

Head 327 - Report of the Auditor General of the Department of Land Use Policy Planning Year 2017

The Appropriation Account and the Reconciliation Statement under Head and Item Number stated in the First Schedule and the Third Schedule of the Appropriation Act No. 24 of 2016 as amended by the Appropriation (Amendment) Act No.32 of 2017 had been presented to audit by the Department of Land Use Policy Planning. The financial and physical performance reflected in those accounts and the reconciliation statement were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

1.2 Responsibility on the Financial Management and Accountability of the Chief Accounting Officer and Accounting Officer

The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124. The Minister of Finance appoints the Chief Accounting Officers to discharge above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all financial transactions of his Department in terms of Financial Regulation 125(1)(a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament in accordance with the provisions in Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Government Financial Regulations and Administrative Regulations.

1.3 Scope of Audit

The audit of Department of Land Use Policy Planning – Head 327 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources, applying of internal control systems, compliance with laws, rules and regulations and maintenance of updated books, registers, records and reconciliation statements, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The Management Audit Report for the year under review was issued to the Director General of the Department on 11 September 2018. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports 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.

1.4 Audit Observation

The audit observations of the Department of Land Use Policy Planning for the year ended 31 December 2017 revealed in audit appear in Management Audit Report mentioned in paragraph 1.3 above. The material and significant audit observations out of the audit observations included in the Management Audit Report appear in paragraph 2.1 to 2.11 of this report. It was observed that the accountability as the Accounting Officer has been executed, to ensure the adequacy of the financial control satisfactorily subjected to the following summarized audit observations revealed in the execution of the provisions of the Financial Regulation 128 of the Democratic Socialist Republic of Sri Lanka.

Accountability of the Accounting Officer in terms of Financial Regulation 128(1)	Non-compliance with the Provisions by the Accounting Officer	Reference to the Paragraph included Observations
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Financial Regulation		

128(1)(a) The work of his Department is planned and carried out with due despatch, having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provision for the activities authorized and that an endeavour is made, to complete the programme of work laid down for the year and/ or to attain the targets specified.	1. Expected output level not achieved. 2. Procurement activity had not been planned adequately. 3. Deficiencies in Implementing Procurement Process 4. Savings of provisions 5. Internal Auditing 6. Utilization of provision made available by other Ministries.	2.1.1 2.2.1 2.2.2 2.6(a)(b) 2.10 2.6(c)

128(1)(b)	The organization of finance control and accounting in his Department is effective and provides adequately for the correct ascertainment, where necessary of dues to Government, the systematic, complete and prompt collection of dues and bringing to account of moneys received the authorisation of commitments on behalf of the Government, the supervision and examination of services and supplies rendered and the prompt and correct payment therefore from public funds.	Execution of services to public	2.5
128 (1)(c)	The Financial Regulations and other Supplementary instructions of the Government are adhered to in his Department and that they are supplemented by Departmental instructions where necessary.	<ol style="list-style-type: none"> <li data-bbox="783 853 1126 920">1. Non-maintenance of Registers and Books <li data-bbox="783 965 1126 1003">2. Non-compliances 	<p data-bbox="1398 853 1437 882">2.8</p> <p data-bbox="1398 965 1437 1003">2.9</p>
128(1)(e)	Adequate and proper arrangements are made for the safe custody and preservation of money, stores, equipment and other assets belonging to the Government, or is in its custody, and that these are verified from time to time and where they are disposed of such disposal is according to prescribed Regulations and instructions.	<ol style="list-style-type: none"> <li data-bbox="783 1346 1126 1413">1. Deficiencies in assets management <li data-bbox="783 1424 1126 1532">2. Deficiencies in carrying out of Annual Board of Survey 	<p data-bbox="1398 1346 1437 1375">2.3</p> <p data-bbox="1366 1424 1437 1451">2.3(d)</p>

128(1)(f)	Information, statements and returns as are called for by the Chief Accounting Officer or the Treasury are rendered correctly and promptly.	Delay in presentation of Annual Performance Report	2.1.2
128(1)(h)	Special arrangements are made to recover outstanding dues and that the officers assigned that task report to him at least once a quarter or as otherwise directed regarding arrears and action pursued to expedite their money.	Recovery of outstanding loan balances in Public Advance Account	2.7

2. Material and Significant Audit Observations

2.1 Performance

2.1.1 Expected Output Level not Achieved

The provisions such Rs.23 million to conduct the activities such programme of conservation of water sources and programme of eradication of poverty in addition to the programme in the year 2017, and receipt of provision Rs.63.3 million from the Presidential Secretariat to implement the programme of “Punarudaya” in the previous year and the current year were also utilized. But, 467,057 seeds and Rs.9.3 million value of plants out of the seeds and plants distributed valued at Rs.24 million spent, were not planted or destroyed and the programme had been failed. Other extraordinary expenses amounted to Rs.1.5 million were also spent on this destroyed plants.

2.1.2 Annual Performance Report

Even though, the annual performance report for the year under review. should be tabled in Parliament within 150 days by the Department in accordance to the Public Finance Circular No.402 dated, 12 September 2002, it had not been tabled in Parliament even by 31 July 2018.

2.2 Supplies and Services obtained through Procurement Procedure

2.2.1 Planning of Procurements

A provision of Rs.34.68 million had been provided to obtain supplies and services through Procurement Procedure to the Department during the year under review and Rs.31.88 million had been utilized out of the same. The number of units of goods and services that should be procured in the procurement plan prepared in relation to the available provisions was not mentioned.

2.2.2 Implementation of Procurement Procedure

Contract agreement had not been signed while procuring of 06 desktop computers valued at Rs.714,000 and networking of computers by spending Rs.352,000, in accordance with the Guideline 8.9.1(a) of the Government Procurement Procedure.

2.3 Assets Management

Following deficiencies were observed during the course of audit test check of the assets of the Department.

(a) Utilization of Vehicles

There were 28 vehicles belongs to the Department as at the end of the year under review and running charts of 05 vehicles had not been submitted to audit.

(b) Fuel Consumption Test

Fuel consumption test of 33 vehicles had not been carried out according to the paragraph 3.1 of the Public Administration Circular No.30/2016 dated 29 December 2016.

(c) Idle Assets

Three vehicles belongs to the Department which were not in a repairable condition and 02 vehicles belongs to other institutions had been remain idle for two years.

(d) Conduct of Annual Boards of Survey

Even though, the Department had been appointed a Board of Survey according to the Public Finance Circular No.05/2016 dated 31 March 2016, the actual balance had not been entered to confirm whether the survey had been conducted in respect of 1023 items of goods in 245 varieties in 2 District Offices and one section of the Head Office.

(e) **Assets given to External Parties**

A car belongs to the Department had been released to the Ministry of Land and Parliamentary Reforms for more than one year and action had not been to vested or taken back the same.

(f) **Irregular use of Assets belonging to other Institutions**

Five motor vehicles belonging to the Ministry of Land and Parliamentary Reforms and a vehicle belonging to the Department of Agrarian Services and also a vehicle of the United Nation's Development Programme (UNDP) had been made use by the Department without vesting properly.

2.4 Unresolved Audit Paragraphs

Reference to the audit paragraphs on which the Department had not rectified the deficiencies out of those pointed out in the paragraphs in the report of the Auditor General for the year 2016 on the Department is given below.

Reference to Report of Auditor General

Subject under reference

Paragraph Number

3.4.2	The number of units had not been mentioned in the prepared Annual Procurement Plan of those goods and services to be procured.
3.5	Unusable three vehicles of the Department remained under-utilized.
3.6	Key functions of the Department including create a legal background for implementing the National Land Use Policy and prepare a National Land Use Plan had not been so done.

2.5 Execution of Services to Public

Even though, a website had been created for the Department, the opportunities to complain were lost as there was no procedure had been prepared to accepting public complaints.

2.6 Utilization of Provisions made by Parliament for Execution of Activities

The particulars relating to the provisions made to the Department and utilisation and savings for the 05 years period ended 31 December 2017 are given below.

Year	Expenditure	Net Provision	Utilization	Savings	Savings as a Percentage of Net Provision
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		Rs.Millions	Rs.Millions	Rs.Millions	
2013	Recurrent	187.67	187.09	0.58	0.31
	Capital	50.30	42.96	7.34	14.60
	Total	237.97	230.05	7.92	3.33
2014	Recurrent	260.32	252.83	7.49	2.88
	Capital	52.65	48.65	4.00	7.60
	Total	312.97	301.48	11.49	3.67
2015	Recurrent	322.97	320.67	2.30	0.71
	Capital	65.00	55.99	9.01	13.86
	Total	387.97	376.66	11.31	2.91
2016	Recurrent	349.06	345.32	3.74	1.07
	Capital	70.01	63.63	6.38	9.11
	Total	419.07	408.95	10.12	2.42
2017	Recurrent	350.97	346.51	4.46	1.27
	Capital	53.55	49.04	4.51	8.43
	Total	404.52	395.55	8.97	2.22

The following observations are made relating to the year under review.

(a) Excess provision had been made

Excess provisions totalled Rs.41.2 million had been made for 09 objects and as such provisions of Rs.35.65 million had only been utilized out of the same. Thus the savings after utilization of net provisions amounted to Rs.5.5 million ranged between 9 per cent to 68 per cent.

(b) Provisions made by Supplementary Allocation

Due to the inadequacy of provisions for 02 recurrent objects, Rs.07 million had been obtained under Supplementary Allocation and out of the same Rs.2 million or 28 per cent had been saved.

(c) Utilization of provisions made available by other Ministries

Provisions totalling Rs.76.78 million each of Rs.51.78 million and Rs.25 million respectively had been made available by the Presidential Secretariat and Ministry of lands for various activities. Provisions totalled Rs.43.88 million had only been utilized out of the same as at the end of the year under review. Accordingly, the savings out of the provisions made available amounted to Rs.32.9 million or 43 per cent. Following deficiencies were observed during the course of audit test check thereon.

- (i) Seeds and plants which had been distributed throughout the Island from the programme of “Punarudaya” implanted under the provision made available by the Presidential Secretariat and 35 per cent of those crops had been destroyed.
- (ii) A computer software had been developed by spending Rs.3.6 million in the year 2016 and the year under review for the Land Bank Project which had been implemented with a provision of Rs.25 million and no benefits had been taken from the same.

2.7 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account Item No. 32701 of the Department and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
22,000,000	21,858,176	14,500,000	17,995,716	69,000,000	62,810,781

2.8 Non-maintenance of Registers and Books

It was observed during audit test checks that the Department had not maintained the following registers in the proper and updated manner.

Type of Register	Relevant Regulation	Observation
(a) Register of Liabilities	Financial Regulation 214	Not updated.
(b) Attendance Register of the Procurement Committee and Technical Evaluation Committees	Guideline 2.11.2 of the Government Procurement Procedure.	Not maintained.
(c) Inventory Book	Financial Regulation 454	The Inventory Book of the Puttalam District Office had not been updated.

2.9 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 analysed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
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	Rs.	
Financial Regulations of the Democratic Socialist Republic of Sri Lanka.		

(a) Financial Regulation 104	1,366,683	Primary reports in respect of 07 vehicle accidents in the year under review and complete reports on 12 vehicles had not been submitted.
(b) Financial Regulations 1646		- Running charts relating to 05 vehicles during the year under review and monthly summaries had not been submitted.

2.10 Internal Audit

The following activities included in the internal audit programme prepared according to the Financial Regulation 134(2) had not been so done.

- (a) Check whether activities had been done according to the Action Plan of the Department.
- (b) Check whether regional level land use planning activities done according to the Action Plan.
- (c) Check activities of regional offices.
- (d) Check Activities of Audit and Management Committee Meetings.
- (e) Check activities of the advance accounts.

2.11 Human Resources Management

2.11.1 Approved Cadre, Actual Cadre and Expenditure for Personal Emoluments

The particulars relating to the Approved Cadre, Actual Cadre and the Vacancies as at 31 December 2017 are given below. The Department had incurred a sum of Rs.301.96 million for Personal Emoluments Expenditure Category for the year under review. Accordingly, the expenditure per person had been Rs.477,033.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	40	34	06
(ii)	Tertiary Level	01	-	01
(iii)	Secondary Level	558	519	39
(iv)	Primary Level	97	79	18
(v)	Casual/ Temporary/ Contract Basis	-	01	-
	Total	696	633	64
		=====	=====	=====

2.11.2 Release of Human Resources irregularly to outside parties

A Land Use Planning Officer had been irregularly released to the Ministry of Land in the year 2002.