all these were less than 01 year. Further, liabilities amounting to Rs.192,424 relating to 11 instances had not been included in the D.G.S.A. Form of the Appropriation Account, 2013.

2.5 Non -compliance

Non –compliance with Laws, Rules, Regulations etc.

Instances of non-compliance with the provisions of Laws, Rules and Regulations observed at audit test checks are given below.

Reference to Laws, Rules and Regulations **Non - compliance**

(i) Public Administration Circulars

Paragraph 1.3.1(1) of Public Administration Circular No.2008/13 dated 01 June 2008

Contrary to the circular instructions, transport facilities had been provided for officers who were not entitled to group transport facility. Transport facilities had also been provided in excess of the limit of 50 km for up and down travel between 2 places.

(ii) Ministry Circulars

Ministry Circular No.02/2010 dated 24 March 2010
- Paragraph 01,03,04,05

Irrespective of the motor vehicle circulars, milo meters of certain vehicles used for group transport had not been in operation but they had been used for group transport. Running charts for certain vehicles had also not been properly maintained.

2.6 Performance

According to the Action Plan for the year 2013 observations on the progress of the Department are given below.

(a) Annual targets of each activity stated in the performance report had not been included.

(b) Main Functions not Adequately Fulfilled

Eventhough it was decided to solve 1,500 problems during the year under review according to the Action Plan under the inter provincial irrigation provincial level land development projects and state land problem solving program only, 1,246 problems were solved. Further there were 2,143 problems to be solved at the end of the previous year and the total problems in the year 2013 were 7005 including 4,862 problems of this year. As such, only action had been taken to solve as small as 18 per cent of the problems existed in this year.

(c) Planning**-----
Action not taken in Accordance with the Annual Action Plan
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It was observed that action had not been taken in accordance with the Action Plan in the following instances.

**(i) Issue of Deeds under the Land Development Ordinance
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Eventhough it was planned to issue 30,000 Ranbima deeds, it was stated as 10,000 in the performance report. Meanwhile only 6,582 deeds had been issued in the year under review.

**(ii) Issue of Deeds under the Land Development Ordinance and Land Acquittal Ordinance
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Eventhough it was targeted to issue 45 middle class deeds under the Land Development Ordinance as per the annual action plan, only 19 deeds had been given during the year under review.

**(iii) Issue of Line – drawings
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Full information regarding the line – drawings for the year 2013 was not made available for audit. According to the information in 41 Divisional Secretariats, the progress of issuing line drawings had been at a low level.

Year	Number of line - drawings carried forward	Demand for line - drawings	Number of line – drawings received	Total number of line – drawings to which deeds to be prepared	Number of line – drawings for which deeds were prepared	Number of line – drawings for which deeds could not be prepared	Balance line – drawings for which deeds to be prepared
2013	5,717	Not presented	853	6,570	1,003	1,338	4,229

2.7 Irregular Transactions

The following matters were observed.

Certain transactions entered into by the Department had been informal. Certain instances observed in audit are given below.

(a) Deviation from the Procurement Guidelines

The following matters were observed.

- (i) Eventhough the approval of the Department Procurement Committee had been granted to purchase furniture and equipment, agreements had not been signed during the specified period.
- (ii) Fifty four furniture equipments relating to 5 items stated in the requirement register had been purchased in excess of the requirement and any money had not been recovered for the delays in supplying furniture and equipment on the specified period. It was also observed that in awarding the contract, the above conditions and the procedure to be followed when inferior quality of s or s outside the specification were supplied had not been included as conditions of contract in the agreement.
- (iii) It was observed that 355 items of s purchased in the year 2013 had remained un-delivered among the Deputy Land Commissioners Offices even by 31 May 2014.

(b) Payment of Incentives under the Bimsaviya Program

A sum of Rs.1,186,240 had been paid in the year 2013 as incentives under this incentive scheme relating to the year 2012, only for the Head office in respect of issue of licenses, deeds and longterm licenses. Out of the total value of this amount, 70 per cent or Rs.826,995 had been paid only to 3 officers. The following matters were observed in this regard.

- (i) Eventhough the issue of deeds, licenses and long terms licenses is the main objective of the Department, this incentive scheme had been prepared in a manner that incentives are entitled at a high percentage to only few officers in the top management.
- (ii) Out of the total staff of about 173 in the Head Office, incentives were entitled only for 13 officers. Distribution of incentives had been determined by the relevant Divisional Heads and there were abnormal distribution variations of incentives among these officers as well.
- (iii) Eventhough the approval of the Director of Establishments had been obtained to pay an allowance of Rs.640 per plot of land in excess of the targeted number of plots of land, the Secretary to the Ministry was not made aware about the distribution system among the related parties and approval had not been obtained.

2.8 Losses and Damages

According to the D.G.S.A. 7 Form in the Appropriation Account, there were 5 incidents as at 31 December 2013 amounting to Rs.987,042 to be further recovered or written off or vared off. Of this amount 2 incidents valued at Rs.700,164 had remained for more than 3 years but action had not been taken to recover or write off it even by 31 May 2014.

2.9 Management Inefficiencies

(a) Kirindioya Housing Loan Project

Loans totalling Rs. 11,603,000 had been granted to 1436 Colonists under the Kirindioya Housing Loan Project in the year 1993 under the subsidy scheme and the position as at the end of the year 2013 and the particulars of recoveries are given below.

- (i) Within the period of about 20 years, only a sum of Rs.7,850,425 or 68 per cent of the loans had been recovered and the outstanding balance as at the end of the year 2013 had been Rs.3,752,575 Or 32 per cent.

- (ii) Recoveries had been made in the year 2013 as low as 3 per cent and the recovery process had been at a weak level.

(b) Official Quarters

Nature of residing in the official quarters is given below.

Regional Office	Nature of Residence		Vacant position		Unauthorized	Given to other Institutions	Total
	Rent being recovered	Operating offices	To be repaired	Being dilapidated			
Monaragala	6	0	1	3	0	4	14
Kanthale	2	0	4	0	0	0	6
Tricomalee	5	0	0	3	0	4	12
Dembarawewa	21	0	6	0	0	3	30
Mahiyanganaya	6	9	7	4	3	12	41
Ampara	8	1	11	3	7	12	42
Polonnaruwa	32	3	10	2	7	9	63
Anuradhapura	11	17	23	14	12	14	91
	----	----	----	----	----	----	----
total	91	30	62	29	29	58	299
	====	==	==	==	==	==	====

The following observations are made.

- (i) Out of the 299 official quarters belonging to the Department, number of quarters from which rent are recovered amounted to 91 or 30 per cent and as such the recovery of rent had been at a weak level.
- (ii) Out of the balance of 208 quarters, 62 and 29 had been under repair and being dilapidated respectively and as such 30 per cent of the total quarters had been idle.
- (iii) Encroachers had occupied in 29 official quarters and action had not been taken to remove them or to earn any income therefrom.

2.10 Human Resources Management

(a) Approved Cadre and Actual Cadre

The cadre position as at 31 December 2013 is given below.

	Employee Category	Approved Cadre	Actual Cadre	Number of Vacancies
	-----	-----	-----	-----
(i)	Senior Level	48	29	19
(ii)	Tertiary Level	38	14	24
(iii)	Secondary Level	695	428	267
(iv)	Primary Level	119	81	38
	Total	----- 900 =====	----- 552 =====	----- 348 =====

3. Head 287 - Department of Land Settlement

3.1 Scope of Audit

The audit of the Appropriation Account of the Department of Land Settlement for the year ended 31 December 2013 comprising the financial reports Reconciliation Statements, books and s and other reports was carried out in pursuance of provision in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Head of Department on 04 December 2014. The audit observations on the accounts, comments and findings and the Accounts and the Reconciliation Statements, were based on a review of the accounts and the reconciliation statements presented to audit and substantive tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

3.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with provision in Articles 148, 149, 150 and 152 of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Public Financial and Administrative Regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

3.3 Audit Observation

According to the financial records and books for the year ended 31 December 2013 it was observed that except for the effect of the General observations at (a) to (d) and other major audit finding appearing in paragraph 3.4 to 3.10 herein, the Appropriation Account, the Reconciliation statement of the Department of Land Settlement had been prepared satisfactorily.

(a) Budgetary Variances

As overprovision had been made for 03 Objects, the savings after being utilized of those provisions had ranged from 10 per cent to 53 per cent of the net provisions relevant to those Object.

(b) Utilization of Provisions given by other Ministries and Departments

Provisions totalling Rs.83,000,000 had been given to the Department of Land Settlement by the Ministry of Land and Land Development for the Bimsaviya Program and a sum of Rs.66,286,951 had been utilized therefrom. Accordingly, a sum of Rs.16,713,049 or 20 per cent had been saved by the end of the year under review.

(c) Imprest Accounts

The following observations are made.

- (i) Although the Ad-hoc sub – imprest should be settled immediately after the purpose for which it was obtained in terms of F.R. 371, sub – imprests had been settled after delays of 21 to 160 days in 29 occasions.
- (ii) Contrary to the Financial Regulation 371(4), advances totalling Rs.39,491 given in 4 instances had been refunded in full and out of the advances of Rs.40,000 given in 2 instances had been settled only after spending a small amount. Accordingly, achievement of objective by obtaining Ad-hoc sub – imprests it was observed that action had been taken irrespective of the Financial Regulation.

(d) Reconciliation Statement of the Advances to Public Officers Account

The following observations are made.

- (i) According to the Reconciliation Statement of the Advance Account bearing item No.28701 as at 31 December 2013, the total outstanding as at that date was Rs.947,376. The follow up action on the recovery of these outstanding balances had been at a weak level.
- (ii) The difference of Rs.9,913 was observed between the total of individual balance summary and the control account of the Department and the reason for the difference was not revealed.
- (iii) Loan balances of one officer consisting of special, festival and distress loans amounted to Rs.1,250 , Rs.3,500 and Rs.92,430 respectively. Installments had not been recovered from this officer since July 2013.

3.4 Governance and Accountability

3.4.1 Internal Audit

An Internal Audit Unit had not been set up in the Department and the Internal Audit Unit of the Ministry had also not carried out sufficient internal audit.

3.5 Assets Management

(a) Unsettled Liabilities

- (i) Liabilities in excess of the savings amounting to Rs.388,859 relating to 02 Objects had been committed and as such it was observed that expenditure had been incurred in excess of provisions.
- (ii) Liabilities amounting to Rs.188,169 had been committed in 10 instances by the end of the year under review but it had not been indicated in the D.G.S.A. 8 Form of the Appropriation Account.

3.6 Performance

According to the Annual Budget estimates for the year 2013, Corporate Plan and Action Plan, observations on the progress of the Department are given below.

(a) Main Functions not Adequately Fulfilled

According to the Land Settlement Ordinance of 23 October 1931, the main functions of the Department had not been fulfilled adequately and certain instances so observed are given below.

- (i) According to the Land Settlement Ordinance of 23 October 1931, the main objective of the Department is to call for heritage applications, carryout investigations and release of villages. The position of taking action to settle villages is given below.

Particulars	No. of villages
-----	-----
Settlements in progress	70
Final report being prepared	06
Notices published in North & East	30
Documents misplaced though notices were published	57
Final report issued	25

Total	188
	====

The following matter was observed.

- Taking action in respect of 57 villages of which documents misplaced though notices were published had become uncertain.
- (ii) The position of 70 villages in which settlements are being in progress is given below.

Performance	Achievement
-----	(No. of villages) -----
Sending changes to Surveyor General being surveyed plots of lands	05
Formulation of provisions for settlement orders and being surveyed plots of lands changes	37
Sending settlement orders to the Land Registrar	09
Sending settlement orders to the Ministry	03
Settlement orders to be published in the Government Gazette	16

Total	70
	====

(b) Planning**(i) Annual Action Plan not in Conformity with Corporate Plan**

The Action Plan prepared had not been in conformity with the Corporate Plan in the following instances.

- The Treasury had given the target of issuing title certificates for 500,000 plot of lands in the year 2013 under Bimsaviya Program, but the Department had targeted to issue Bimsaviya certificates only for 97,700 plot of lands.
- It was observed that the achievement of the targeted objectives stated in the action plan for the year 2013 in the Bimsaviya Program had been at a weak level, as follows.

Particulars	Targeted objectives as per action plan (cumulative plot of lands)	Progress of the year 2013 as per performance report (Plot of lands)
Field investigations	224,280	Not stated
Land registration tests	168,208	Not stated
Number of plot approved by the Land Settlement Commissioner	134,568	71,315
Number of plots gazette	134,568	58,690
Number of plots sent to the Land Registrar	67,284	52,542

- According to the action plan, the number of plots approved to gazette under Section 14 amounted to 134,568 but only 44 per cent or 58,690 plots had been gazetted, by the Department.

- Although 104,173 surveyed plots by the Surveyor General's Department had been given to the Department, action had been taken to send only 52,542 or 50 per cent of it to the Land Registrar.

3.7 Irregular Transactions

Certain transactions entered into by the Department had been informal. Such an instance observed is given below.

Deviation from the Procurement Procedure

It was observed that a vehicle had been repaired by incurring an expenditure of Rs.111,680 before opening the bids. Accordingly, action had not been taken to comply with paragraphs 2.6 and 6.3.3 of the Procurement Guidelines and the vehicle had been repaired without a formal approval. A warranty certificate had also not been issued by the relevant institution.

3.8 Losses and Damages

A motor vehicle shown in the Appropriation Account of the year 2012 under losses and write offs, the value of which was stated as Rs. 1,200,975 at the time of occurring the accident had been repaired in the year 2013 by spending a sum of Rs.571,006 from the provision of the Department. The insurance claim of this vehicle had been rejected and no recoveries had been made from the responsible officers. However, instead of showing the value of loss identified at the beginning, the value of Rs.572,006 to be further recovered or written off had been shown in the Appropriation Account of the year under review. Further, it was observed that action had not been taken in respect of Rs.22,250 stated as losses to be recovered or written off as at 31 December 2012 even by the end of the year under review.

3.9 Uneconomic Transaction

The Land rover Jeep bearing No. 62-4097 attached to the Puttalam Office since 03 February 2014 had been repaired by incurring an expenditure of Rs.579,623 and Rs.293,300 in the year 2012 and 2013 respectively and it had been again repaired in March 2014 by incurring an expenditure of Rs.148,000. Accordingly, it was observed that the Jeep had not been repaired after a proper technical evaluation.

3.10 Human Resources Management

(a) Approved Cadre and Actual Cadre

The cadre position as at 31 December 2013 is given below.

	Employee Category	Approved Cadre	Actual Cadre	Number of Vacancies	Number of excess
	-----	-----	-----	-----	-----
(i)	Senior Level	103	15	88	-
(ii)	Tertiary Level	05	02	03	-
(iii)	Secondary Level	1,296	387	909	-
(iv)	Primary Level	320	156	164	-
(v)	Others (Casual/Temporary/ Contract basis)	-	26	-	26
		-----	-----	-----	-----
	Total	1724	586	1164	26
		=====	=====	=====	=====

Number of vacancies of the Department represented 68 per cent of the approved cadre. As action had not been taken to fill those vacancies, 26 officers had been recruited on contract basis.

4. Head 288 - Department of Surveyor General

4.1 Scope of Audit

The audit of Appropriation Account and the Revenue Account of the Department of Surveyor General for the year ended 31 December 2013 comprising the financial reports reconciliation statements, books and s and other reports was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Report for the year under review had been issued to the Head of Department on 05 December 2014. Audit observations comments and findings on the accounts and the reconciliation statements, were based on review of the accounts and the reconciliation accounts presented to audit and substantive tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

4.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements.

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account, Revenue Account and Reconciliation Statements in accordance with the provision in Articles 148, 149, 150 and 152 of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Public Finance and Administrative Regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

4.3 Audit Observations

According to the financial records and books for the year ended 31 December 2013 it was observed that except for the effect of the General observation at (a) to (e) and other major audit finding appearing in paragraph 4.4 to 4.11 herein, the Appropriation

Account, the Revenue Account and Reconciliation statement of the Department of Surveyor General had been prepared satisfactorily.

(a) Non-maintenance of Books and Records

Sample tests observed that the register of losses and damages had not been properly maintained and updated by the Department.

(b) Budgetary Variance

As over provision for 15 Objects had been made, the savings after being utilized the provisions had ranged from 10 to 57 per cent of the net provision of those Object.

(c) General Deposit Account

Out of the amount in the deposit account as survey charges for the year 2013, a sum of Rs.90,572,220 had been paid as incentives. Despite provisions had been made in the annual estimates for the year 2013 for travelling, fuel and other expenses, a sum of Rs.18,655,614 had been paid in the year 2013 from the deposit account as travelling, fuel and other expenses.

(d) Revenue Account

Estimated Revenue and Actual Revenue

The estimated revenue for the Revenue Code No.20-03-02-04 in the year 2013 by the Department amounted to Rs.122 million and a sum of Rs.133.8 million had been collected during the year under review.

The following observations are made in this regard.

- (i) Eventhough improvements of revenue in the year 2010,2011 and 2012 were shown as 11 per cent, 14 per cent and 23 per cent respectively, the improvement of the revenue in the year under review had been low level as 01 per cent.

- (ii) It was observed that only 50 per cent of the survey charges had been collected and that money had also been used for the payment of incentives. Out of certain special project survey fees, the entire amount had been used for the payment of incentives without crediting any amount to the government revenue. Those are the reasons for the decrease in revenue. For an example, the entire amount of Rs.2,979,469 received under the project carried out by the Chinese Development Bank aids in the Nuwaraeliya District had been used for the payment of incentives.
- (iii) The arrears of revenue as at 31 December of the year under review amounted to Rs.25,160.

(e) Reconciliation Statement of the Advances of Public Officers Account

According to the Reconciliation Statements of the Advance Account, bearing item No.28801 the total outstanding as at 31 December 2013 had been 1,529,766 and the follow up action on recovery of outstanding balances had been at a weak level.

4.4 Assets Management

(a) Improper use of Assets owned by some other Institutions

The following observations are made.

- (i) Even though 4 motor vehicles had been given to the Department by the Ministry of Forest Resources and Environment, dates of receipt of those vehicles were not made available for audit. It was also observed that those vehicles were not formally vested to the Department.
- (ii) Various capital assets such as buildings of the Department constructed by using the Bimsaviya Provisions of Rs.82 million and survey equipment purchased had been using without being acquired from the Ministry of Lands and Land Development.

(b) Unsettled Liabilities

- (i) Liabilities amounting to Rs. 17,345,762 had been committed in excess of the savings of 13 Objects.
- (ii) Liabilities totalling Rs. 14,819,738 in the year under review relating to 197 instances had not been shown in the Form D.G.S.A. 8 of the Appropriation Account. Any liabilities in the North Central Province relating to 62 instances amounting to Rs.983,868 in the Diyathalawa Survey Training Institute had not been included in that form.

4.5 Non – compliances
-----**(a) Non – compliance with Laws, Rules, Regulations etc.**

Non – compliances with the provisions of Laws, Rules, and Regulations observed at audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Value Rs.	Non - compliance
-----	-----	-----

**Financial Regulations of the
Democratic Socialist Republic of
Sri Lanka**

- | | | |
|---------------------------------|-----------|---|
| (i) Financial Regulation 105(5) | 1,159,141 | As an insurance cover had not been obtained in the construction of Kandy new office of the District Survey Office, the loss incurred due to collapse of the supporting wall near the building could not be minimized. |
|---------------------------------|-----------|---|

(ii) Financial Regulation 208(d)

- Without the approval of the Secretary to the Ministry of Lands and Land Development Bimsaviya Provisions had been used for the construction of supporting wall situated near the Kandy new District Survey Office.

4.6 Performance

According to the annual estimates Action Plan for the year 2013, observations on the progress of the Department are given below.

4.6.1 Planning

(a) Action not taken in accordance with the Annual Action Plan

It was observed that action had not been taken in accordance with the Department action plan in the following instances.

(b) Survey Division of the Registration of Deeds

According to the Appropriation Act of the year 2013, 500,000 Bimsaviya title certificates should be issued and according to the Action Plan of the Department, it was planned to survey 147,000 plots of lands and to prepare maps. According to the performance report only 110,630 plots of lands had been sent to the Land Settlement Commissioner after being completed the work.

(i) A note showing the target of the Bimsaviya Program from 2010 to 2013 and the progress of the Department is given below.

Year	Target (Title certificates) As per Appropriation Act	Progress of the Department of Survey
2010	100,000	168,444
2011	150,000	158,538
2012	200,000	124,727
2013	500,000	110,630

It was observed that targets had not been reached in the year 2012 and 2013.

(c) Progress of the Examination Division

- (i) Even though it was stated in the Action Plan to conduct 22 examinations by the Diyathalawa Survey Training Institute in the year 2013 only 10 examinations were held during the year 2013.
- (ii) The examination for Map Technological Officers was scheduled to be held on 28 and 29 September 2013, but none of the officers had come for examination. However a sum of Rs.31,680 had been spent thereon.

4.7 Transactions of Contentious Nature

Incentive Scheme for the Officers/ Employees of the Department

Certain transactions carried out are of contentious nature. Particulars of certain such transactions revealed at sample tests are given below.

- (a) An incentive scheme for the officers/ employees of the Department had been approved by the Director General of Establishments from his letters No. 8/8/3/706/272/27 dated 03 November 2008 and 05 January 2009 in accordance with the recommendations of the National Salaries and Cadre Commission. Nevertheless incentives are being paid contrary to those provisions and the internal circular No.01/2009 dated 09 January 2009 had been revised 3 times

without the approval of the Director General of Establishments. According to the paragraph 2.2.4 of Chapter XI of the Establishments Code, in supplying a service by charging a fee by the Department, the entire revenue should be credited to the Consolidated Fund. However, out of the special project survey income, a sum of Rs.20,986,598 and Rs.19,554,907 had been paid to officers as incentives in the years 2012 and 2013 respectively without crediting them to the Consolidated Fund.

- (b) In getting approved of this incentives payments made to the officers of the Department such as supervision fees Bimsaviya incentives 10 per cent allowance of the basic salary paid to the officers who performed duties in the JICA projects, committee allowances, allowance for looking after equipment, fuel and travelling expenses, house rent etc, had not been taken into consideration. Earnings of officers as compared with the basic salary of the officers of the Department in the year 2013 are given below.

Annual earning percentage as compared with the salary	Number of Officers
-----	-----
100 – 200	33
200 – 300	23
300 – 400	11
400 – 500	05
500 - 600	01

Even though it was decided to perform monthly minimum norms of 30 plots in paying incentives to a surveyor, incentives had been paid without a maximum limit of plots applied for the payment of monthly incentives and supervision fees in the years 2012 and 2013.

- (c) Even though the Surveyor General informed from his letter No.ජ/ගිණුම/පොත෭/02/11/315 dated 06 July 2011 that provision would be made from the budget estimates for the payment of incentives and action would be taken accordingly, it was observed that incentives are paid by using the deposit account.

According to the letter No.EST/8/ALLOW/03/272/28 dated 05 July 2013 of the Director General of Establishments, it was informed that the existing incentive scheme should be reviewed again and informed to the National Salaries and Cadre Commission. Nevertheless, any action whatsoever had not been taken in this regard even up to 20 November 2014.

4.8 Irregular Transactions

(a) Deviation from the Procurement Guidelines

Certain transaction entered into by the Department are informal. Certain such instances observed are as follows.

(i) Construction of the Supporting Wall near the new 2 Storied building of the Kandy District Survey Office – Rs.1,159,141

It was observed that the construction work of the boundary wall had been awarded to the same company by which the construction work of Kandy new building of the Survey Office had been carried out without calling for open quotations. Further, in terms of paragraph 5.4.1(6) (iv) of the Government Procurement Guidelines, if a procurement entity is expected to employ an engineer or a consultant for the purpose of supervision and administration of the contract, authorization powers and functions of the Engineer or Consultant should be clearly stated in the draft agreement entered into with the construction agency. Nevertheless, no action had been taken accordingly.

(ii) Construction and Operation of a Map Sales Centre by the Survey Department in the ‘Mihikatha’ Medura Premises.

A sum of Rs.400,000 had been spent without proper approval, out of the provision made for the construction of buildings of the Department for the construction of sales counter of the Ministry of Lands and Land Development. Further, a stock of maps valued at Rs.51,632 had been issued by 30 July 2013 to the Ministry on the basis of payments after sale

of maps. However it was observed that no written agreement had been entered in to by both parties in this regard. It was also observed that this counter had been built without being carried out a feasibility study to ensure whether sufficient income can be earned, as the existing income was very low.

4.9 Losses and Damages

Observations on losses and damages observed at audit test checks are given below.

- (a) A sum of Rs.1,865,873 had been written off in the year under review in respect of losses incurred in 15 instances during the period from 1984 to 2012.
- (b) A sum of Rs.258,589 relating to 10 instances to be further recovered or written off as at 31 December 2012, losses amounting to Rs.142,000 relating to vehicle accidents occurred in 6 instances in the year 2013 and losses amounting to Rs.1,420,908 relating to accident occurred in 16 instances prior to the year 2013 as per the schedule of Transport Division had been omitted from the D.G.S.A.7(1) Form of the Appropriation Account for the year 2013.
- (c) Age analysis of losses due to vehicle accidents and loss of government s stated to be further recovered or written off is given below.

Time range	Operation program		Development program	
	No. of instances	Value of loss	No. of instances	Value of loss
		Rs.		Rs.
Less than 01 year	07	227,306	11	893,189
Between 1-5 years	10	803,652	32	2,993,527
Between 6-10 years	-	-	07	927,718

Between 11-15 years	03	428,133	05	556,305
Between 16-20 years	-	-	02	118,450
More than 20 years	06	1,017,291	-	-
		-----		-----
Total		2,476,382		5,489,189
		=====		=====

- (d) The value of the loss reported in the final report on losses under Financial Regulation 104(4) in respect of a motor vehicle met with an accident on 23 February 2013 as Rs.1,298,793 but it was stated in the Appropriation Account as Rs.479,720.
- (e) Although it was recommended to recover a loss of Rs.498,291 incurred due to damage of motor vehicle accidents and government's relating to 06 instances from the responsible persons action had not been taken accordingly.
- (f) Audit test checks carried out in respect of motor vehicle accidents occurred in the year 2013 revealed that allowing the use of motor vehicles to authorized employees, careless driving of drivers, non-information to the police immediately after the accident then and there, and 7 instances of non-taking action to recover the loss from the responsible parties.
- (g) The loss can be minimized if government vehicles are insured. Seven instances were observed in audit that action had not been taken to cover the loss incurred due to motor vehicle accidents from the outside parties responsible for the accident. As a result the bonus claim was deprived of by the Department as insurance claim had not been lodged.

4.10 Management Weaknesses

- (i) Even though the Department had used a finger printing machine to the security officers arrival and departure, attendance's were not clearly maintained and forged signatures were also observed and it was not subjected to supervise by a responsible officer.

4.11 Human Resources Management

(a) Approved Cadre and Actual Cadre

Cadre position as at 31 December 2013 is given below.

	Employee Category	Approved Cadre	Actual Cadre	Number of Vacancies	Number of Excess
	-----	-----	-----	-----	-----
(i)	Senior Level	104	95	09	-
(ii)	Tertiary Level	1098	778	320	-
(iii)	Secondary Level	1175	804	371	-
(iv)	Primary Level	4871	3226	1645	-
(v)	Others (Casual/Temporary/ Contract basis)	-	01	-	01
	Total	7248	4904	2345	01
		=====	=====	=====	=====

Out of the total cadre, 32 per cent had been vacant and the Administrative Officer Post had been operated on a contract basis from the year 2012 to November 2014.

5. Head 327 - Department of Land Use Policy Planning

5.1 Scope of Audit

The audit of Appropriation Account of the Department of Land Use Policy Planning for the year ended 31 December 2013 comprising the financial reports reconciliation statements, books and s and other reports was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Report for the year under review had been issued to the Head of Department on 25 December 2014. Audit observations comments and findings on the accounts and the reconciliation statements, were based on review of the accounts and the reconciliation accounts presented to audit and substantive tests of

samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

5.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements.

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account, and the Reconciliation Statements in accordance with Provision in Articles 148, 149, 150 and 152 of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Public Finance and Administrative Regulations. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

5.3 Audit Observation

According to the financial records and books for the year ended 31 December 2013 it was observed that except for the effect of the General observation at (a) and (b) and other major audit finding appearing in paragraph 5.4 to 5.9 herein, the Appropriation Account, the Revenue Account and Reconciliation statement of the Department of Land Use Policy Planning had been prepared satisfactorily.

(a) Budgetary Variance

As overprovision had been made for 04 objects, savings after being utilized the provision ranged from 12 per cent to 62 per cent from the relevant net provisions relating to those objects.

(b) General Deposit Account

Out of sum of Rs.98,057 included in the general deposit account remained for more than 2 years which had been received from the Board of Investment of Sri

Lanka for the Uthuru Wasanthaya and Negenahira Navodaya, a sum of Rs.48,797 and a sum of Rs.49,260 had been spent in the year under review for motor vehicle repairs, and for the purchase of tonar and cartridges respectively and it was observed that there were no savings in the relevant Objects.

5.4 Governance and Accountability

5.4.1 Annual Procurement Plan

The Annual Procurement Plan had not been prepared even by 31 December 2013 in terms of National Budget Circular No.128 dated 24 March 2006.

5.4.2 Internal Audit

An Internal Audit Unit had not been in operation in the Department and Internal Audit had been carried out by the Ministry Internal Audit Division but it is not adequately carried out.

5.5 Assets Management

(a) Idle and Underutilized Assets

Audit test checks observed that 132 computers and accessories 193, items of office equipment and 94 items of furniture and fittings had been idle or underutilized.

(b) Conducting Annual Board of Surveys

- (i) In terms of Public Finance Circular No.441 dated 09 December 2009 as amended by Letter No.PF/Board of Survey/01 dated 17 December 2010 of the Director General, the Board of Survey should be carried out for the year 2013 and such reports should to be presented Auditor General before

31 March 2014. However, reports in respect of 10 District offices had not been presented even by 28 November 2014.

- (ii) Assets valued at Rs.6,026,451 had been purchased in the year under review and the updated register of fixed assets to ensure the correctness of those assets was not made available for audit. This was observed in the year 2012 as well.

(c) Improper Utilization of Assets owned by other Institutions

 Twenty five vehicles belonging to the Ministry of Lands and Land Development had been utilized without being properly acquired.

(d) Unsettled Liabilities

 Liabilities unsettled by the Department as at 31 December 2013 amounted to Rs.308,379 and those liabilities had been less than one year. The following observations are made in this regard.

- (i) Liabilities totalling Rs.974,877 had been committed in 25 instances by the end of the year under review and it had not been disclosed in the D.G.S.A.8 Form of the Appropriation Account.
- (ii) Liabilities of Rs.682,910 had been committed in excess of the savings relating to 5 Objects and as such it was observed that expenditure had been incurred in excess of the provision.

5.6 Non – compliance

Non – compliance with Laws, Rules and Regulations etc.

In terms of Public Administration Circular No.09/2009 dated 16 April 2009 and the Public Administration Circular No.09/2009 (1) dated 17 June 2009. All public officers should use finger print machines to the arrival and departure. Nevertheless

finger print machines had not been used by the Department up to 20 November 2014 though there were 68 staff members in the Department.

5.7 Weaknesses in the Implementation of Projects

(a) Delay in the Completion of Projects

- (i) Even though a provision of Rs.15 million had been granted to the Department for the implementation of recommendations of the Lesson Learned and Reconstitution Commission, only Rs.4,125,320 out of it had been utilized. Although it was planned to conduct 79 awareness programs, only 62 programs had been conducted by the end of the year under review.
- (ii) Number of maps to cover by the Department in order to update 1:10,000 maps for field work in 8 Districts amounted to 759 but only 33 maps in 2 districts had been completed.

5.8 Performance

According to the Action Plan of the Department for the year 2013, observations on the progress of the Department are given below.

Main Functions not Adequately Fulfilled.

- (a) According to the Action Plan, it was targeted to conduct 800 awareness programs for school students and the community, only 654 meetings had been held.
- (b) According to the Action Plan, it was planned to issue 166 Regional Land Use Planning reports but its progress had not been stated in the performance report.

5.9 Human Resources Management

(a) Approved Cadre and Actual Cadre

Cadre position as at 31 December 2013 is given below.

	Employee Category	Approved Cadre	Actual Cadre	Number of Vacancies
	-----	-----	-----	-----
(i)	Senior Level	11	06	05
(ii)	Tertiary Level	27	17	10
(iii)	Secondary Level	585	477	108
(iv)	Primary Level	69	66	03
		-----	-----	-----
	Total	692	566	126
		=====	=====	=====

Action had not been taken to fill 126 vacancies existed by the end of the year under review by the Department.