

## **Head 286 – Land Commissioner General’s Department**

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### **1. Financial Statements**

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#### **1.1 Qualified Opinion**

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The audit of the financial statements of the Land Commissioner General’s Department for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of financial performance and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No. 19 of 2018. The summary report containing my comments and observations on the financial statements of the Land Commissioner General’s Department was issued to the Accounting Officer on 18 August 2022 in terms of Section 11(1) of the National Audit Act, No. 19 of 2018. The Annual Detailed Management Audit Report relevant to the Department was issued to the Accounting Officer on 23 September 2022 in terms of section 11(2) National Audit Act, No.19 of 2018. This report will be tabled in Parliament in pursuance of provisions in Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, except for the effects of the matters described in paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Land Commissioner General’s Department as at 31 December 2021, and its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for Qualified Opinion**

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My opinion is qualified based on the matters described in paragraph 1.6 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements are further described in the Auditor’s Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **1.3 Responsibilities of the Accounting Officer for the Financial Statements**

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The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Section 16(1) of the National Audit Act, No.19 of 2018, the Department is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1)(c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the Department and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

#### **1.4 Auditor's Responsibilities for the Audit of the Financial Statements**

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My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's summary report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- Evaluate the structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, among other matters significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

#### **1.5 Report on Other Legal and Requirements**

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I express the following matters in terms of Section 6(1)(d) of the National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year.
- (b) The recommendations made by me on the financial statements of the preceding year, had been implemented.

## 1.6 Comments on Financial Statements

### 1.6.1 Accounting Deficiencies

#### (a) Property, Plant and Equipment

Audit Observation	Comment of the Accounting Officer	Recommendation
(i) A difference of Rs.129,899 existed between the opening balance of the office equipment and computer accessories shown in the (ACA-06) format of the statement of non-financial assets presented as at 31 December of the year 2021 and the closing balance shown in the (ACA-06) format presented with the statement of non-financial assets as at 31 December 2020. The reasons for that difference had not been given through notes to the accounts.	Had the ACA-06 format been prepared by us in the year 2021, the balance shown in the final account of the year 2020 would have been used as the opening balance. Nevertheless, as instructions had been given that computer printout of the Treasury be furnished with effect from the year 2021 instead of preparing the ACA-06 format, action had been taken accordingly.	Balance of the final account of the preceding year should be brought forward as the opening balance of the year under review.
(ii) The value of Rs.129,715,000, being the cost of 19 vehicles belonging to the Department, had not been included in the (ACA-06) format of the statement of non-financial assets prepared as at 31 December 2021.	Action had been taken to account for the values of 19 vehicles received by the Department from other institutions, through the CIGAS Programme in May 2022.	The value of vehicles should be presented in the financial statements.

- (iii) The values of a tractor owned by the Department being used by the Agrarian Services Center in Rathmal Wewa and a water bowser remaining parked at the Divisional Secretariat, Lunugamwehera, had not been shown in the ACA-06 format presented with the financial statements as at 31 December 2021.
- A request was made on 2022.04.05 to the Department of Motor Traffic in order to verify the registration certificates of the Tractor bearing the registration number 37 G 5367 and the bowser the registration number of which was 42-5035. Action will be taken to vest those vehicles once the registration certificates are received.
- The value of vehicles should be presented in the financial statements.

## 1.6.2 Lack of Audit Evidence

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Audit Observation	Comment of the Accounting Officer	Recommendation
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Registration books, reports on survey of goods, and the office or the location wherein 06 vehicles costing Rs.18,507,000 shown in the ACA-06 format of the statement of non-financial assets prepared as at 31 December 2021, had not been made available to the Audit.	Five of the 06 vehicles had been transferred to the Department of Land Title Settlement, Ministry of Lands, and Southern Provincial Department of Land Commissioner in the years 2019 and 2020 through letters. A car and a jeep bearing the registration numbers, 300-3812 and 32-1180 respectively had been auctioned.	The relevant information should be made available to the Audit.

## 2. Financial Review

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### 2.1 Revenue Management

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Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) The Commissioner General of Lands collects taxes from the interprovincial	Of the tax on lands receivable as at 2021.12.31, a revenue of Rs.7,379,493 had been recovered as at 2022.03.31. It is expected to recover the balance	Action should be taken to recover the revenue receivable to the Department,

farmers' settlements under Land Development Ordinance, and action had not been taken to recover the outstanding revenue of Rs.84,916,237 by the end of the year 2021. A sum of Rs.45,145,773 representing 53 per cent of the outstanding revenue, remained due over a period of 02 years, and only a sum of Rs.5,181,448 had been recovered in the year 2021 out of the revenue in arrears.

(b) Due to failure of the Department in maintaining a rent income ledger in respect of the lands on which rent income had been levied, the accuracy of lands and other lease rent revenue amounting to Rs.105,312,901 and the estimated revenue of Rs.100 million mentioned in the statement of financial

performance for the year 2021, could not be examined.

through the following measures in due course. in a timely manner.

- To inform the lessees to pay the tax in arrears in accordance with the format of Circular, No. 95/5.
- To conduct meetings at divisional level for the lessees.
- To make aware of the lessees to pay tax through the Development Officers/Colony Officers.
- To summon the lessees who had defaulted on tax payments and failed to develop the lands obtained through tenders, to the office in terms of Section 106 of L.D.O thus conducting inquiries.
- Taking action to expeditiously release the deeds of lease to the lessees who regularly pay tax.

It is a practical impossibility for the Head Office to maintain ledgers in respect of long-term lessees at every division of Divisional Secretariats. As such, activities were decentralized by establishing inter-provincial offices to supervise the taxation process at the Divisional Secretariat level. Furthermore, the State Land Information and Management System (e-slms) has been introduced to facilitate this process, and it is expected to maintain records of all the long-term lessees thereunder.

A tax register should be prepared with respect to the lands given on lease by the Department, thus preparing annual revenue estimates in accordance therewith.

- (c) An omitted land rent revenue of Rs.20,676,543 relating to the years 2020 and prior had been identified in the year under review with respect to the 04 inter-provincial offices of Debarawewa, Mahiyangana, Monaragala, and Ampara. Accordingly, it was verified that proper records had not been maintained on the outstanding rent income on lands relating to the preceding years. As a comprehensive rent income ledger had not been made available, the accuracy of outstanding rent income revenue amounting to Rs.84,916,237

shown in the ACA-1(i) format as at 31 December 2021, remained unsatisfactory.

The said amount was not tax in arrears that had been omitted, but the outstanding tax identified in the year 2021. Information on lands surveyed by the Department of Survey of valuation, is sent to the Department of Valuation. Once valued in that manner, the annual tax would be computed and brought to accounts. The tax is computed after several years from the date of handing over the enjoyment. Once the inefficiencies in this process are identified, action will be taken to levy tax on the lands disposed on long-term lease based on gross assessment in accordance with the Circular, No. 2021/6 issued by the Commissioner General of Lands dated 2021.10.13 under the title "Formalizing the tax revenue recoverable from the Government lands".

A land tax register should be maintained in a manner that land tax revenue can be identified in the relevant year itself.

## 2.2 Management of Expenditure

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Audit Observation	Comment of the Accounting Officer	Recommendation
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A provision of Rs.140,000,000 had been made for 07 Objects in the year 2021, and that provision represented an increase of 305 per cent as compared to the preceding year. A sum of Rs.2,000,000 allocated for an Object had not been utilized in full, and the sum spent under the other Objects totaled Rs.42,555,588 as at 31 December of the year under review. Accordingly, 70 per cent of the provision amounting to Rs.97,444,412, had been saved even by the end of the year under review.	According to the Cabinet Decision, No. 21/1596/304/134 dated 2021.08.31, all the activities for which no commitments had been incurred utilizing the saved provision, had been suspended, thus retaining the provision.	The allocated provision should be utilized in full. It is necessary to report on provision being retained.

## 2.3 Non-compliance with Laws, Rules, and Regulations.

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Instances of non-compliances with provisions of Laws, Rules and Regulations observed in audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Observation		Comment of the Accounting Officer	Recommendation
	Value Rs.	Non-compliance		
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(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.				
(i.) F.R.104 (3) and (4)	-	In case of a loss or a damage, a preliminary report should be sent	As normalcy could not be maintained in performing duties at	Reports should be presented in terms of F.R.104 (3) and (4).

immediately, if a institutions due to delay of more than pandemic in the seven days is country, action envisaged for could not be taken making a full on those accidents report. However, in terms of F.R periods ranging 104 (4). Action is from 18 days to 04 being taken to months had been prepare those spent to present reports at present. preliminary reports with respect to accidents occurred in the years 2019 and 2020 involving 05 vehicles whilst the full reports in that connection had not been presented even by 31 March 2022.

(ii.) F.R.371 (2) 143,500

An "ad hoc" Sub-Imprest not exceeding Rs.100,000 shall be given only once to a staff grade officer for specific purposes in terms of the Financial Regulation. However, an "ad hoc" Sub-Imprest had been given to a staff grade officer on 15 February 2021 in excess of that limit, and the actual expense amounted to Rs.92,765.

The said advance had been given for conducting training programs. As the employees had stayed in the circuit bungalow in Kilinochchi, the expenses scheduled for accommodation, recreations, fuel and stationeries, could be minimized, and so was the estimated cost. Nevertheless, the relevant officers have been informed that sub-imprests should not be given in excess of the limit.

Formal approval should be obtained in case of "Ad hoc" Sub-Imprests to be issued in excess of the approved limit.

(iii.) F.R.371 (5) 166,364 A sub imprest Settlement of Immediate settlement should be settled imprests had of "ad hoc" Sub- within a period of delayed as limited Imprests is necessary. 10 days after staff had been called for duty following the intended purpose. However, periods Corona pandemic in the country. The ranging from 24 officers have been days to 04 months informed to avert had been spent after completion of similar situations the intended purpose to settle in due course. the advances given in 11 instances during the year 2021

(b) Public Administration Circulars

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(i.) Paragraph 3.1 of the Circular, No. 30/2016, dated 29 December 2016. - After a period of 12 months, running for 25,000 kilometers, or a major engine repair, whichever occurs first following every fuel consumption test, a fuel consumption test should be carried out again. However, no such tests had been carried out on 30 vehicles belonging to the Department. Fuel consumption tests could not be performed in the wake of Corona outbreak in the country during 2021/2022. Conducting such tests still remains problematic for the period 2022/2023 due to fuel crisis and limited provision. At present, running of vehicles is done considering the values observed in fuel consumption tests last done. Fuel consumption tests should be performed in terms of the Circulars.

- (ii.) Format in Annexure 02 of the Circular, No. 02/2018 dated 24 January 2018. - The human resource development plan of the Department should have been prepared based on the format given in the Circular, but it had not been done so. As this Department performs its duties relating to Government lands within a legal framework comprising laws, rules, regulations and Acts among the other Government institutions, the human resource plan should be prepared in a manner exclusive to the Department. It is kindly informed that this process would be done within the second quarter of the year 2022. The human resource development plan should be prepared.
- (iii.) Circular, No. 5/2008 dated 06 February 2008 as amended by the Circular, No. 05/2018 (1) dated 24 January 2018. - The Department should have prepared and implemented the Citizens' Charter in accordance with the Circular, but it had not been so done. A Citizens'/Client Charter should have been prepared for the Department in accordance with the Circular though, the preparation got delayed due to unfavorable situation prevailed in the country , and it is kindly informed that the Charter would be prepared within this year. Citizens'/Client Charter should be prepared.

(c) State Accounts  
Circulars.

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Section 04 of the Circular, No. 262/2017 dated 29 December 2017.

1,143,800

Despite being informed that the loan balances pertaining to officers either deceased or retired in the year 2018 or later, should be settled without delay by taking action in terms of the Circular, a loan balance receivable from a deceased officer and 08 officers who had retired in the year 2021, had been shown in the Advances to Public Officers Account prepared as at 31 December 2021.

Loan balances pertaining to 04 employees had been recovered from the gratuity and settled. As for the other 04 employees, it is kindly informed that action has been taken to settle the loan balances at the time of paying the converted pension or the gratuity.

Loan balances should be settled promptly.

## (d) Directive No. 06 made by the Minister in terms of Section 41 of the Right to Information Act, No. 12 of 2016.

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A register for applications requesting information, should be maintained in accordance with the RTI-03 format. However, the Department had not done so.

Action has already been taken to maintain such a register in accordance with the RTI-03 format. Measures are being taken to provide information within the relevant period for the persons requesting information.

A register for applications requesting information should be maintained in accordance with the RTI-03 format.

## 2.4 Deposit Balances

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>Action had not been taken in terms of F.R 571 on deposits valued at Rs.1,138,699 continued to exist over 02 years within the balance of Rs.68,794,932 pertaining to 03 General Deposits</p> <p>Accounts as at 31 December 2021.</p>	<p>A sum of Rs.86,651 out of the deposit value older than 02 years, had been settled during the period up to May 2022. Action will be taken to credit the sum to the Government revenue in the year 2022 if requests are not received after informing the depositors.</p>	<p>Action should be taken in terms of F.R 571 on the deposits of over 02 years.</p>

## 3. Operating Review

### 3.1 Non achievement of expected output Level

- (a) The State Land Information and Management System (e-slims)

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>(i) The State Land Information and Management System (e-slims) had been implemented in the year 2013 in order to ensure efficiency in the management of Government lands, and a cost of Rs.159,456,247 had been incurred thereon by the end of the year 2021. Although this project remained effective over a period of 07 years, data on 1,306,917 land plots had been recorded in the system whereas data relating to 62,785 out of 100,000 plots of land scheduled to be input into the system in the year 2021, had only been recorded in the system. No estimation had been made on the number of land plots to be maintained in the system and the time to be spent thereon.</p>	<p>Despite being scheduled to record information on 100,000 plots of land in the system in the year 2021, complete information on land plots could not be inputted due to problems faced by the field officers of the land division of the Divisional Secretariats when visiting the lands in the wake of Covid-19 pandemic. Nevertheless, data on 62,785 land plots only had been recorded in the system in that year.</p>	<p>A database on Government lands enabling the retrieval of information required for the management of Government lands, should be created within an estimated period.</p>

- (ii) Collecting revenue through the Government lands being given on lease is done by 09 provincial Land Commissioners' offices and 08 Deputy Land Commissioners' offices. The revenue collected in the year 2021 and the value of outstanding tax by the end of the year 2021, could not be retrieved from this system. The accurate control account or the outstanding control account cannot be printed through the e-Slims system until information on all the lands in the division of a Divisional Secretariat that had been disposed in terms of State Land Ordinance, are recorded in the system. Instructions have been given that activities such as, preparation of licenses and Grants under the Land Development Ordinance as well as obtaining approval on lease, preparation of leaseholds, and issue of annual licenses in terms of State Land Ordinance, should be done only through the e-Slims system with effect from 2022.03.01. As such, it will be possible to retrieve information on outstanding tax through the system in due course. The information system should be maintained in a manner that the revenue collected in the relevant year and the outstanding revenue can be retrieved.
- (iii) It had been scheduled for the year 2021 to issue 10,000 new Grants, 2,000 new licenses and 500 licenses for long-term lease through the State Land Information and Management System (e-slims), but the number of Grants, licenses and leaseholds issued by 31 December of the year 2021 was 7414, 484 and 75 respectively. It had been scheduled to print 10,000 Grants during the year 2021 through the e-slims system, but only 7,414 Grants could be printed in that year. Furthermore, it had also been planned to issue 2,000 new licenses and 500 licenses for long term lease through the e-slims system during the year 2021, but only 484 new licenses and 75 licenses for long-term lease had been issued due to Corona pandemic prevailed in the year. Annual targets should be achieved as planned.

- (b) An island-wide survey to collect information on Government lands had been commenced in the final quarter of the year 2020 by the Land Commissioner General's Department under instructions and guidance of the Ministry of Lands; and, 10 million survey formats had been printed for free by the Department of Government Printing and distributed among all the Grama Niladhari divisions of the country. Due to failure in obtaining the progress of survey even by 31 December 2021, information on Government lands identified through the survey, could not be revealed.
- Measures had been taken in late 2020 to conduct a survey on Government lands thereby establishing an information system. Accordingly, sheets for collecting data had been printed as the preliminary activity thereof and sent to all the Divisional Secretaries. Data is being collected at the divisions of Grama Niladhari at present. This programme had been scheduled to be completed by 30 June 2020 though, the period had been extended up to 31 October 2022 due to unfavorable situation in the country.
- The information system and the land registers of the Department should be updated with data collected by completing the survey without delay.

(C) Bimsaviya Project

- (i) Activities such as, conducting land Kachcheris, issue of licenses and Grants, conducting mobile services and meetings at the divisions, and finding solutions for the issues, had been scheduled for the year 2021 under the Bimsaviya project. Except for conducting land Kachcheris, the progress of other activities remained as low as 4 – 43 per cent.
- As action had been taken in accordance with national policy to provide legal documents for those enjoying Government lands without any legal document, land Kachcheris, more than an average year, had been conducted in the first quarter of the year 2021. Under the inter-provincial offices and provincial departments of Land Commissioner, 35,005 licenses and 19,906 Grants had been issued during the year 2021. The planned field inspections could not be done as the country had been locked down regularly due to Covid pandemic prevailed throughout the year 2021.
- Action should be taken efficiently to achieve the targets scheduled.
- (ii) Having been planned to hold 20 land kachcheris at the divisions of 68
- Considering the difficulty in conducting land Kachcheris by summoning people amidst
- Annual performance targets should be set based

Divisional Secretariats in the unfavorable environment on the maximum which the Bimsaviya during 2020-2021, the practical possibility programme had been number of land kachcheris thereby taking implemented, 177 land expected to be held action to achieve kachcheris had been held practically, was shown in the them. at the divisions of 10 plan.

Divisional Secretariats. The Divisional Secretariat, Accordingly, the number Rajanganaya, being of kachcheris held only in administered by the inter- the division of Divisional provincial office of Secretariat, Rajanganaya Anuradhapura, was an area in Anuradhapura district, where there were many issues relating to Government lands. As such, a large number of As such, attention had not land kachcheris were held with the assistance of other been brought on the institutions under a special optimal number of land survey programme done by kachcheris that would be held thus making plans by the Department of Surveys. setting lower number of targets.

### 3.2 Annual Performance Report

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>Information on progress and estimated targets relating to the strategies with respect to the recovery of outstanding revenue of the Department and taking legal action in that connection, and ensuring the protection of Government lands had been included in the performance report prepared up to the year 2020. However, those targets and progress had not been mentioned in the performance report prepared for the year 2021. Accordingly, progress related to the recovery of outstanding revenue, taking action against encroachment, and the legal action taken in that connection, could not be examined.</p>	<p>The format showing the progress of the Department included in the performance report for the year 2021 shows the progress of the documents issued by the Land Commissioner General's Department for the purpose of ease of reference. As the format had been changed, the progress in the recovery of outstanding revenue, encroachments and legal action taken in that connection had not been included. However, such information is maintained in the registers of the Department.</p>	<p>The progress of the Department in the recovery of outstanding revenue, and taking action against encroachments, should be presented through the performance reports.</p>

### 3.3 Procurements

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Audit Observation	Comment of the Accounting Officer	Recommendation
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<p>(a) Although the Department had decided to purchase 400 desktop computers in the year 2021, the Cabinet Secretary had informed that purchases had been temporarily suspended in accordance with the Cabinet Decision, No. 21/1596/134 dated 30 August 2021. Accordingly, the plans could not be fulfilled due to delay in the Procurement process, and the sum of Rs.79,218 incurred on the newspaper advertisement published on 18 August of the year under review, had become uneconomic.</p>	<p>Having been taken into consideration the delay in releasing imprests for making payments of December and the delay in supplying goods within the specified time owing to restrictions imposed on imports, action had been taken in accordance with the Cabinet Memorandum, No.21/1596/134 issued by the Ministry of Finance on 28 August 2021.</p>	<p>The Procurement process should be commenced at the beginning of the year.</p>
<p>(b) The provision of Rs.55.92 million made for the purchase of technical equipment under the e-slims project in the year 2021, could not be utilized as at 31 December of the year under review due to delay in the Procurement process.</p>	<p>According to the instructions given in Paragraph 02 (i) of the Cabinet Memorandum, No.21/1996/134 (review of public expenditure ) dated 2021.08.28 that the purchases be suspended due to Corona pandemic and financial crisis in the country, the said technical equipment could not be purchased as expected although provision had been made under proper approval while the procurement process to purchase technical equipment for the e-Slims project had been in progress.</p>	<p>Provision made for the period should be utilized in a timely manner.</p>

### 3.4 Assets Management

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Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) A Tablet PC, 40 inch LED TV, and a digital multimedia projector purchased in the year 2016 at the value of Rs.221,065, remained unused at the stores even by 31 March 2022.	The Tablet PC had been purchased in view of providing with the Colony Officer of the office of the Assistant Commissioner of Lands, Kantalae, but the Tablet PC could not be issued as the said officer had been retired. The 40 inch television and the digital multimedia projector had been purchased for installing at the auditorium in Ratmalana. As the training activities had been carried out online due to Corona pandemic prevailed in the preceding year, the installation had been temporarily suspended. Action will be taken to make use of those two items in the year 2022.	Purchases should be made by identifying the requirements properly. Non-utilized items should be used in a useful activity.
(b) Five vehicles belonging to the Department had remained parked at the premises of the Department over a period of 04 – 07 years. No action had been taken either to repair or dispose them.	Further action is being taken in accordance with the report furnished by the mechanical Foreman on the possibility of making use of 04 vehicles, after being repaired without disposing. Several repairs had been carried out on one of the vehicles, and that vehicle remains roadworthy at present.	Unused vehicles should either be made use of after being repaired or disposed.

### 3.5 Losses and Damage

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Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) Action had not been taken either to write off or recover the sum of Rs.1,079,050 out of the damage of Rs.1,988,262 caused by accidents involving 06 vehicles	The value of loss caused to the vehicle No. PD-9781 had been eliminated from the register of losses and damages. Approval of the Commissioner General of Lands has been received on the report as per F.R 104(4) relating to the accident involving the vehicle No. PG-9778, and action is being taken to write	Measures should be taken on losses and damages in terms of directives given under F.R. 109.

- in the year 2021. off from the books in terms of F.R 109. Action is taken to recover the loss caused to the vehicle Nos. PD-9189 and PF-6076 through the insurance companies. It was informed by the insurer that the amount had been settled in full to the institution which did the repair on vehicle No. PC-2501 and action is being taken to prepare the report in terms of F.R 104 (4). The report as per F.R 104 (4) relating to the vehicle No. PF-6074 has been sent for further action.
- (b) The accident caused by the vehicle, No. PD-6509 on 23 November 2021, had not been mentioned under losses and omissions in the financial statements. The loss caused on the vehicle No. PD-6509 on 23 December 2021 had been assessed to be Rs.2,161,650 as at 28 December 2021. However, due to delay in including that loss in the register of losses and damages, it was not shown under losses and omissions in the financial statements of the year 2021 as well. Nevertheless, action will be taken to include that value in the statement of losses and omissions of the financial statements of the year 2022. Losses and damages should be recorded in terms of F.R. 110.
- (c) Sums of Rs.1,592,872 and Rs.54,887 had been recovered from the Insurance Corporation and the relevant officers respectively in regard of the damages valued at Rs.2,399,395 caused by vehicle accidents during the period 2015-2019. Action had not been taken in terms of F.R. 109 to obtain orders of write-off relating to the balance of Rs.751,636 even by Orders of write-off have been given with respect to the damages caused on the vehicles bearing numbers, PG-9781, CAQ 3619, PF- 6075, and PE-0626. Approval of the Secretary to the Ministry has been sought on the reports of F.R 104(4) relating to the accident involving the vehicle number, KR-6496. As the sum amounting to Rs.30,006 receivable from the driver of the vehicle number PG-9781 has already been recovered, action is being taken to obtain approval to write off the loss. Action should be taken on losses and damages in terms of F.R. 109.

the end of the year under review.

- (d) According to the recommendations of the Committee appointed to prepare the full report on losses caused to the vehicle No. KR-6496 in terms of F.R 104(4), it had been decided that a sum of Rs.50,813 representing 15 per cent of the loss sustained by the Government amounting to Rs.338,755 be recovered from the driver. However, that sum had not been recovered even by the end of the year under review.
- The full report on losses prepared in terms of F.R 104(4) relating to the accident involving the vehicle No. KR-6496, has been presented to the Secretary to the Ministry for approval. Once the approval is received, further action will be taken for recovery of the said sum from the driver.
- Action should be taken in accordance with recommendations given in the reports presented in terms of F.R. 104(4).

### 3.6 Management Weaknesses

----- Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
(a) Action had not been taken in terms of Section 4.2.5 of Chapter XXIV of the Establishments Code on the loan balances receivable from an officer retired 16 years ago and another officer retired 1-2 years ago that had been included in the loan balance of Rs.911,533 recoverable from 08 officers retired as at 31 December 2021.	Loan balances pertaining to 04 employees had been recovered from the gratuity and settled. It is kindly informed that action has been taken to settle the loan balance of other 04 employees when their gratuity or pension is paid.	Action should be taken in terms of Section 4.2.5 of Chapter XXIV of the Establishments Code.

- (b) Action had not been taken to execute the disciplinary orders by concluding disciplinary inquiry on the loan balances receivable from 08 interdicted officers including 05 loan balances continued to exist over a period of 05 years as well as no action had been taken to recover the loan balance from the heirs or guarantors in terms of Sections 4.5 and 4.6 of Chapter XXIV of the Establishments Code.
- A sum of Rs.29,705 had been recovered as at 17 June 2022 from 05 of the 08 officers who had been interdicted as of 31 December 2021. Action is being taken for the recovery of loan balances from the other employees.
- Action should be taken in terms of Sections 4.5 and 4.6 of Chapter XXIV of the Establishments Code.
- (c) In order to ensure coordination with Presidential Secretariat, Divisional Secretariat, Environmental Authority, and Department of Valuation involved in the management of Government lands, and carry out activities of the State Land Information and Management System (e-slims) as per the E-governance concept, the Secretary to the Ministry of Telecommunication & Digital Infrastructure had been informed through the Letter, No.1/21/LGN 2.0 of the Commissioner General of Lands dated 21 February 2018 that the Lanka Government Network (LGN2.0) would be used to facilitate those activities. Nevertheless, it was observed that the Department had not contributed to the
- The Lanka Government Network is used to execute many of the activities relating to lands by all the Divisional Secretariats, and provincial & inter-provincial offices of the Land Commissioner as well as the Land Commissioner General's Department. However, when several employees of the same office log into the system, the Internet speed becomes slow and, the land officers and colony officers of the land division of the Divisional Secretariats, have to visit the location of the land, and the geological location should be uploaded to the system as a KML file whilst a picture of the land should also be uploaded to the system using the Tablet PC. A strong Internet connection is a must to do so, but such a connection can not be obtained through Lanka Government Network (LGN).
- Action should be taken in liaison with the Information and Communication Technology Agency to take corrective measures on the deficiencies identified with the Lanka Government Network (LGN2.0).
- An expeditious and efficient

implementation of E-governance concept as the Lanka Government Network had not been used for the said activities. Furthermore, an expenditure of Rs.5,368,856 had been incurred by the Department in favor of 02 telecommunications companies for obtaining Internet services in the year under review whereas a cost of Rs.448,586 had also been incurred by the Information and Communication Technology Agency to provide Internet services for the Department through the LGN2.0 in the year under review.

- (d) According to the progress report of the Ministry of Lands presented as at 31 December of the year under review, it was identified that the Department was directly responsible for the Government lands representing 20 percent of the total land mass of Sri Lanka. A land register had not been maintained including information on the disposal of lands since 1931, the year in which the Department had been established.
- A survey on Government lands had been commenced in late 2020 in order to establish an information system on Government lands. It is one of the objectives in establishing this information system to collect information on the disposal of Government lands. The information in that connection is being collected at the divisions of Grama Niladharis. This programme had been scheduled to be completed by 30 June 2022, but an extension had been given until 31 October 2022 considering the unfavorable situation prevailed in the country.
- A register should be maintained including information on the area of lands disposed.

#### 4. Sustainable Development

----- Audit Observation -----	----- Comment of the Accounting Officer -----	----- Recommendation -----
Preparation of licenses under the Land Development Ordinance had been mentioned as a sustainable development target in the performance report of the year 2021 though, contribution of the Department in achieving the Sustainable Development Goals could not be evaluated as the progress in achieving the expected goals by the Department and the Provincial Councils had not been separately shown.	The targets and progress relating to the preparation of licenses under the Land Development Ordinance mentioned under 1.1.2 in Section 2.1 of the Performance Report for the year 2021, were presented collectively with respect to the targets and progress set for the 08 inter-provincial offices and 09 Provincial Councils.	Contribution of the Department and the Provincial Councils in issuing licenses-an activity recognized as being related to the Sustainable Development Goals, should separately be presented in the performance reports.

#### 5. Human Resource Management

----- Audit Observation -----	----- Comment of the Accounting Officer -----	----- Recommendation -----
There existed 289 vacancies including 18 posts in the senior level as at 31 December 2021. However, action had not been taken either to make appointments to those posts or revise the approved cadre based on service requirements.	As 06 Deputy Land Commissioners' offices of the Department had been converted into the offices of Land Commissioner, posts in the senior level had fallen vacant. The Ministry of Public Services, Provincial Councils and Local Government has been informed to fill the vacancies. Furthermore, a request has been made to the Ministry of Public Services, Provincial Councils and Local Government to fill vacancies in the Grade III posts of the Sri Lanka Administrative Service. As the said posts in the senior level are essential for administration of this Department, it is not possible to revise the approved cadre. As new recruitments had been temporarily suspended in accordance	Action should be taken either to make appointments to the vacant posts or revise the approved cadre as per service requirements.

with the decision in Cabinet Paper, No.21/1596/304/134 dated 2021/08/31 presented with respect to the management of Government expenditure, the said vacancies could not be filled. Furthermore, the Department of Multipurpose Development has been requested to fill vacancies in the primary level.