

Report of the Auditor General on Head 254 - Registrar General's Department - Year 2016

The audit of the Appropriation Account, Revenue Account and the Reconciliation Statements including the financial records, registers and other records of the Head 254, Registrar General's Department, for the year ended 31 December 2016 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 Registrar General of the Department on 18 July 2017. 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 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 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 provisions of Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, and the Public Finance and Administrative Regulations. This responsibility includes the 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

(a) Total Provisions and Expenditure

The total net provision made for the Department amounted to Rs. 1,455.00 Million and out of that, a sum of Rs. 1,426.27 Million had been utilized by the end of the year under review. Accordingly, the savings of the total net provision had been Rs. 28.73 Million or 1.97 per cent. Details appear below.

Expenditure	As at 31 December 2016			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Million	Rs. Million	Rs. Million	
Recurrent	1,341.40	1,324.98	16.42	1.22
Capital	113.60	101.29	12.31	10.84
Total	1,455.00	1,426.27	28.73	1.97

(b) Utilization of Provisions made available by other Ministries

Provisions totalling Rs.50.00 Million had been made available by the Ministry of Lands and Land Development (Head - 153) to the Department for the Land Title Registration Programme, and a sum of Rs. 49.95 Million had been utilized by the end of the year under review. Accordingly, the savings of the provisions had been Rs. 0.05 Million.

2.2 Revenue Accounts

The Department had prepared Revenue Estimates totalling Rs. 1,320.00 million in respect of 02 Revenue Codes for the year 2016, and during the year under review, Revenue totalling Rs. 1,256.33 million had been collected. It was 95 per cent of the estimated Revenue. Details appear below.

Revenue Code	As at 31 December 2016			Deficiency as a percentage of the estimate
	Estimated Revenue	Actual Income	Deficiency	
	Rs. Million	Rs. Million	Rs. Million	
10:03:07:02	1,300.00	1,240.39	59.62	4.58
10:03:08:00	20.00	15.95	4.05	20.25
Total	1,320.00	1,256.34	63.67	4.82

2.3 Advances to Public Officers' Account

Limits authorized by Parliament

Limits authorized by Parliament for Advances to Public Officer's Account Item No. 25401 relevant to the Department and the actual values are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
54.00	54.00	40.00	52.30	230.00	180.63

2.4 Imprest Account

The balance of Imprest Account No.7002/0000/00/0114/0016/000 under the Department as at 31 December 2016 was Rs 5.96 Million.

2.5 General Deposit Account

The balances of the 02 General Deposit Accounts under the Department as at 31 December 2016 totalled Rs. 1.603 Million. Details appear below:

Deposit Account Number	Balance as at 31 December 2016
	Rs.Million
6000/0000/00/0015/0134/000	1,598
6000/0000/00/0018/0099/000	0.005
Total	1.603

2.6 Audit Observation

The Appropriation Account, Revenue Account and Reconciliation Statements of the Registrar General's Department for the year ended 31 December, 2016, had been prepared satisfactorily, subject to Audit Observations appearing in the Management Audit Report referred to in paragraph 1.1 above. The material and significant Audit Observations out of the Audit Observations included in that 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 some of the registers shown below and that certain registers had not been maintained in the proper and updated manner.

Type of Register	Relevant Regulation	Observations
(a) Register of Fixed Assets other than lands and vehicles	Treasury Circular No.842 of 19 December 1978	Not maintained
(b) Register of Fixed Assets regarding computer accessories and software	Treasury Circular No. IAI/2002/02 of 28 November 2002	Not updated
(c) Security Register	Financial Regulation 891(1)	Not maintained
(d) Fuel and Lubricant Stock Book	Financial Regulation 1647 (d)	Not maintained

(e) Register of Vehicles	Financial Regulation 1647	Not maintained
	(e)	

3.2 Lack of Evidence for Audit

Even by 31 May 2017, no replies had been submitted for 02 audit queries sent to the Department during the year under review, and the reckonable value of the transactions relevant to this query was Rs 4.29 Million.

3.3 Appropriation Account

3.3.1 Budgetary Variance

The following observations are made.

- (a) Excess provision had been made for 13 Objects, and as such the savings after utilization of provisions had ranged between 10 to 85 per cent of the net provisions relating to the respective Objects, and the savings of the Object were 76 per cent, even after 90.59 per cent of the estimated provisions of the Buildings and Constructions Maintenance Expenditure Objective had been transferred to other Objects.
- (b) Rs. 23.35 Million had been transferred for 16 Objects in accordance with Financial Regulation 66. Due to the transfers done while savings were available in 03 Objects, including the two Fuel Objects, it has been observed that the entire amount transferred had been saved and the savings of provisions of another 13 Objects had ranged between 12 per cent to 60 per cent.
- (c) Rs 5,802,700 had been paid to the Commissioner General of Examinations for the competitive examination held in the year 2015 to fill the vacancies in the Registrars' Service, without entering into a commitment or without getting provisions allocated during the year under review in respect of the amount payable.
- (d) Purchases had been made for Rs.2,894,110 from the plant and machinery, furniture and office equipment Object, without transferring provisions in accordance with Financial Regulation 66.

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 the Department as the Revenue Accounting Officer. The following observations were made during the course of the test audit of those Revenue Codes.

(a) Revenue Code No 10:03:07:02 – Registration Fees Revenue Account

Following observations are made.

- (i) In the course of forecasting revenue for the year under review, the preliminary revenue estimate of Rs. 1,100 Million, forecast by the Department without taking action to cover information of all the Land Registries and Divisional Secretariats in the island, had been included in the Annual Estimates as Rs.1,640 Million by the General Treasury, and later it had been amended as Rs. 1,300 Million, and the actual revenue collection for the year under review had been Rs.1,240 Million.
- (ii) Out of the previous years' arrears of revenue amounting to Rs.7,975,807, recoveries had been Rs.1,797,672 or about 22.5 per cent, and the total arrears of revenue at the end of the year under review was Rs.11,566,923. Similarly, due to showing the setting off of the opening and closing over recoveries of 06 Land Registries amounting to Rs.869,849 and Rs.303,310 respectively from the recoverable balances, the balance recoverable from the Revenue Account had been shown less than that value, and no action had been taken to reconcile the actual revenue and the arrears of revenue after duly obtaining the monthly classification reports from the Land Registries and Divisional Secretariats.

(b) Revenue Code No 10:03:08:00 – Revenue from fees for the issue of annual High Court certificates to Notaries

Following observations are made.

- (i) No action had been taken to achieve revenue targets by forecasting revenue estimates, and without taking into consideration the net revenue of Rs.14.4 Million for the previous year and the 12,925 strong registered Notaries, the preliminary revenue estimate of Rs. 12.5 Million, forecast by the Department for the year under review, had been included in the Annual Estimates as Rs.25.0 Million by the General Treasury, and later it had been amended as Rs. 20.0 Million. The actual revenue for the year under review had been Rs.15,951,778.
- (ii) Even though the licensing fees for fresh registration of Notaries, renewal of registration, working in another language, change of judicial zones etc had been Rs. 2,000 and Rs.1,000, it could not be confirmed that the actual revenue was correct, as “778” were the last three digits of the Rs.15,951,778 actually collected revenue. Further, no action had been taken to look into and remove from the roll of Notaries those who had died and those who had been removed.

3.5 Reconciliation Statement on the Advances to Public Officers Account

According to the Reconciliation Statement of the Advances to Public Officers Account relating to objective No. 25401, the total of the balances due and in arrears from 219 Officers as at 31 December of the year under review had been Rs.2,633,947. These outstanding balances had been continuing for a period ranging from 01 month to 31 years. The Department had failed to recover these outstanding loan balances.

3.6 Assets Management

The following observations are made.

(a) Assets not disclosed correctly in the Appropriation Account

The value of vehicles depicted through the Appropriation Account was not correct, as Rs.39,300,000 being the value of 08 vehicles recorded under Departmental Votes had also been recorded under purchases made from provisions of Vote No. 153 of the Ministry of Lands and Land Development, and the non-inclusion of Rs.63,783,500 being the value of 11 vehicles in the Appropriation Account.

(b) Unsettled liabilities

The following observations are made.

- (i) Unsettled liabilities of the Department as at 31 December 2016 less than one year were Rs.12,894,648.
- (ii) Even though liabilities and the quantum of expenditure should never exceed financial provisions for the financial year, commitments for liabilities amounting to Rs.6,048,671 had been made exceeding the balances of 07 Objects of the year under review.
- (iii) Liabilities amounting to Rs.2,279,848 payable for the year under review had not been included in the Statement of Liabilities of the Appropriation Account.

3.7 Non - compliances

3.7.1 Non - compliance with laws, rules, regulations etc

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

Reference to laws, rules, regulations etc

Non compliance

Financial Regulations of the Democratic Socialist Republic of Sri Lanka

(a) Financial regulation 177 (1)

During checks done on the receipts of the Land Registry, Panadura, for 03 months of the year under review, it was observed that there had been a delay ranging from 02 days to 05 days in the banking of receipts amounting to Rs. 374,150 being daily receipts in 08 instances.

(b) Financial Regulation 342

It was observed that counter foil books were not being used securely, as in 53 instances 265 receipt books had been handed over, deviating from the sequence of dates, and without signatures when receipt books of the revenue collecting counters of the Land Registry, Gampaha were being handed over.

3.8 Performance

The observations on the progress of the Department according to the Annual Budget Estimate 2016 and Action Plan are shown below:

3.8.1 Key Functions not executed adequately

The following observations are made.

- (a) It had not been possible to totally implement the under mentioned 03 functions, and their financial and physical targets had not been stated.
 - (i) Programme for the digitizing/ scanning of Births, Deaths and Marriages. (e-BMD).
 - (ii) Carrying out the construction work of second stage of the Head Office building.
 - (iii) Entering information about marriages into the e-Population information system.
- (b) Shown below are 02 instances where the key functions of the Department had not been executed adequately.

- (i) Under the e-Population Register System being implemented from the year 2012, it had not been possible to enter 1,356,829 out of the 1,741,330 births, and 453,465 out of the 639,324 deaths that had taken place in the island from the year 2012 to the year 2016, and its progress had been 22 per cent and 29 per cent respectively. Further, no information whatsoever about the births and deaths in the Manaar, Vavuniya, Mullaitivu and Kilinochchi Districts had been entered in the data system which had been introduced in the year 2014.
- (ii) Even though it had been targeted to register 100,000 title deeds under the Bim Saviya Programme, only 35,100 title deeds or 35 per cent had been registered.

3.9 Transactions in the Nature of Financial Frauds

Regarding the financial irregularities relevant to the issue of folios discovered to have taken place at the Land Registry, Panadura during the year 2013, without holding inquiries in accordance with Financial Regulation 104, calculating and recovering the loss and taking disciplinary action, the female Officer identified as responsible for it had been transferred to another office.

3.10 Unresolved Audit Paragraphs

Out of the deficiencies pointed out through audit paragraphs included in Auditor General's reports in respect of the Department, the references to audit paragraphs regarding which no rectifications had been made by the Department are shown below:

Reference to Auditor General's Report		Relevant Subject
Year	Paragraph No	
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(a) 2015	3.6.1	Action had not been taken even during the year under review to prepare the detailed Procurement Plan and the Procurement Schedule.
(b) 2015	3.6.2	Action had not been taken even during the year under review to appoint a Chief Internal Auditor, and only 04 Officers had been posted to the actual cadre of the Internal Audit Division.
(c) 2015	3.6.4	Even though the Audit and Management Committee meetings have to be held at least once per quarter, only 2 meetings of the Audit and Management Committee had been held during the year under review too, similar to last year, and no action had also been taken to review audit reports at those committee meetings.

- (d) 2015 3.7(a) 60 units of fixed assets coming under various categories given to the Department during the period 2010 – 2014 by other government institutions, had not been assessed and entered in the Register of Assets.

3.11 Management Weaknesses

The following weaknesses were observed during the course of audit test checks.

- (a) The following matters were observed during the course of audit test checks of the Registrar General's Handbook with the affairs of the Land Registries of Gampaha, Panadura and Delkanda.
- (i) Even though duplicates of deeds attested by Notaries have to be handed over to the respective Registrars of Lands before the 15th of the ensuing month, no action had been taken to prepare Irregularity Reports and take relevant action in respect of the failure of 50 Notaries to hand over duplicates of 313 deeds, 33 Notaries who had handed over duplicates of 313 deeds late and 103 Notaries who had not attested deeds failing to submit nil reports. Also, there had been a delay in issuing Irregularity Reports and the recovery of compounding, arrears and fines, due to the Land Registries of Gampaha and Panadura having delayed by 08 months and 04 months respectively the entering of duplicate deeds in the notary inspection book.
 - (ii) No action had been taken to notify the respective Notaries and refer to the Provincial Commissioner of Revenue about the arrears and fines totalling Rs. 2,083,094 to be recovered from the Notaries of the Land Registries of Gampaha and Panadura.
 - (iii) Issues of copies of folios and deeds which have to be done without delay had been delayed for periods exceeding one month in 161 instances.
- (b) Even though it had been reported that the revenue collected from transactions after the registration of titles in accordance with the Title Registration Act No 21 of 1998, had been Rs. 22,673,736, it was not possible to confirm the accuracy of the revenue collected as this revenue had not been reconciled with bank deposit slips and revenue reports obtained from the offices of the Title Registrars, as Rs.2,472,400 credited to the bank could not be identified, and as no action had been taken to identify the type of deduction in respect of Rs.253,770 deducted by the bank from the revenue collected.

3.12 Human Resources Management

Approved Cadre and Actual Cadre

The position on the cadre as at 31 December 2016 had been as follows:

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	43	18	25
(ii) Tertiary Level	586	544	42
(iii) Secondary Level	1360	1090	270
(iv) Primary Level	673	598	75
Total	2662	2250	412

The following observations are made.

- (i) The institution had failed to fill the 412 vacancies by the end of the year under review, and within this, the vacancies at the Senior Level were 58 per cent of the approved cadre.
- (ii) I would like to point out that 312 posts lying vacant at the Secondary and Tertiary Levels, which are directly involved in the operational process of the institution, have an impact on the performance of the Department.
- (iii) Even though the appointment of the Registrar General has to be made by the Cabinet of Ministers in accordance with paragraph 4.1 Chapter ii of the Establishment Code, the Line Minister had vested the Secretary of that Ministry to cover up the duties of the Registrar General that had fallen vacant in the month of January 2017.