

Report of the Auditor General on Head 254 - Department of Registrar General - Year 2015

The Appropriation Account, Revenue Accounts and the Reconciliation Statements including the financial records, books, registers and other records of the Head 254 - Department of Registrar General for the year ended 31 December 2015 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 Director General of the Department on 29 June 2016. 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 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 and 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 Accounts and the Reconciliation Statements in accordance with the provisions in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and 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. Accounts

2.1 Appropriation Account

Total Provision and Expenditure

- (a) The total net provision made for the Department amounted to Rs.1,325.20 million and out of that Rs.1,272.04 million had been utilized by end of the year under review. Accordingly, provisions of Rs.53.16 million or 4.01 per cent out of the total net provision made for the Department had been saved. Details appear below.

Expenditure	As at 31 December 2015			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs.Millions	Rs.Millions	
Recurrent	1,261.20	1,217.45	43.75	3.47
Capital	64.00	54.59	9.41	14.70
Total	1,325.20	1,272.04	53.16	4.01

(b) Provision made Available by an other Ministry

A provision of Rs.18.0 million had been made by the Ministry of Land and Land Development for the programme of Title Registration and out of the provision a sum of Rs. 14.2 million had been utilized at the end of the year under review. Accordingly, the savings out of the net provision had been Rs. 3.8 million or 21 per cent.

2.2. Revenue Accounts

The Department had prepared Revenue Estimates totalling Rs. 1,425.0 million in respect of 02 Revenue Codes for the year 2015 and Revenue totalling Rs.1,143.0 million had been collected. It had been 80 per cent of the estimated Revenue. Details appear below.

Revenue Code	As at 31 December 2015			Shortfall as a Percentage of Estimate
	Estimated Revenue	Actual Revenue	Shortfall	
	Rs. Millions	Rs. Millions	Rs. Millions	
10:03:07:02	1,400.00	1,129.03	270.98	19.36
10:03:08:00	25.00	14.44	10.56	42.24
	1,425	1,143.47	281.54	19.76

2.3 Advance Accounts

2.3.1 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account of the Department under Item No.25401 and the actual amounts are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
70.00	58.71	40.00	54.95	230.00	176.81

2.4 Imprest Account

The balance of the Imprest Account No. 7002/0000/00/0114/0015/000 as at 31 December 2015 was Rs. 11.74 million.

2.5 General Deposit Accounts

The balances of the 02 Deposit Accounts of the Department as at 31 December 2015 were Rs. 0.288 million. Details are appear below.

<u>Deposit Account Number</u>	<u>Balance as at 31 December 2015</u>
	<u>Rs. Millions</u>
6000/0000/00/0001/0107/000	0.275
6000/0000/00/0018/0099/000	0.013

	0.288
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2.6 Audit Observation

The Appropriation Account and the Reconciliation Statements for the year ended 31 December 2015 of the Department of Registrar General had been satisfactorily prepared, subject to the audit observations appearing in the Management Audit Report referred to in Paragraph 1.1 above. The material and significant audit Observations out of the observations included in the Management Audit Report appear in Paragraph 3.

3. Material and Significant Audit Observations

3.1 Non -maintenance of Registers and Books

It was observed during audit test checks that the Department had not maintained the following registers and the Leave Register had not been updated.

Type of Registers	Relevant Regulation
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(a) Register of Fixed Assets	Treasury Circular No. 842 dated 19 December 1978.
(b) Departmental Appropriations(Votes) Ledger	Form General 138 including the Provisions in Financial Regulation 447
(c) Official Telephone Register	Financial Regulation 845 (1) of the 26 th Appendix
(d) Register for Security	Financial Regulation 891(1)
(e) Stock Book for Fuel and Lubricants	Financial Regulation 1647 (d)
(f) Attendance Register of the Procurement Committee and Technical Evaluation Committee	Guideline 2.11.2 of Government Procurement Guidelines.

3.2 Lack of Evidence for Audit

One Hundred and Twelve vouchers totalling Rs. 98,477,281 had not been finalized in terms of the Financial Regulation 272(2) were misplaced as such details of nature of payments and evidence as to confirm the payment had not been informed to the General Treasury with a copy to the Auditor General.

3.3 Appropriation Account

Budgetary Variance

Excess provision had been made for 18 Objects and the savings after utilizing those provisions were between 12.67 per cent to 87.64 of the net provision.

3.4 Revenue Accounts

The duties relating to the preparation of Revenue Estimates, collection of Revenue, Accounting and the presentation of Accounts relating to 02 Revenue Codes had been assigned to the Head of Department as the Revenue Accounting Officer. The following observations are made during the course of the audit test checks of those Revenue Codes.

(a) Revenue Code Number 10:03:07:02 - Registration Fees

The following observations are made.

- (i) According to the annual budget estimate a collection of Rs. 1,400 million had been estimated in respect of the revenue code. A sum of Rs. 1,129 million had been collected at the end of the year under review. It had been 80 per cent of the estimated revenue. It had not been prepared a revised budget estimate relating to non-achievement of the expected revenue targets by the Department and submitted to the Department of Fiscal Policy.
- (ii) Even though the Revenue Account which had been submitted and certified by the audit had a total amount of arrears income of Rs.7,975,807 and an age analysis also had not been submitted.
- (iii) In terms of the Financial Regulation 128 (2), half yearly arrears revenue reports had not been prepared in respect of the relevant revenue code.
- (iv) Even though the previous year arrears of revenue Rs. 6,519,632 had been the same for the year under review, it had been unable to identify the respective years on which the recovery and write off the total values of Rs. 4,995,624 arrived during the year under review. It is non-maintenance of record to identify the relevant years on which the arrears occurred had been the reason.
- (v) The arrears and fines of the Land Registration Offices are an income of the Local Authorities. Out of the imposed value of arrears and fines of Rs.4,177,921, a balance of Rs.609,635 had been included to the Receivable Arrears Revenue Account after making adjustment of Rs.3,568,286 as recovery and write offs to the imposed value.
- (vi) Due to non-obtaining of monthly reports from the Land Registration Offices and the Divisional Secretariats, it had been unable to verify the accuracy of the gross revenue collection of Rs. 1,154,990,220 collected during the year under review.

(b) Revenue Code Number 10:03:08:00 - Fees for Issuing Annual High Courts Certificates to Notaries

The following observations are made.

- (i) The Department had prepared a basic revenue estimate of Rs.10 million during the year under review neither forecasting its estimated revenue in a practical manner to achieve the targets, nor it had been considered its previous year net revenue of Rs. 17.6 million and 12,243 Notaries registered. However, Estimated Revenue had been revised later up to Rs. 25.0 million the Treasury.
- (ii) Even though in relating to the respective Revenue Code an annual revenue collection of Rs. 25.0 million had been estimated, at the end of the year under review a sum of Rs. 14 million had been collected and it was 56 per cent of the estimated revenue. Accordingly, it had been unable to achieve the expected revenue targets.
- (iii) While appointing 12,243 Notaries for the previous year, a net Notaries Revenue of Rs.17,585,171 had been charged, it had been only Rs.14,438,837 by appointing of 12,925 Number of Notaries for the year under review. No Revenue had been charged from the 322 number of Notaries registered in 06 Zonal High Courts areas.
- (iv) It had been unable to verify the accuracy of the revenue of Rs.14,438,827 collected during the year under review, due to non-obtaining of monthly revenue reports properly from 12 High Courts and a variation of Rs.403,737 had been existed while comparison of reports between 10 High Courts and the reports of the Ministry of Justice.

3.5 Reconciliation Statement of the Public Officers Advance Account

According to the Reconciliation Statement of the Item No. 25401 relating to the Public Officers Advance Account, a total amount of Rs. 4,037,662 had been outstanding from 224 employees as at 31 December 2015 of the year under review. The outstanding balances were existing for a period ranging from 06 month to 30 years. The Department had failed to recover those outstanding balances.

3.6 Good Governance and Accountability

3.6.1 Annual Procurement Plan

The detailed procurement plan and the procurement time table had not been prepared for the year under review.

3.6.2 Internal Audit

Even though the Chief Internal Auditor had not been appointed, the actual cadre of the Internal Audit Unit consist of 04 Officers.

3.6.3 Audit And Management Committee

Even though the Audit and Management Committee meetings should be conducted once in 3 months, only 2 meetings had been held during the year under review. Neither a representative of the Auditor General had been invited as an Observer nor the audit reports had been reviewed at the Committee Meetings.

3.7 Assets Management

The following deficiencies were observed during the course of audit test checks of the assets of the Department.

(a) Assets Received from Other Institutions Utilized without Recording

Sixty units of different types of fixed assets received to the Department by 04 other Government Institutions during the period 2010-2014 and those had not been valued and taken into Assets Register.

(b) Conduct of Annual Board of Survey

Neither the Board of Survey activities had been completed on due dates, nor the recommendations made in those reports had been implemented.

(c) Unsettled Liabilities

Following observations are made.

- (i)** The unsettled liabilities as at 31 December 2015 by the Department less than one year amounted to Rs.25,544,674. Even though when a liability arises during a financial year it should be settled within the same financial year the goods and bills valued to Rs. 5,611,647 had been included in the above liabilities were received to the Department those payments were not made to the respective parties.
- (ii)** Liabilities amounting to Rs.3,928,334 had been incurred exceeding the savings after utilization of net provisions made for 06 Objects.

3.8 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.

Reference to Laws, Rules and Regulations	Non – compliance
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(i) Paragraph 2.11 of the Public Administration Circular No. 41/90 dated 10 October 1990	Consumption of fuel with regard to 21 vehicles of the Department had not been checked in every 06 months.
(ii) National Budget Circular No. 162 dated 06 September 2013	Even though payments should be made on submission of invoices within 30 days with regard to below the value of Rs. 50 million worth suppliers of small scale, it had been observed such payments had not been made on some occasions.

3.9 Performance

The observations on the progress of the Department according to the Annual Estimate for the year 2015 and the Action Plan are given below.

Key Functions not Executed Adequately

The following deficiencies observed while comparing the Performance Report with the Action Plan, prepared by the Department for the year under review.

(a) Even though 11 activities had been expected to be done through the Ordinance and Acts, it had been unable to confirm the targets achieved due to non-mentioning of the physical and financial targets regarding 04 activities in the prepared Action Plan. Details are shown below.

- (i) Construction of Land Registration Offices.
 - (ii) Purchasing of Furniture and Office Equipment.
 - (iii) Purchasing of Machinery.
 - (iv) Purchasing of Stationery and other related materials.
- (b) It was unable to completely achieved 03 activities included in the Action Plan, and the financial and physical targets of those activities had not been mentioned. Details are shown below.

- (i) Establishment of a centralized data storage at District Level.
 - (ii) Establishment of a Central Data Storage.
 - (iii) Construction of buildings at the Head Office -2nd Stage
- (c) Even though it had been planned to register 100,000 deeds during the year under review, 1,100,458 numbers of deeds had been received for registration. Out of them 16,190 deeds had been actually registered. Accordingly, the progress had been 1.5 per cent.

3.10 Irregular Transactions

----- Deviation from Government Procurement Procedure -----

Following observations are made.

- (a) When installation of CCTV Security Cameras to 20 Regional Offices of the Department for the value of Rs.3,810,100, a member who had a knowledge on the relevant subject had not been included to the Procurement Technical Evaluation Committee.
- (b) Even though according to the Procurement Plan of the year a provision of Rs.5000,000 had been made for purchase of computers, exceeding the limit it had been purchased for Rs.12,185,200.

3.11 Management Weaknesses

Following weaknesses were revealed during the audit test checks.

- (a) Computer programmes had been set up by the Department of Registrar General consultancy with the Sri Lanka Information Technology Agency to include the details of registration of birth and death into a data system at the Divisional Secretariats level. Nevertheless, this system had not been functioned in Jaffna, Kilinochchi and Mulativu Districts and some Divisional Secretariats areas.
- (b) Following facts were revealed while checking the Registrar General's Note Book with the Notarial Irregularity Reports at the Land Registration Offices at Homagama.
 - (i) Although the prepared Notarial Irregularity Report by the Land Registration Offices should be sent immediately before a month to the Registrar General, it had been taken a range of 03 years to 11 years to submit those reports in respect of 10 Notaries.
 - (ii) Neither the Notaries had submitted weekly lists to the District Land Registration Offices, nor those Offices had maintained registers of recording the detailed weekly lists.

- (c) Although with the purpose of conservation of second copies of certificates of marriage, birth and death, the Record Room at Maligawatta and Land Registration Office Record Room at Homagama are being functioned, a methodology on security and maintenance of those files and registers had not been follow up.
- (d) The Central Record Room had obtained photo copying services from a private institute and depending on the records of that institute, a sum of Rs.2,394,459 had been paid for the period from 01 January 2012 to the month of June 2015, without making records by the Department itself. It was observed that out of the photo copies taken were most of the copies of official letters taken without an approval of a Staff Officer and due to unidentification of what were those letters it had been questionable of security of the documents.

3.12 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2015 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
(i)	Senior Level	43	08	35	-
(ii)	Tertiary Level	49	52	04	07
(iii)	Secondary Level	1,897	1,570	327	-
(iv)	Primary Level	673	600	73	-
(v)	Other(Contract Basis)	-	01	-	01
	Total	2,662	2,231	439	08

Following observation is made.

Even though 07 Officers had been recruited to the posts of Land Registrar/Title Registrar excess to the approved cadre, a formal approval had not been obtained for the same.