

Head 287 – Department of Land Title Settlement

1. Financial Statement

1.1 Qualified Opinion

Head 287- The audit of the financial statements of the Department of Land Title Settlement for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of financial performance, and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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 Department of Land Title Settlement was issued to the Accounting Officer on 30 May 2024 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report pertaining to the Department was issued to the Accounting Officer on 13 June 2024 in terms of Section 11 (2) of the Audit Act. 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 accompanying financial statements give a true and fair view of the financial position of the Department as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Standards for Local Governments

1.2 Basis for Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. 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 Chief Accounting Officer and the Accounting Officer for the Financial Statements

The Accounting Officer are 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 Ministry/Department/District Secretariat 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 Chief Accounting Officer/ Accounting Officer (as the case may be) 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 Responsibility on Audit of Financial Statements

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 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercised professional judgment and maintain professional skepticism 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 the 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 Requirements

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

1.6.1.1 Non-financial Assets

Audit Observation	Comments of the Accounting officer	Recommendation
<p>(a) According to the valuation report dated 27 June 2023, the value of the Commissioner General's official residence was estimated as Rs.23,415,000. However, the value of the non-financial assets in the financial statements had been overstated by Rs.12,985,000 due to accounting the value of the said building as Rs.36,400,000 in the financial statements of 2023.</p>	<p>After the audit shows that the official residence of the Land Title Settlement Commissioner will be accounted for the value assessed by the Government Valuation Department and the value of the non-financial assets will be corrected.</p>	<p>Actions should be taken to account for Assets properly.</p>
<p>(b) Due to the fact that E-Title System of the Department website was established in the year 2020 and the cost of Rs.1,900,000 incurred related to it had not been accounted under non-financial assets, the non-financial asset value had been reduced in 2023 of that value.</p>	<p>After pointing out from the audit, actions were taken to account the cost incurred for the installation of the E-Title system under non-financial assets.</p>	<p>-Do-</p>

2. Financial Review

2.1 Expenditure management

Audit Observation	Comments of the Accounting officer	Recommendation
In the year under review, and the net savings value was Rs.2,169,716 out of 03 recurrent expenditure subjects allocated Rs.4,600,000 Accordingly, the savings ranged between 34 percent and 60 percent of the total net provision.	I would like to point out that savings like this have occurred due to freezing the allocation of 6 percent recurring allocations under these expenditure subjects as per National Budget Circular No. 01/2023 dated 01/27/2023,	Actions should be taken to apply for Provisions as per requirement.

2.2 Non-compliance with laws, rules and regulations

Audit Observation	Non-compliance	Comments of the Accounting officer	Recommendation	
Reference to laws, rules and regulations	Value Rs.			
(a) Section 4.2.5 of Chapter XXIV in the Establishments Code of the Democratic Socialist Republic of Sri Lanka	183,420	The amount remaining to be recovered from the unpaid loan should be recovered from the converted pension or gratuity of the officers. Also, according to Section 4 of the Public Accounts Circular No. 262/2017 dated 29 December 2017, actions should be taken not to include a balance in the advance B account from the officers who have been given Pension gratuity in the year 2018 and in the following years, but the outstanding loan balance to be recovered from 02 retired officers was Rs.183, 420 and the	The government has not yet been able to collect the amount due to the request to add the service period to the pension because the pension has not been processed so far. Loan balances of Two officers have been settled their in May 2024. One has retired on medical grounds but the pension has not been processed and the grant letter has not been issued.	Actions should be taken to recover as per the instructions of the Establishments Code.

balance had not been settled as on the date of these reports.

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| (b) | Section 4 of Public Accounts Circular No. 262/2017 dated 29 December 2017 | 211,600 | Although it has been stated that the heads of the departments should ensure that no loan balance due from the officers who have been given death gratuity in the year 2018 and the following years is included in the advance B account of their institutions, Rs.211,600 loan balance had also not been settled from an officer who died between 03-12 months on 31 December 2023, as on the date of this report. | Preparation of Widow & orphans pension salary regarding deceased driver has been referred to the pension department for processing the pension and the loan balance has not been settled as the grant letter has not been issued. | Actions should be taken to recover as per circular instructions. |
| (c) | Public Administration and Management Circular No. 05/2008 and dated 6 February 2008 as amended by Circular No. 05/2018 (1) dated 24 January 2018 | | The Department had not prepared the Citizen/Clients Charter and displayed it to the public. | Citizens/Clients Charter has been prepared and local offices have been informed to display it. So far, arrangements have been made to display it in the regional offices and the non-displayed offices have also been notified to do so immediately. | Arrangements should be made to display the citizens' charter as per the relevant circular instructions. |

2.3 Issue and settlement of ad hoc sub imprest

Audit Observation	Comments of the Accounting officer	Recommendation
According to the Financial Regulation No. 371(5) of the Public Finance Circular 01/2020, the officer who pays an sub imprest should submit an account of his sub imprest and settle the interim advance within 10 days after completing the relevant work, but the	In order to implement the Bhimsaviya program of the department, all payments are made for 53 regional offices across the island by the head office. Whenever it is necessary to incur expenses for certain special occasions, the expenses are covered by	Actions should be taken to settle sub imprest on the due date.

total amount issued on 16 occasions in the year 2023 was Rs.442,795 which had not been settled on the due date.

a sub imprest in a formal manner and then the imprest is settled. It is difficult to settle the advance within 10 days in practice, but if there is any money left after incurring the relevant expenses, it is informed that action is taken to notify the relevant officers to make arrangements to credit the remaining balance immediately to the department's bank account and inform the head office in that regard and submit the vouchers immediately and make the settlement.

2.4 Deposits

Audit Observation	Comments of the Accounting officer	Recommendation
According to Paragraphs 571(2) and (3) of the Financial Regulation, all deposits overdue for more than 2 years should be credited to the Public Revenue but by 31 December 2023, an amount of Rs.1,322,816 has been retained in the general deposit account and had not been dealt with in accordance with the instructions of the Financial regulation.	This deposit amount has been retained in the deposit account for filling the soil in the garden of the official house belonging to the Land Title Settlement Commissioner General for landscaping. For that, requests have been forwarded to the Sri Lanka Land Development Corporation and arrangements are being made to get the recommendations of the relevant institutions to carry out further work based on their information.	All overdue deposits should be credited to the Public Revenue as per the instructions of the Financial Regulations

3. Operational Review

3.1.1 Performance

Audit Observation	Comments of the Accounting officer	Recommendation
The total cost of Rs.6,183.72 million had been spent for the Bhimsaviya program implemented by the Land Title Settlement Department under the Ministry of Lands since the year 2007, but by the end of the year under review, it had failed to achieve the initial objectives. The following observations are made in this regard.	A time frame has been prepared in the year 2008 for the Bim Saviya program which was started after the passing of the Title Settlement Act No.21 of 1998. This plan has been revised and changed later and the department has not received the expected financial allocations at the time of preparing the plan related to this program. Therefore, it has not been possible to fulfill the task of settling the	Action plans should be prepared within a time frame in which the program can be implemented.

- (i). After the passing of the Titles Settlement Act No. 21 of 1998, the Bim Saviya program has been started in 03 Divisional Secretary's Divisions of 03 Districts, this program was being implemented in only 87 Divisional Secretariat Divisions of 20 districts by 31 December 2023, action plan indicating a time frame for the implementation of this program including other districts covering the whole of Sri Lanka had not been prepared.
- titles covering Sri Lanka as a whole. Since there are vacancies in a large number of approved staff and other officers and due to the facts that the surveying problems are not resolved as the survey department is unable to fill the vacancies of surveyors, there is not enough number of officers for 13 investigations and surveyors are not available for surveying, this process will further delay. However, this program will be implemented in 87 Divisional Secretary's Divisions by 31.12.2023. Also, as a program to speed up this process, a ten-year strategic plan has been prepared by including an incentive process for officials.
- (ii). Although it has been almost 21 years since Bimsaviya program had been started in 2002 in Homagama and Thambuttegama Divisional Secretary's Divisions, it had failed to be completed even by the year 2023.
- It is not possible to complete the investigation work due to the backlog of the court and the departure of the relevant landowners from the island. A large number of such files have accumulated in Thambuttegama and Homagama offices. Under Section 55 of the Act, these offices also investigate and send certificates under the transfer of land to the heirs in cases of intestate.
- Efforts should be made to achieve the desired progress.
- (iii). In relation to the 87 Divisional Secretary's Divisions in which this program is being implemented, there are 4728 Grama Niladhari Divisions, but only 1449 of them i.e. 31 percent had completed their survey. Also, no survey work had been begun in 974 Grama Niladhari Divisions belonging to 26 Divisions even by 31 October 2023.
- Cadastral maps for land parcels are prepared by the Survey Department. That department will carry out cadastral survey related to Bimsaviya. However, the department forwards the survey requests for each division based on the number of surveyors assigned to that division. Also, the quantities related to these measurements and the insufficient number of surveyors will have to be resolved by the survey department.

- (iv). The Bimsaviya program had not been started in the districts of Ampara, Mullaitivu, Kilinochchi, Mannar and Trincomalee and it was observed that there is an obstacle in achieving the desired objectives due to the fact that the program has not been fully started in any district.
- It has not been possible to start the Bimsaviya program in these districts due to the presence of large number of unsettled village lands Under the Land Settlement Ordinance No. 20 of 1931. Due the inability to deploy sufficient number of surveyors for land surveying, It has been calculated that there are about 16 million plots of land in the whole island. It is observed that only 128 officers and 72 licensed surveyors have been assigned by the survey department at one time to measure the size of those plots of land.
- Accordingly, even if all the surveyors carry out the survey work, the cadastral maps received by this department per year will contain only between 50,000 - 60,000 plots of land. Hence there is a shortage of maps to make the titles settlement process efficient. Also, due to the lack of proper responses to the requests made to attach the Deputy/Assistant Commissioners of the Sri Lanka Administrative Service in relation to this department and the investigation officers belonging to the Development Officer Service, a problematic situation has arisen in expediting the settlement of titles for the rest of the districts.
- Efforts should be made to achieve the desired progress.
- (v). Under section 12 of the Registration of Title Act No. 21 of 1998, 58 percent or 972,592 of the total number of lots gazetted up to 31 December of the year under review was 1,671,417, had been approved by the Commissioner of Land Settlement , it was observed that 42 percent out of the aforesaid has not been approved yet.
- Cadastral maps for plots of land are prepared by the Survey Department under the Title Settlement Act No. 21 of 1998. In addition to the requests received from the Divisional secretary, land commissioner general and other government institutions, this department also conducts cadastral survey related to Bimsaviya. However, this department forwards the survey requests for each division based on the number of surveyors assigned to that division. Also, the quantities related to these measurements and the insufficient number of the surveyors will have to be resolved by the survey department.
- Actions should be taken to approve the unapproved lots.

- (vi). As of 31 December 2023, the total number of files set aside in 85 regional offices due to various issues was 490,327 and this amount was about 29 percent of the total land area of 1,671,417 that has been surveyed and gazetted so far. It was observed that follow-up and monitoring of the set-aside files were not carried out properly.
- Files are constantly set aside and those set aside files are re-settled and certified in the Bhimsaviya program. This happens cyclically and every time about 05 lakh files are observed as the set aside files. However, these files are resolved as judicial proceedings or upon the involvement of foreign persons in the investigation work, certificates are issued with reference to the settlement process. This department works by constantly studying this work and in the last year alone, 9376 decisions have been made in 2022 and 8465 decisions in 2023 for set aside files. Accordingly, through training opportunities, integrated testing and regular follow-up, the amount of files set aside is gradually being reduced.
- Actions should be taken to carry out Follow-up and monitoring of set-aside files properly.
- (vii). The department had maintained 52 regional offices throughout the island for Bimsaviya activities, which were located in private and semi-government institutions. From the year 2019 to the year under review, an amount of Rs.246,884,260 was paid as building rent and security expenses of those offices, but due to the not function by the department as per the National Budget Circular No. 03/2022 dated 26 April 2022, the building rent and security service expenses incurred for the year under review had been Rs.48, 390,246.
- The rent is being paid for 27 offices in private buildings and 04 offices in semi-government buildings out of 53 offices established so far. Rent is paid for 04 offices out of 22 offices in government buildings. Arrangements are being made to reduce the costs incurred by locating in the Divisional Secretariat offices to the government or government-affiliated institutions. In January 2023, security expenses were paid to 42 regional offices and the number of offices currently providing security services has been reduced to 34 and the cost of security services has been reduced.
- Actions should be taken to minimize expenses as much as possible as per National Budget Circular No. 03/2022 dated 26 April 2022.
- (viii). From the year 1998 to 31 December 2023, the number of land plots sent to the land registrar for title certificate registration is 779,691 and the number of title certificates received after completion of the work is 422,070, although the work of 357,621 title certificates had not been completed. It was observed that the department had not conducted any records or follow-up regarding
- According to the Act, each plot unit of the land is measured. That is, private land and state-owned land (land physical landscape - rivers, canals, built-up land units - highways, roads) are measured separately and title certificates are issued for private lands and title certificates are not issued for state lands. 779,691 plots of land are forwarded to the land registrar for registration and title certificates are issued to the respective owners. Only title
- Actions should be taken to make timely follow-up should be done by maintaining records regarding certificates not received.

those certificates.

is registered for state lands. Also, follow-up on the schedule registration and comparison in the coordination committee is done in every coordination committee. Accordingly, a formal follow-up is always done regarding this number and under Section 19 of the titles Settlement Act; schedules are issued for state lands.

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| (ix) | Although a Mediation Board should be appointed by the Commissioner of Title settlement for each Grama Niladhari Division situated in a definitely mentioned area as per stated in section 7(1) of the Registration of Title Act No 21 of 1998, Mediation Boards had been appointed only for 532 Grama Niladhari Divisions out of the 4728 Grama Niladhari Divisions in the 07 districts where the Bimsaviya Programme is implemented, and it was observed that non-appointment of such Mediation Boards for the remaining 4,196 Grama Niladhari Divisions had resulted in the decline of total progress. | The task of investigation becomes easier by the appointment of Mediation Boards, and investigation data is obtained through members of the Mediation Boards when necessary. Names of officers for the Mediation Boards are sent by the Grama Niladharies and Divisional Secretariats. Our Deputy Commissioners/Assistant Commissioners in Divisional Secretariats have been made aware by now through the letter No 04/06/59 dated 08.06.2023 of the need to name and send the list of names of the members for Mediation Boards through Grama Niladharies and Divisional Secretariats in each Division. Mediation Boards are appointed following the Cadastral maps are received for each Grama Niladhari Division. The Bimsaviya programme conducted by the Divisional Offices is not conducted for all Grama Niladhari Divisions belonging to the Divisional Secretariat. Further, Mediation Board members are appointed for a period of 03 years in respect of a named Division | Action should be taken to appoint a Mediation Board as per the provision of the Act. |
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3.1.2 Non-reaching of the expected output level

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Amongst the decisions taken in 2023 under section 14 of the Land Settlement Act, although the number of land parcels planned to be publicized through the gazette was 200,000, the actual number of land parcels published through	For the purpose of reaching that goal, the target of 70,350 land parcels which were to be surveyed and handed over by the Survey Department was revised as 66,750 and the number of land parcels surveyed and handed over to us stood at 59181. In reaching that target, affairs related to 61,222 land parcels had been	Action should be taken to reach achieve planned.

gazette stood at 56,789 representing 28.3 per cent in terms of percentage.

completed by 31 December 2023 and that translated to a 61.22 per cent progress. When considering the target given by the Survey Department following the completion of surveying, the ability to recommend decision under section 14 prevailing in excess of 60 per cent was a fact to be happy about at the Departmental level. Accordingly, if we are given at the start or in the middle of the year even higher number of land parcels after survey work being completed, these targets can be further enhanced.

(b) Although title certificates for registration of land titles in respect of 200,000 land parcels were expected to be issued, only 47,271 land title certificates had been sent. That represented a 23.6 percentage.

The revised target as per the 2023 Action Plan for sending schedules to the Registrar of Lands for issuing title certificates under section 14 stood at 70,000 land parcels and the progress of reaching that target by 31 December 2023 stood at 47,271 land parcels, as a percentage, that represented a 67.53 per cent. Of this, the process of registration of Government land parcels in the title register are happening only and title certificates are issued in respect of private lands. However, title registration is not a task carried out by this Department alone and it contains functions carried out by several Departments.

Title registration should be carried out as planned.

(c) As per the Act No 20 of 1931, the progress of sending the land settlement order for the approval of the Minister in charge of the lands subject, had reached a level equal to 40 per cent.

In the process of lands settlement, orders of lands settlement for an area related to 05 lands settlement notices of 03 provinces, had been prepared and referred for obtaining the approval of the Hon. Minister in charge of the subject as per the Action Plan of the Department for the year 2023. Of them, it was possible in 2023 to prepare and refer the land settlement order for the approval of the Hon. Minister related to the villages called a part of Seruwila and a land settlement order could not be referred for the approval of the Hon. Minister in respect of other villages. The main

Action should be taken to reach the expected level.

reason for creating this situation is the fact that the survey details and “S” diagrams related to the above maps, have not been received to this Department from the Divisional Survey Offices. Although several requests and reminders have been referred on several occasions in this regard, it was observed that the receiving of diagrams is getting further delayed. Thus, against the backdrop of not receiving the diagrams, no further steps related to land settlement, can be taken in respect of the above three villages.

3.2 Management of Assets

Audit Observation

Although the Land rover defender jeep bearing number 65-0748 that had been registered under World Food and Agricultural Organization of the United Nations, has been in use for duties under this Department since the year 2007, no action had been taken to get the relevant ownership transferred.

Comments of the Accounting Officer

The relevant documents for getting the Land rover defender jeep bearing number 65-0748 transferred to this Department, have been handed over to the World Food and Agricultural Organization of the United Nations, and I have been made aware that the activities related to the Sri Lanka Customs for the duty free importation are currently going on.

Recommendation

Action should be taken to carry out immediate transfer of the ownership.

4. Human Resources Management

4.1 Approved Cadre, Actual Cadre

Audit Observation

Information related to the approved and actual cadre of the Land Settlement Department is as follows.

Post	Approved cadre	Actual cadre	Excess/ vacant cadre
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Senior	105	34	71
Tertiary	07	05	02
	1746	838	908
Primary	254	149	105
Total	<u>2112</u>	<u>1026</u>	<u>1086</u>

The number of vacancies of the Department stood at 1,086 as 71 at senior level, 02 at tertiary level 908 at secondary level and 105 at primary level, and that represented 51 per cent of the approved cadre. Those vacancies had not been filled even by April 2024.

Comments of the Accounting Officer

New Government recruitments are made in a limited manner and requests have made to the Ministry of Public Administration, Home Affairs, Provincial Council and Local Government to fill up vacancies at senior level. 14 Deputy/Assistant Commissioners have been appointed for acting duties/covering up of duties until vacancies are filled. Requests have been made to the Ministry of Public Administration, Home Affairs, Provincial Council and Local Government to provide, when new recruitments are made, officers for the vacancies existing at primary, secondary and Tertiary level.

Recommendation

Recruitments should be made following the reviewing of vacancies.