

Report of the Auditor General on Head 287 – Department of Land Title Settlement – Year 2016

Head – 287 The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Department of Land Title Settlement 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 Commissioner General of the Department on 14 June 2017. 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 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 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

(a.) Total Provisions and Expenditure

The total net provision made for the Department amounted to Rs. 423.01 million and out of that, Rs. 416.24 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provision made for the Department, amounted to Rs. 6.77 million representing 1.60 per cent. Details appear below.

Expenditure	As at 31 December 2016			Savings as a Percentage of the Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	385.61	379.50	6.11	1.58
Capital	37.40	36.74	0.66	1.76
Total	423.01	416.24	6.77	1.60

2.2 Advance Account

2.2.1 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account under the Item No. 28701 and the actual amounts 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
16.00	15.92	11.00	14.38	65.00	42.89

2.3 General Deposit Account

The total of the balances of 02 Deposit Accounts under the Department as at 31 December 2016 amounted to Rs. 0.54 million. Particulars are as follows.

<u>Deposit Account No.</u>	<u>Balance as at 31 December 2016</u>
	Rs. Millions
6000/0000/00/0013/0087/000	0.29
6000/0000/00/0016/0080/000	0.25
Total	0.54

2.4 Audit Observation

The Appropriation Account and the Reconciliation Statements of Department of Land Title Settlement for the year ended 31 December 2016 had been satisfactorily prepared subject to the Audit Observations included in the Management Audit Report referred to in paragraph 1.1 above. The material and important audit observations included in that Management Audit Report appear in paragraph 3.

3. Material and Important Audit Observations

3.1 Appropriation Account

Budgetary Variances

As over Provision had been made for 05 Objects the savings, after the utilization of provision, ranged from 17 per cent to 64 per cent of the net provisions relating to those Objects.

3.2 Reconciliation Statement of the Advances to Public Officers Account

According to the Reconciliation Statement of the Advances to Public Officers Account bearing Item No.28701 as at 31 December 2016, the balances that remained outstanding as at that date totaled Rs. 1,080,684. Even though those outstanding balances related to a period ranging from 01 to 09 years, the follow up action relating to the recovery of those balances remained weaker.

3.3 Internal Audit

An Internal Audit Unit had not been established by the Department.

3.4 Assets Management

The following deficiencies were observed in the audit test check conducted on the assets of the Department.

(a.) Conducting Annual Board of Survey

Action had not been taken in terms of Financial Regulation 757 (2) on the surpluses and shortages pointed out in the reports of the Board of Survey for the year 2016.

(b.) Improper Utilization of Assets Belonging to other Institutions

It was observed that 07 vehicles owned by the Ministry of Lands had been made use of by the Department for a period ranging from 08 to 13 years without a formal approval.

3.5 Performance

According to the Annual Budget and the Action Plan for the year 2016, the observations relating to the progress of the Department of Land Title Settlement are as follows.

(a.) Key Functions not Discharged Adequately

The main functions of the Department of Land Title Settlement, had not been discharged adequately, and several of such instances are as follows.

(i) The following deficiencies were observed on taking action relating to the files of which the title registration process had been temporary postponed.

- Due to various issues emerging during the title registration process, the processing of files relating to the surveyed lands had been temporarily postponed at different phases of the entire process. Processing of files relating to 22,485 plots of land had temporarily been postponed from January to September, 2016. Solutions had been provided only for 8331 files inclusive of the files of which the processing had been temporarily postponed in the preceding years, and included into the title registration programme.
- Information had not been gathered formally up to the year 2015 in respect of the plots of land of which the processing had been temporarily postponed. In the year 2015, the regional offices had been queried and information on old files relating to 09 preceding years had been obtained thereby preparing a schedule. According to the information so obtained, the number of plots of land of which the processing had temporarily been postponed during the period 2009-2015 due to various issues, had been 344,175.

(ii) The following deficiencies were observed on the Bimsaviya Programme.

- It was expected to conclude the Bimsaviya Programme, implemented from the year 2007 under local funds, after a period of 15 years or in the year 2021. However, a period of 10 years had elapsed by the year 2016, but only 28 per cent or 981 of the 3,512 Grama Niladhari divisions surveyed by publishing notices in terms of Section 12 of the Registration Of Title Act, No. 21 of 1998 had been processed even up to 31 December 2016.
- The Bimsaviya Programme is implemented through the regional offices, and a sum of Rs. 27,936,868 had been spent in the year under review only on the lease rents of the buildings, fuel and maintenance of vehicles pertaining to the regional offices. That sum represented 31 per cent of the expenditure on the Bimsaviya Project. The audit test check conducted on the regional offices revealed that their performance remained low.

(b.) Planning

Deficiencies in the Annual Action Plan

Non-compliances with the Action Plan were observed in the following instances.

- (i) The targets in the Action Plan of the year 2016 had been reduced as follows as compared with that of the year 2015.

<u>Activity</u>	<u>Reduction in the Targets</u> <u>(No. of Plots)</u>	<u>Percentage</u>
No. of field investigations	44,930	22
No. of land registration tests	30,000	22
No. approved after being recommended	37,810	30
No. of decisions published	40,000	32
No. sent to the Land Registrar	54,000	44

Although the targets planned for the year 2016 had been reduced as opposed to the year 2015, the Department had failed in achieving even those targets.

- (ii) The annual progress of the Bimsaviya Programme in the year 2016, had been as follows.

Activity	Target as per the Action Plan (No. of Plots)	The Target Revised as at 2016.10.06	Progress (No. of Plots)	Percentage of the Progress as per the Target	Percentage of Execution of the Activities as per the Revised Plan
No. of Field Investigations	160,000	87,000	124,848	78.03	143.50
No. of Land Registration Investigations	105,000	57,000	51,106	48.67	89.66
Approved No.	88,000	48,000	60,830	69.13	126.73
No. of Decisions Published	85,000	47,000	59,880	70.45	127.40
No. Sent to the Land Registrar	70,000	38,000	36,256	51.79	95.41

Although the number of targets had been decreased as opposed to the year 2015, the progress remained low. As compared with the targets, the number of plots sent to the Land Registrar had been 52, indicating a decrease of 32 per cent when compared to the 53,584 plots that had been sent to the Land Registrar in the preceding year.

- (iii) The Action Plan for the year 2016 had been presented to the Ministry on 01 November 2015, and a revised Action Plan had been presented to the Ministry on 06 October 2016 by decreasing 46 per cent of the targets mentioned therein. The

targets relating to the activities carried out prior to the date of revision, had also been revised.

3.6 Transactions of Contentious Nature

Some of the transactions performed by the Department had been of contentious nature. Particulars relating to some of such transactions disclosed in the audit test checks are as follows.

- (a.) A vehicle belonging to the Department had been handed over for repairs to a private garage that had presented the lowest bid of Rs. 232,000. The total expense had increased by a sum of Rs. 166,077 up to Rs. 398,977 after the repairs, and this value was observed to have exceeded the bids of the other 2 suppliers.
- (b.) A vehicle belonging to the Department had been handed over to a registered garage for a repair fee of Rs. 369,341. The milometer of that vehicle remained nonfunctional indicating a mileage of 129,919 Km at the time of being handed over to the garage, but that value had decreased by 911 indicating 129,008 Km when the vehicle had been returned.

3.7 Uneconomic Transactions

The building that housed the regional office in Homagama had defects, and shifting the office was considered urgent. The Commissioner of Land Title Settlement had granted approval for shifting the office to the first floor of a building with an area of 5000 square feet located on the Station Road in Homagama without calling for bids. The following observations were made in the audit examination conducted thereon.

- (a.) As the construction of the first floor of the new building had not been complete, the office had been established at the ground floor of which the area had been 4000 square feet, and according to the assessment of the Government, the monthly rental thereof had been Rs. 70,000. Accordingly, a lease agreement had been entered into with respect to a period of 06 months from 01 August 2014 to 31 January 2015. However, the construction had not been completed even by 26 January 2015, and owing to that, a lease agreement had been entered into based on the previous assessment up to 31 July 2015.
- (b.) Although the floor area being used for the office had been 2860 square feet, the entire building of 4000 square feet had been assessed, and a monthly rental of Rs. 70,000 had been paid throughout the year, thus making payments for an unutilized floor area. Furthermore, the electricity bill for all the 03 storeys in respect of a period of 10 months up to May 2015 had been paid by the Department as well.

- (c.) Entry had been gained into the first floor for which approval had been granted in respect of the office, after a delay of one year. A lease agreement had been entered into up to 31 July 2016 for a monthly rental of Rs. 65,000.
- (d.) The assessment of tax for this building amounting to Rs. 65,000 had been valid for a period of 02 years with effect from 15 June 2015. However, as the request made by the contractor that the monthly rental for the second year be increased up to Rs. 85,000, had been justified by the Assistant Commissioner (Homagama), the Government assessment had again been obtained, and the monthly rental for the year 2017 had been assessed to be Rs. 70,000 therein.

3.8 Management Inefficiencies

A vehicle belonging to the regional office in Kuruwita, had been handed over for repairs to a private institution at an estimation of Rs. 866,651. The repair should have been carried out within 45 days, but a period of about 11 months had been taken in that connection. No action whatsoever had been taken by the Department in that regard.

3.9 Human Resource Management

Approved and Actual No. of Cadre

The position of cadre stood as follows as at 31 December 2016.

Category of Employee	Approved No.	Actual No.	No. of Vacancies
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(i) Senior Level	107	46	61
(ii) Tertiary Level	06	05	01
(iii) Secondary Level	1747	620	1127
(iv) Primary Level	254	146	108
(v) Other (Casual / Temporary / Contract Basis)	126	-	126
Total	2,240	817	1,423
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The following observations are made.

- (a.) The post of Administrative Officer of the Department had remained vacant since the year 2014.

- (b.) A number of 186 posts of Information Communication Technology Assistant, had been approved for 90 regional offices. However, it was observed that, even for 46 offices established on 14 June 2017, only 06 employees in the actual cadre had been attached.
- (c.) A number of 91 posts of Document Conservationist had been approved, but there had been only one in the actual cadre, and 126 Office Assistants had been approved on contract basis; however, no appointments had been made thereto.
- (d.) The number of vacancies in the posts of Deputy, and Assistant Commissioner whom an extensive number of duties had been assigned to in the Bimsaviya Programme, was 80. The number of vacancies in the posts of Assistant Rights Investigation Officer, and Development Officer, had been 421 and 275 respectively. As such, it was observed that the existence of vacancies had caused poor performance even though sub-offices had been maintained at heavy expenses.