

Head 254 - Registrar General's Department

1. Financial Statements

1.1 Qualified Opinion

Head 254 - The audit of the financial statements of the Registrar General's Department 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 Registrar General's Department was issued to the Accounting Officer on 31 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 12 July 2024 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements prepared give a true and fair view of the financial position of the Registrar General's Department as at 31 December 2023 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

My opinion is qualified based on the matters appear 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 Accounting Officer on Financial Statements

Preparation of financial statements in a manner that reflects a true and reasonable position and determines the internal control required to enable financial statements to be prepared without inadequate false statements that may result from fraud and error in accordance with Generally Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018 is the responsibility of the Accounting Officer.

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 annual and periodic financial statements to be prepared.

The Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the Department in terms of Sub-section 38 (1) (c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

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:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of its internal control.
- Evaluate that the underlying transactions and events are appropriately and fairly included in the financial statements for the structure and content of the financial statements that include disclosures.
- 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.

The Chief Accounting Officer/ Accounting Officer was made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

1.5 Report on Other Legal Requirements

I declare 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 those of the preceding year,
- (b) The recommendations made by me regarding the financial statements of the preceding year had been implemented.

1.6 Commence on the Financial Statements

1.6.1 Accounting Deficiencies

(a) Capital Expenditure

The following deficiencies were observed while accounting for capital expenditure in the financial statements.

	Audit Observation	Comment of the Accounting Officer	Recommendation
(i)	Eventhough the statement of non-financial assets (ACA-6) shows Rs.114,328,048 as purchases during the year under review, by showing Rs.131,050,045 as capital expenditure	According to the instructions received from the Treasury, Rs.12,847,899 for the rehabilitation and improvement of capital assets under capital expenditure, acquisition of capital assets is Rs.114,328,048 and	Action should be taken to include the correct values in the financial statements.

under investing activities in the cash flow statement, the net negative cash flow generated from investing activities in the cash flow statement was overstated by 16,721,997. It was consisted with Rs.12,847,899 for rehabilitation and improvement of capital assets and Rs.3,874,098 for capacity development which should be shown under operating activities in the cash flow statement.

Rs.3,874,098 have also been included under investment activities in the cash flow statement, and it has been informed that only Rs.114,328,047 for acquisition of capital assets have included in the statement of non-financial assets (ACA-6)

- (ii) Although Rs.182,827,098 had been spent for the acquisition of capital assets in the year under review, the assets amounting to Rs.68,499,051 had been understated in the statement of financial position, due to only Rs.114,328,047 were shown as non-financial assets in the statement of financial position. It was observed that those assets were purchased by the District Secretariats.
- The expenditure of Rs. 68,489,051 incurred by other Ministries/ Departments under F.R. 208 included in the Rs.182,827,098 had not been recognized as acquisition of property, plant and equipment in the statement of financial position, due to those expenditure cannot be recognized as a non-financial asset in the CIGAS system. Further, it has been stated that asset purchases under this allocation have been accounted under non-financial assets of the respective District Secretarial.
- Disclosures should be made in the financial statements about asset movements.

2. Financial Review

2.1 Management of Income

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Any amount was not recovered during the year under review out of the arrears of Rs.3,160,269 remained at the beginning of the year under review in 7 land registrar offices and action not been taken regarding the balance of Rs.12,191,593 in arrears and penalty income, which does not maintain information about the recoveries according to Registrar General circular No. 11/2019 dated 23 July 2019.	The opening balance also includes arrears/penalty balances for many years and the Department has not charged arrears/penalties since 23.07.2019 and it has been informed that action is being taken to get proper approval to remove the balances remained in the records.	Adequate measures should be taken to recover the arrears income.
(b) Out of Rs. 20,806,353 dues remained in the beginning of the year under review in 44 land registrar offices and Rs. 7,111,533 impose in the year under review, only Rs. 7,451,243 or 27 percent was collected during the year under review.	It is stated that eventhough the opening balance of the year was Rs.20,806,353 and the impositions during the year was Rs.7,111,533, the collections during the year was Rs.7,451,243.	Adequate measures should be taken to recover the arrears income.

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| (c) | Eventhough the fees for issuing High Court Certificates to notaries which were estimated at Rs. 8 million according to the initial revenue estimates had increased up to Rs.11 million by 38 percent or Rs. 3 million, the revenue collected during the year was reduced by Rs. 2,060,808 or 19 percent from the revised revenue estimate. | Although the initial estimate is set at Rs.8 million and the revised estimate is increased to Rs.11 million considering the actual income by 31.05.2023, it has been informed that the reasons for the decrease of revenue collected by 19 percent from the revised estimate, due to the decrease in the recruitment of new notaries in the year 2023. | Action should be taken to prepare income estimates with proper study. |
| (d) | The arrears of income have been accumulated for many years, due to not taking action to collect arrears income and abandoning uncollectible incomes in accordance with F.R.143(2)(f) and F.R.175(2) and action has not been taken in terms of F.R.176(3), if negligence or inefficiency of some officer has been the caused in collecting the money. | An order is being sought from the Accounting Officer to waive the arrears which could not be collected for many years and it has been informed that action will be taken in this regard as soon as possible. | Actions should be taken to recover the accounted arrears income properly. |

2.2 Management of Expenditure

Audit Observations	Comment of the Accounting Officer	Recommendations
(a) According to paragraph 6(c) of Budget Circular No. 01/2023 dated 27 January 2023, eventhough opportunities should be provided only for the mandatory training to be completed by the respective officials under the expenses for	Training opportunities are provided for the mandatory training to be completed by the respective officers in order to meet the qualifications in order to cover the Departmental circulars, ordinances and their roles and responsibilities and it	Action should be taken according to the circular instructions.

staff training, a sum of Rs. 2,595,372 had been spent on seminars, workshops and externally oriented training for the officers collectively that do not fall under that category. is indicated that the entire Rs. 2,595,372 had been spent on officers were trained for the same as it was understood as a timely and essential matter to update the knowledge of the officers,

- (b) The initial expenditure estimate of Rs.199,000,000 for software development, Rs.3,500,000 for the acquisition of machinery and equipment and Rs.3,500,000 for the acquisition of furniture and office equipment have been revised to Rs.114,000,000, Rs.78,500,000 and Rs.13,500,000 respectively and it was a decrease of 51 per cent, 1956 per cent and 285 per cent an abnormal increase respectively from the initial estimate. Although the decrease in the expenditure on software development was shown in the financial statements as an expenditure restriction as per the budget circulars, it was spent on the purchase of computers and printers.
- An amount of Rs.85 million had transferred under F.R 66 as Rs.75 million to the expenditure object 254-1-2-2103, Rs.10 million to the expenditure object 254-1-2-2102, due to the cancellation of the procurement process for updating the data coverage system of the Department.
- The activities for the year should be done as scheduled based on priority.

2.3 Entered into Liabilities and Commitments

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Eventhough the liabilities of 14 expenditure objects was Rs.133,990,340 according to the liability register, according to the	It has been informed that they had to enter into liabilities beyond the limits, due to the lack of provision by the National Budget Department for	Action should be taken to manage expenses within the allocated limit.

financial statements it was essential expenses such as rent, Rs.74,669,984. Therefore, water electricity, security and a difference of sanitation services and for the Rs.59,320,356 was photocopying service which observed. directly contributes to the generation of income.

- (b) According to paragraph 04 of State Accounts Circular No. 255/2017 dated 27 April 2017, all the steps in the process of settlement of commitments, commitments and liabilities were not included in the CIGAS Accounting System. According to the circular, vouchers received daily are entered into the CIGAS computer system as commitments initially and then payments are made, and it is stated that payment cannot be made without such entry. Circular instructions should be followed.

2.4 Utilization of funds provided by other Ministries and Departments

Audit Observation	Comment of the Accounting Officer	Recommendation
Out of the Rs. 25 million allocated by the Ministry of Tourism and Lands for the procurement of goods for Bim Saviya programme during the year under review, only Rs. 23.28 million had been spent on the program and out of the allocation of Rs. 12 million made by the Ministry of Investment Promotion for creating an investment-friendly environment, only Rs. 7.21 million had been used for the programme.	Only 45,000 copies were printed due to difficulty in procuring GSM size paper required for printing the title certificates. The printing work was completed on 19.12.2023, the actual cost for that amount was only Rs.569,250. An allocation of Rs.1.4 million has been assigned to the Ministry of Lands and Rs.569,250 spent on certificate printing has been asked to be paid. Accordingly, the provision of Rs.321,541 had to be sent back without being spent and out the provision of Rs. 12 million given by the Ministry of Investment Promotion, the money could not be used, due to the lack of	Action should be taken to spend the allocated money for the intended purpose.

overtime approval for the officers who carried out works.

2.5 **Certifications to be made by the Chief Accounting Officer /Accounting Officer**

According to the provisions of Section 38 of the National Audit Act No. 19 of 2018, eventhough the Accounting Officers should have made assurances regarding the following matters, had not done so.

Audit Observation	Comment of the Accounting Officer	Recommendation
The Chief Accounting Officer and the Accounting Officer shall ensure that an effective internal control system is developed and maintained for the financial control of the Department and the effectiveness of the system shall be reviewed from time to time and necessary changes shall be made accordingly for the effective operation of the system and such reviews shall be done in writing and a copy of it should have been submitted to the Auditor General. However, the statement that such a review was done was not submitted to the audit.	It is informed that the Action plan, procurement plan and delegation of authority of F.R had been done and copies of the same have been submitted to the audit to effectively maintain the internal control system.	The provisions of Section 38 of the National Audit Act No. 19 of 2018 should be followed.

2.6 Non-compliance with Laws, Rules and Regulations

The instances where non-compliance with the provisions of the laws, rules and regulations observed during the sample audits are analyzed below.

Observation		Comment of the Accounting Officer	Recommendation
Reference to the Laws, Rules and Regulations	Non-compliance		
(i) Assets and Liabilities Amendment Act No. 74 of 1988 and Ministry of Justice Circular No. 04/1994 dated 18 February 1994	Two officers had not provided annual statements of assets and liabilities from 2015 to 2022, while 21 officers had submitted less report.	A written notice has also been given to the officials who have not provided asset liability statements for many years. It has been informed that the officers have been informed to act according to the Bribery or Corruption Allegations Investigation Commission Circular 01/2024 dated 01.03.2024 for the year 2024.	Act and Circular instructions should be followed.
(ii) Establishment Code of Democratic Socialist Republic of Sri Lanka Section 2.10 of Chapter VI	Actions taken in respect of officers recruited in Class III Grade II of the Registrar Service were not reported to the Auditor General.	Agreed with the audit observation and noted for further corrective action in future.	Action should be taken to comply with the provisions of the Establishment Code.

Section 38.18 of Chapter XII	There was no monthly report submitted to the Auditor General regarding the leave taken by government officials outside the island.	Agreed with the audit observation and it had informed that further corrective action will be taken.	Action should be taken efficiently in accordance with the provisions of the Establishment Code.
Section 10 of Chapter XV	Although staff/executive level government officials should obtain the prior approval of the Prime Minister before leaving Sri Lanka for foreign travel, 05 staff/executive level officers of the Department had left the island without obtaining such prior approval.	It had been informed that before leaving Sri Lanka, the officials of the Department took the prior approval of the Secretary of the Ministry and participated in various training programs in each period and leave was approved by the Minister for that.	Staff/executive level government officials should obtain the prior approval of the Prime Minister.
Section 4 of Chapter XXIV	Action had not been taken to remove the debt balance of Rs.886,949 due from 20 officials to the Government remained over 28 years to 7 years period.	It had been informed that action will be taken to collect information on the recoverable debt balances from other officials who were suspended, resigned and removed from service within a period of 07 to 28 years, and if not, obtain approval to write off the debt balance from the	Action should be taken to comply with the provisions of the Establishment Code.

Ministry and obtain instructions from the Attorney General.

(iii) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

F.R 756 and paragraph 11.1 of Public Finance Circular No. 01/2020 dated 28 August 2020.

An annual Board of Survey committee was not appointed until the year 2022, and the Board of Survey reports related to the previous years were not submitted to the Auditor General.

It had informed that the annual Board of Survey had not been carried out until the year 2022 regarding the warehouse stock of the Department, and a special Board of Survey had been carried out by a board consisting of five members, including two members from outside the Department and then the annual Board of Survey for the year 2023 has also been completed by now.

The referred circular and regulation should be followed.

(iv) Rules of Procedure No 158 of the Public Service Commission published by the Special Gazette No. 2310/29 of the Democratic Socialist Republic of Sri Lanka

Although the seniority list should be updated and published on January 01 and July 01 of every year, the Department had not done so.

Action had been taken to publish in the Departmental website from 01.07.2024

The reference circular should be complied with.

(v) Public Finance Circular
No. 01/2020 dated 28
August 2020
Paragraph 11.1

The circular instructions were not followed with regarding 48 goods related to the 07 items mentioned in the General 47 identified in the last year's Board of Surveys

Appropriate action has been delayed due to the non-receipt of the recommendations, due to the lack of knowledgeable staff to get the recommendations of the IT division and it had been stated that the information will be studied and taken action without delay.

The reference circular should be complied with.

Paragraph 13.2

05 vehicles that had been identified for disposal by the year 2021 had not been disposed by the end of the year under review.

It has been stated that as the chassis numbers of 3 vehicles have been erased, a letter has been sent on 12.01.2024 to the Department of Motor Transport requesting advice on the measures to be taken and no reply has been received yet.

The reference circular should be complied with.

(vi) State Accounts circular
No. 05/2023 dated 30
November 2023

Paragraph 3.1

Statement of obligation and liabilities, final Treasury Accounts Statements and Forms- SA-12, SA-21, SA-50, SA-90 and Annexure iii required to be

It is stated that the submission of Annexures SA-12, SA-21, SA-50 and SA-90 had been omitted and Annexure iii-statement of obligation and liabilities could not be submitted, due to non-

Action should be taken in accordance with accounting guidelines.

obtained from the availability of new CIGAS web uploading facility in application system CIGAS web were not submitted application. with the financial statements.

- (vii) Registrar General's 103 reports It has been informed The reference Circular No. 15/2022 pertaining to the that most of the land circular should be dated 21 October 2022 year under review registrar offices have complied with. from 13 land sent the all money registrar offices had report to the head office not been forwarded properly and reminders to the Registrar have been sent to the General. offices that have not sent the reports and arrangements have been made to bring the reports promptly.

2.7 Informal Transactions

The following observations are made.

(i) Payments made without Authority

The following payments were made without an authority by the Department.

Audit Observation	Comment of the Accounting Officer	Recommendation
Although Rs. 80,646,700 had been paid to scan 3,614,823 extracts by the end of the year under review according to the acceptance letter issued on 29 August 2023 relating to the project for scan and data entry of 3,751,113 sheets of 04 land registrar offices within 03 months at an estimated cost of Rs.83,687,331 under the E-Land	The Secretary has approved the decision taken by the Procurement Committee on 21.08.2023 for newspaper advertisement published for the procurement of scanning the extracts in July 2023. Accordingly, a letter of acceptance had been handed over by the institution on 09.02.2023 for the awarding letter of procurement work. Although no formal agreement has been signed,	All payme should be made accordance w the Financ Regulations

project, delegation of authority and approval had not been obtain in term of F.R 136 and F.R 137 by a formal agreement between the two parties for that payment. However, the two parties had arranged to enter in to an agreement on 20 March 2024.

an agreement between the Registrar General Department and the relevant institution has created thereby. However, it had been stated that the relevant institution and the Registrar General Department have signed the agreement on 20.03.2024.

2.8 Issuance and Settlement of Advances

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) According to the revised F.R. 371 (5) from the Public Finance Circular No. 01/2020 dated 28 August 2020, eventhough the interim imprest should be settled within 10 days after the completion of the work, the settlement of 16 interim imprest of Rs. 724,535 which was given to the officers during the year under review had been delayed a period ranging from 18 days to 05 months.	It had been informed that steps will be taken to settle the advances given for various work within 10 days after completion of the respective work in future.	Arrangements should be made to settle the advances in due time.
(b) Advances of Rs.864,100 were given on 19 occasions before the initial advances given to two officials were settled. Also, although the amount of advance remained in hand of these two officials were exceeded Rs.100,000 in each case, prior permission was not obtained from the Treasury Operations Department for this.	It had been stated that although advances have been given in the name of the same officer, the advances have been given for the work of different divisions and hereafter, new advances will be issued only if the previous advances have been settled by the officer applying for the advance.	Circular instructions should be followed.

3. Operational Review

3.1 Non- perform of Duties

The following observation is made.

Audit Observation	Comment of the Accounting Officer	Recommendation
Out of the activities belongs to 08 areas of responsibility at an estimated cost of Rs. 108 million included in the approved action plan of the Department for the year with the expectation of completion during the year under review, 14 programmes were not implemented or completed during the year.	Accept the observation.	Action should be taken to adhere with the action plan.

3.2 Non- achievement of Expected Outcome

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) e-Title Program Two private institutions commenced scanning of the extracts related to the e-Land project in 2013 and 11,595,197 of extracts were scanned in 20 land registrar offices up to 2018. Although scanning of 3,624,151 extracts to be completed by 29 November 2023 of the 03 land registrar offices that did not implement the program out of the 07 pilot land registrar offices and Colombo Land Registrar Office had been re-awarded to a private institution, the number of extracts scanned and completed by the due date was 2,020,903 and 9,328 extracts	Phase I and II of the e-Land software will be almost completed by the year 2022 and will be installed and tested at Colombo and Homagama Land Registrar offices on 01.01.2023 and the necessary upgrades will be made, out of the 7 pilot offices, the Colombo office and 3 other offices extracts පන්ඉරු were scanned. It had been informed that Phase I of the upgraded e-land software in August 2023 had been installed at the Colombo Land Registrar's office and scanning had been completed	Efforts should be made to promptly achieve the desired results from the programs that have been implemented for many years.

were not scanned by the end of the year under review. However, a system that how to deal with scanned documents from 2013 to up to now had not been prepared by the end of the year under review and a program to scan second copies of dead related to those extracts had not been implemented.

(b) e – Land Registry Program

Eventhough the reconstruction of the e-land (e-Land) computer program, which was planned to facilitate the online inspection of land documents and speed up the registration of documents, was carried out from the year 2016, due to the problems in the software, it had not been able to achieve the desired objectives by the end of the year under review. only 6 land registrar's offices had implemented the work related to the project with the machines, equipment and other devices worth Rs. 98.7 million provided in the previous year under the first phase.

for all its divisions till 15.12.2023.

The reconstruction work of the software was started after the year 2018, and although Phase I and II of the software have been almost completed, as the software has to be prepared in accordance with the fee increases made from time to time and the amendments made to Act on 04.11.2022. Although required documents are given to the Information Technology Agency in the years 2022/2023, due to the reason that the above institution did not give the necessary approval to the institution that will create the software and further work on the software will be carried out with the intervention of the Ministry of Technology around December 2023 and It had been informed that the 1st phase of the software of 08 Land Registrar offices had been established and completed by April 2024.

Efforts should be made to promptly achieve the desired results from the programs that have been implemented for many years.

(c) e- Population Registry Program

The software system created in 2010/2011 to maintain an updated data system containing information related to civil registration of births, marriages and deaths under the Public Sector Restructuring Program has not been operated since 2019 and then as a pilot project from 01 January 2021 had been implemented in 06 selected Divisional Secretariat Offices, and although all Divisional Secretariat Offices in the island started entering data related to all births and deaths from 01 January 2021, due to the existing problems in its service and maintenance activities and lack of sufficient infrastructure only one district had started issuing certificates. Out of 809,569 registered births, 363,013 births and out of 530,920 registered deaths, 217,430 deaths were entered into the data system in the Divisional Secretariat Offices belonging to the 25 districts, and the information about marriages was not maintained in any Divisional Secretariat Office relating to the year 2021,2022 and 2023 by the end of the year under review. Accordingly, the desired results were not achieved in this program as well.

The district pilot project for issuance of National Birth Certificate under the e- Population Register program was started in Kalutara district from 05.12.2023 and so far National Birth Certificate is being issued by all divisional secretaries of the district.

As the next step, the issuing of National Birth Certificates is to be started in 06 Pilot Divisional Secretariat Offices of Dehiwala, Gampaha, Kurunegala, Ratnapura, Tamankaduwa and Haguranketha.

Despite LGN issues and other infrastructural facilities being inadequate, data entry work is currently being done in other offices as well. There is a need to establish those facilities and DR site and backup system of the Departments before starting the issuance of National Birth Certificates in those districts.

The data system has been prepared only in relation to birth and death registration and it had been informed that several improvements are being made by the institution that performs service and maintenance work in relation to death registration and marriage registration.

Efforts should be made to promptly achieve the desired results from the programs that have been implemented for many years.

3.3 Procurement

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) According to the 4.2.1 of the Government Procurement Guidelines, in preparing the procurement plan for the year under review, in accordance with the guidelines, the procurement activities expected for at least the next 03 years were not included in the main procurement plan, and only the procurement activities for the year under review were included. Also, the main procurement plan had not been updated within a period of not more than 06 months.	It is observed that no space has been allocated to specify the information of three years in the format given for the preparation of the main procurement plan. It has been stated that the ability to record information for three years will be investigated and take action in future and the main procurement plan has been updated, but it has not been updated in a period of not more than 06 months.	Reference Guidelines should be followed.
(b) According to 6.3.3 (a) of the procurement guidelines, Although the price opening committee should be appointed by the procurement committee, opening of prices called on 29 March 2023 for the procurement of office equipment worth of Rs. 2,099,900 was not done by a committee appointed by the procurement committee. Also, due to the delay in providing the technical evaluation committee report related to this procurement, the delay in obtaining the performance bond and entering into an	The approval of the Department Procurement Committee had been obtained on 22.08.2023 for the bid opening committees as per 6.3.3 (a) of the procurement guidelines after the audit has indicated the facts. The Technical Evaluation Committee reports were delayed, due to the Technical Evaluation Committee chairman and members had to engage in other urgent duties that could not be avoided and other factors and the suppliers themselves have completed the supply of equipment to the	Reference guidelines should be followed.

agreement, it took 5 months from the date of the calling quotation to get the relevant goods to the Department.

regional offices of the Department between three and four months from the date of the price call.

It is stated that the obtaining of performance bonds and signing of the contract agreement will be done without delay.

(c) The procurement of a Windows Server operating system for Rs.590,000 for the IT division during the year under review were made without obtaining the approval of the Procurement and Technical Evaluation Committees for the bid documents and there was no formal contract agreement for the same.

It had been informed that this situation had been rectified.

Reference guidelines should be followed.

(d) According to 8.9.1(b) of the Government Procurement Guidelines, a formal contract agreement should be entered into prior to the procurement of goods, but an agreement related to the procurement of 05 computers worth of Rs.1,487,500 during the year was entered into 01 1/2 months after the procurement of the machines. Approval of the Procurement Committee for the Bid Opening Committee related to that had not obtained.

It has been stated that the formal agreement had not been signed before the procurement of the goods and it had been noted to proceed accordingly in the future and the approval of the Department Procurement Committee for the bid opening committees has been obtained on 22.08.2023.

Reference guidelines should be followed.

- (e) As per 5.4.12 of the Government Procurement Guidelines, eventhough details of VAT paid to suppliers/contractors registered for VAT should be communicated to the Commissioner General of Inland Revenue with a copy to the Auditor General, it was not done accordingly.
- According to the letter No. CGIR/2020/02-2 dated 26.05.2020 of the Commissioner of the Inland Revenue it has been forwarded to the said e-mail address at the end of each quarter and it has been stated that a copy has not been sent to the Auditor General and step will be taken forward a copy in the future.
- The details of the VAT paid required to be forwarded to the Auditor General.

3.4 Losses and Damages

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Due to the accident of a vehicle belonging to the Department on 20 January 2022, the loss was estimated as Rs. 1,735,950 and eventhough more than 02 years have passed since the accident, the investigations have not been completed by May 2024 and had not taken action according to the F.R.104(1)(a), F.R 104(3) and F.R.104(4) and paragraph 2.5 of Public Finance Circular No. 01/2020 dated 28 August 2020.	In terms of F.R 104(1)(a), a committee has been appointed and further action is to be taken as soon as its report is received.	The referred circular and regulations should be followed.
(b) Although more than two years have passed since this damage, the repairs of the vehicle had not been completed by 31 August 2024.	It had been informed that the repair work of the vehicle is in the final stage.	Repairs should be carried out promptly to minimize damage to assets.

3.5 Management Weakness

The following observations are made.

	Audit Observation	Comment of the Accounting Officer	Recommendation
(a)	According to the paragraph 02 (a) of Budget Circular No. 01/2023 dated 27 January 2023, eventhough instruction had not been given to write off statutory or contractual obligations expenses from the provision set for rents and local authority taxes etc, the provisions of Rs. 7,015,508 made for the year were cut as per the circular mentioning as a limitation of expenditure and Rs. 10,474,112 to be paid in relation to the year were stated in the statement of obligation as liabilities at the end of the year.	It had been informed that this situation had arisen, due to making provisions to make payments through 1201 to the institutions directly related to the revenue generation of the Department.	Circular instructions should be followed.
(b)	According to the F.R 143(2) and paragraph 04 (b) of Public Finance Circular No. 01/2015 dated 20 July 2015, it had stated that all government institutions should take immediate steps to collect arrears and prevent further accumulation of arrears. Although the arrears balance had gradually increased in the past few years, no action was taken to collect the arrears or in accordance with the provisions of the Notary Amendment Act No. 31 of	It had been introduced in circular 15/2022 that if it is not possible to recover the all arrears of the Department, the relevant notary will be prosecuted. Also, all land registrars have been informed to send a report on the arrears of the notaries to each high court under their jurisdiction before renewing the annual notary license. It had been indicated that the collection of arrears settlement money had been expedited and the arrears settlement reports have been	Action should be taken to comply with the Financial Regulations and circular instructions.

- 2022 during the year under review.
- (c) (i) In terms of Procedural Rules 96, 97, 101, 103, 105 and 106 of the Public Service Commission published by Special Gazette No. 1589/30 of the Democratic Socialist Republic of Sri Lanka, the appointments of 30 officers who were recruited between 2005 and 2016 and 45 officers who were recruited in 2018 to the grade II of class III of the Registrar Service, subject to a three-year probationary period or a one-year probationary period were not confirmed or extended the probationary period or terminate the appointment.
- (ii) According to Procedural Rule 132, the seniority of a government official should be adjusted according to the date on which he crossed his efficiency bar, however, the seniority of 41 officials who failed to cross their efficiency bar till 31 October 2023 had been arranged to be matched with the seniority of the officers who passed the efficiency bar on the due date.
- submitted by all land registrars to the High Court in April 2024.
- The officers who have qualified for confirmation have been confirmed in the post and the officers who have not met the qualifications have been informed about the deficiencies. It has been stated that the confirmation of the officers who will fill those deficiencies is being done.
- Action should be taken according to the procedural rules and inform the officer about the same and recorded in their files.
- Efficiency bar exams should be conducted at regular intervals and seniority should be properly adjusted.

- (iii) Contrary to the provisions of Procedural Rule 135 and wrongly defining Section 16:10 of Chapter XII of the Establishment Code, the seniority of certain officers who had taken no pay leave and failed to pass the efficiency bar within the stipulated time had been placed above the seniority of officers who had not taken such leave. According to Section 16:10 of Chapter XII of the Establishment Code, the leave period of officers who have received unpaid foreign leave should be considered for the purposes of salary increment payment and promotion, so it has been informed that those leave periods have been deducted from the service period and the seniority list had been prepared. The procedural rules and the provisions of the Establishment Code should be properly defined in determining the seniority of the officers.
- (iv) In terms of Procedural Rules 122 and 123, the efficiency bar exam should be conducted as prescribed in the service minuet or recruitment procedure and required to held two efficiency bar exam per year for Class III Grade II officers of the Registrar Service. However, only 05 efficiency bar exam had been conducted within 11 years from January 2013 to the end of the year 2023. The exam for the officials who were appointed to the position of III/II in the Registrar Service on 19.01.2013 were conducted by the Department in 2015 and 2016, and in 2022 and 2023, it was conducted by the Sri Lanka Development Administration (SLIDA). It had been informed that estimates have been called from SLIDA to conduct another efficiency bar exam. Arrangements should be made to conduct efficiency bar exams within the prescribed periods.
- (v) According to Procedural Rule 251, eventhough the delegated authority should prepare annual transfer policies and procedures in accordance with the government policies and the needs of the Department and obtain the approval of the Commission, such an approved transfer procedure was not observed during the The transfer of the departmental officers of this Department is usually issued in the middle of the year and the transfer program is prepared at the end of the previous year. It had been informed that the transfer policy for the coming year after 01.01.2025 had been prepared and after its completion, it will be Procedural rules should be followed.

audit and it was observed that the annual transfers of certain departmental appointed officers were not carried out in a proper manner.

- (d) According to the report dated 26 September 2023 of the four-member committee appointed to conduct a special survey regarding the stock of the Department as at 31 December 2021 had recommended to conduct a preliminary investigation regarding the shortage of 3,453 goods of 14 items and the surplus of 428 goods of 31 items valued at Rs. 507,764, had not been dealt with accordingly. However, without proper investigation, a resignation notice was issued on 12 January 2023 to the officer who was in charge of receiving and issuing warehouse goods.
- It was referred to the Investigation Division of the Ministry of Home Affairs to carry out the preliminary investigation in this regard and due to the busyness of the investigation officers in that division, it was directed to be conducted by the Department's Investigation Division. Accordingly, it had been informed that the investigation officers of the investigation division of the Department have proposed and submitted for approval.
- It is required to comply with the Financial Regulations and disciplinary action should be taken against officials who have acted without due accountability and delays.
- (e) Eventhough the Registrar General had given approval on 09 November 2021 to conduct the preliminary investigations regarding the indiscipline activities done by the Gampaha Land Registrar, the related preliminary investigations have not been completed over 28 months had passed.
- It had been mentioned that it is agreed with the audit observation and this time has passed, due to the limitation of summoning of officers and other activities in view of the situation of the Covid epidemic and the unstable situation in the country. It is stated that the preliminary investigation had been initiated by the Line Ministry and statements have been obtained from the officials.
- It is required to comply with the provisions of the Establishment Code.

- (f) The Registrar General received on 10 July 2020 an anonymous letter addressed to the President regarding bribery and persecution to the public by certain officials working in the Colombo Land Registrar's Office and the report of the Assistant Registrar General of the Central Zone who conducted a preliminary investigation in this regard was issued on 14 September 2020. However, the recommendations mentioned in that were not implemented.
- A permanent investigation unit was commenced in the Department from the year 2022 and before that investigation work had not been carried out through a proper method and that situation had been avoided by now. It had been informed that the necessary activities are being carried out to implement the recommendations.
- It is required to comply with the provisions of the Establishment Code and should deal with investigation reports without delay.
- (g) A period of 15 months had been spent to get answers to a charge sheet related to a money fraud of Rs.532,600 that occurred in the year 2013 at the Panadura Land Registrar's Office and a period of 22 months had been spent from the date of the investigation report to conduct a formal disciplinary investigation or take other appropriate action. Due to this, the Department had failed to send the report in terms of F.R 104(2) to the Treasury. Furthermore, according to the recommendations of the preliminary investigation report, a charge sheet was issued to the officer who failed to uncover this financial irregularity after 39 months
- It had been mentioned that it is agreed with the audit observation and that this time has passed, due to the limitation of summoning of officials and other activities in view of the current situation of the Covid epidemic and the unstable situation in the country. Arrangements are being made to initiate a formal disciplinary inquiry against the officer, and the additional district registrar who failed to uncover the financial irregularity has replied to the charge sheet and informed that further proceedings are underway.
- It is required to comply with the provisions of the Establishment Code and should ensure that unnecessary delays are not caused.

from the date of the investigation report and no further disciplinary action was taken based on the answers received.

- (h) (i) The report submit with delays for 16 months by the committee appointed by the Secretary of the Ministry on 30 June 2020 regarding a money fraud occurred on 27 May 2020 at the Galle Land Registrar's Office had been submitted to the Department by the Secretary on 06 December 2021 and until 19 months have passed since that date, the facts were not asked thereon. Although the Secretary of Defense informed the Registrar General about this on 30 August 2021, it took 5 months to appoint a committee and 14 months to get its investigation report.
- The investigations have been carried out by the Investigation Division of the Ministry of Home Affairs and according to the letter received from the Ministry of Defense, as per the order received from the Registrar General, it has been assigned to the Chief Internal Auditor on 14.12.2021. After receiving the initial investigation report from the Ministry of Home Affairs, its copies were forwarded to the Chief Internal Auditor on 05.01.2022 to apply it to the investigation conducted by the Chief Internal Auditor and to obtain those observations, and since its report was given on 31.03.2023, it had informed that further action will be taken accordingly.
- It is required to follow the provisions of the Establishment Code and ensure that unnecessary delays are not caused.
- (ii) According to Category II of the Establishment Code, fraud of money receivable to the Government and misuse of public resources fall under the first schedule of offenses which can be committed by public officials. However, according to this preliminary investigation, it falls under the
- The State Ministry of Home Affairs has conducted the preliminary investigation and forwarded the preliminary investigation report to us and informed that the recommendations have been implemented upon and the audit observation has been accepted. Transferred to
- It is required to follow the provisions of the Establishment Code.

second schedule by defining wrongly and the officers were recommended to be disciplined under disciplinary procedure. Accordingly, although the Additional Land Registrar directly involved in this incident had been recommended to be transferred to the head office, he was transferred to the Beruwala Divisional Secretariat under the annual transfer in 2023 without implementing it and although it had been recommended to discipline the Land Registrar who was accused of aiding and assisting this incident, arrangements were made to appoint an Assistant Registrar General for full-time cover up duties from August 2021 without acting accordingly.

Bentara Divisional Secretariat under 2023 Annual Transfer. The report of the preliminary investigation conducted by the State Ministry of Home Affairs was received to the Department on 27.12.2021 and it had been stated that since the officer was appointed for full-time cover up duties of the post of Assistant Registrar General on 23.08.2021, there was no opportunity to implement its recommendations by that date.

- (I) The annual review reports related to some officers recruited for Class III Grade II posts of the Register service had not obtained before the due date and had not taken proper action regarding their appointments and had also failed to bring the updated personal files of some officers from their previous place of work. Further, some of the officers recruited for this position could not confirm from the result sheet that they have passed their written tests.
- It had been stated that it agrees with the audit observation and will take action in future.
- Action should be taken to maintain files relating to officers properly and update manner.

- (j) Eventhough 83 candidates who scored between 232 - 192 marks were appointed for the post from the examination held on 25 November 2007 for the recruitment of Registrar Service Grade III posts, it was not confirmed to the audit that 117 candidates who scored between 259 - 193 marks did not even called for the interview.
- Based on the results of the open competitive examination, the candidates who secured the highest marks were called for the interview while a lesser number attended for that. As the number of officers selected from the number of participants is not enough to fill the vacancies therefore, more people have been called for the interview based on the results of the examination. It had been informed that the 117 candidates who were not selected are the candidates who did not participate in the interview or did not accept the appointment.
- Recruitment should be done transparently and necessary information should be maintained.
- (k) There was no approved recruitment procedure related to the examination mentioned in paragraph (j) above and among the 83 candidates selected for the posts, the number of candidates who scored more than 40 marks in all 4 subjects was only 22 and 61 candidates scored less than 39 marks in two or one of the subjects.
- The order of the result list of the open competitive examination held in the year 2007 was prepared based on the sum of the marks of the 4 subjects and it was informed that the total marks of the 4 subjects were based on the total marks of the 4 subjects as there were not enough candidates who had scored more than 40 marks in all the 4 subjects.
- Recruitment should be done in a transparent manner.

- (l) It was observed that due to lack of proper coordination between the division of the Department regarding the half-paid and no pay leave given to officers of the Department on proper approvals, the monthly salary paid to some officers was not calculated correctly. It had been informed that coordination is being done between the division to avoid the situation. There should be proper coordination between the division of the Department.
- (m) According to Finance Regulation 238/(5) as amended by 7.1 of Public Finance Circular No. 01/2020, the paying officer should verify that the signatures of each officer who receiving monthly salary have been kept on the pay slip and certain officers who have not done so had been paid the monthly salary. Awareness has already been given in writing and through the WhatsApp group in this regard and the Chief Accountant had informed in the Staff Officer meeting held in the Ministry that the salaries of the officers who do not do so will be stopped salary of May. It is required to comply with Financial Regulations.
- (n) Three officials who participated in foreign training courses and scholarship programs in the year 2023 have not made a report or presentation about the courses they participated. Also, the Department had not maintained an information system about providing foreign training. According to the AQ 13 report, out of 5 officers who participated in foreign training courses in the year 2023, 4 officers have given reports for the training programs they participated by 31 December 2023. The other officer had been informed to give the relevant report. It was informed that work will be done to maintain an information system about the number of foreign training opportunities and the number of officers who have not received training opportunities in the future, since the The circular instructions should be complied with and required to confirmed to the audit about it.

development and training section of the Department was established in the year 2021.

- (o) The amount of interest and surcharge charged in the year under review was Rs. 210,633, due to the late payment of monthly electricity bills related to the past period for 03 offices of the Department, and the additional fee charged for restoring the electricity supply which was disconnected, due to non-payment of arrears was Rs. 6,000.
- A WhatsApp group had been created and necessary steps have been taken to expedite the monthly bill settlement. It had been mentioned that due to the Corona epidemic situation and the unstable economy in the country, delayed receipt of bills, limited calling of officers to work, etc. have affected to this.
- Water bills and electricity bills should be paid on time.
- (p) Eventhough the Registrar General had given orders on 10 October 2023 to investigate as per F.R and if there are officers who should recover it conduct an investigation regarding the surcharge that had to be paid to the Electricity Board, due to non-payment of electricity bills in Maligawatta Central Records room, no further action had been taken in this regard by 31 December 2023 according to F.R.101.
- File No. RG/AB/POU/06/01/04 dated 02.05.2024 had been forwarded to the investigation department to conduct a preliminary investigation and provide an investigation report regarding the late payment of electricity bills at Maligawatta Central record room. It had been informed that investigations are currently underway.
- No. Investigations should be carried out without delay as per the Financial Regulations.
- (q) According to the letter No. HA/05/20/05 dated 20 December 2022 of the Secretary to the Ministry, instructions have been given to find out the causes of non-payment of outstanding bills on due dates and take
- Action have been taken to pay the bill along with the relevant arrears to prevent disruption of public services, due to power cuts. Mistake had been occurred act as mentioned in the second paragraph of the Secretary of the Ministry letter
- It should not be neglected to act according to the instructions of the Secretary of the Line Ministry and it should be ensured that such

necessary steps to prevent such financial losses from the year 2023, it was observed that due to non-action accordingly, 08 offices had to pay penalty interest and further losses to the Government, due to the occurrence of arrears bills for the year 2023.

No. HA/05/20/05 and dated 20.12.2022 and It is stated that this situation can be minimized in the future, since the detailed bills related to the offices that have outstanding bills are brought, analyzed and paid.

mistakes that have been made do not happen in the future.

(r) Although 03-12 months had passed since the expiry of the lease agreements related to 06 office premises which had been purchased on the basis of leases, the offices had been remained by paying monthly rents of Rs.943,500 without entering into new lease agreements.

The value for the monthly rent should be obtained from the Valuation Department before signing the lease agreements in the respective offices. It is kindly informed that it had taken some time to get the monthly assessment and that there is no direct ability to control it and as the office has to be maintained until these reports are received, it is informed that the rent had been paid on the same monthly amount as previously paid.

Since the end of the lease period of the rental buildings can be determined with certainty, all the necessary arrangements for entering into new agreements should be done in advance.

4. Good Governance

4.1 Providing Services to the Public

The following observation is made.

Audit Observation	Comment of the Accounting Officer	Recommendation
Instances of delay in the registration of documents were observed, due to factors such as not properly following the rules mentioned in Section 31 of the Notary Ordinance and delay in correcting existing deficiencies and not properly	It had been informed that 80 documents submitted to the Kaduwela Land Registrar office in relation to the said audit have not been registered by the end of the year under review. The Kaduwela Land Registrar had informed that the documents have been corrected by	The rules of the ordinance should be followed.

following up on them by the relevant notaries and registered officials and no formal steps and released to the public. It has also were taken in the case of been further informed that a number notaries who do not work to of deeds with uncorrected defects correct the deficiencies in the have been rejected. documents without delay.

5. Human Resources Management

The following observations are made.

	Audit Observation	Comment of the Accounting Officer	Recommendation
(a)	The approved carder of the Department was 2,818 while the actual carder was 3,916 as at 31 December 2023. It observed a surplus of 1,283 of Development Officers recruited without obtaining approval from the Department of Management Services and a deficiency of 185 approved officers in 18 categories of posts including 12 senior level posts.	It had been mentioned that approval had been sought from the Department of Management Services for increasing the number of Development Officer posts by letter RG/AB/02/05/25(F.RII) dated 24.09.2021. It had been informed that under staff means the number of vacancies out of the approved carder of other services.	Action should be taken to recruit within the approved carder.
(b)	Out of the 77 bookbinder posts of the approved carder of the Department, only 03 posts were vacant. However, due to the assignment of 06 officers in excess of the approved to carder to Galle district, vacancies had been created in other districts.	It is agreed with the audit observation and noted for future correction.	Staff should be properly managed and employed efficiently.
(c)	As per approved carder of the Department as at 31 December 2023, the number of Deputy/Assistant Registrar General posts in the Registrar Service was 31 and the number	Out of the 25 Deputy/Assistant Registrar Generals in service, three officers have been appointed to perform full-time duties in the posts of the Department with the approval of	Action should be taken to adhere with the procedural rule.

of attached posts as at that date was 25. Accordingly, despite the number of vacant posts was only 06, 10 officers were assigned on the basis of cover up duties of the posts of Assistant Registrar General which was a matter of controversy during the audit.

the Public Service Commission. Accordingly, the number of vacancies is 09 and it had informed that 10 land registrar officers have been act as cover up/assign duties/acting basis in the posts of Deputy/Assistant Registrar General.

- (d) 10 Land Registrars were assigned to cover up duties of those positions without assigning permanent Assistant Registrar General for 05 offices and division where there are more duties of the Department and the period of cover up duties of some officers was over and the approved period of other officers was supposed to end by 30 June 2024.
- It had been informed that the draft notification for the recruitment of qualified officers for the 07 Deputy/Assistant Registrar General vacant posts in this Department had been forwarded to the Public Service Commission for approval.
- Experienced and permanent officers should be assigned to the divisions and offices where there are more duties.
- (e) According to Rules of Procedure 118 and 130 published by the Public Service Commission by Extraordinary Gazette Notification No. 1589/30 dated 20 February 2009 and No. 2310/29 dated 14 December 2022, 36 officers were assigned on the basis cover up duties of the post of Land Registrar without obtaining the approval of the Public Service Commission.
- Additional Land/ District Registrar (Class III Grade II/I) officers have been appointed to cover the vacant posts of Land Registrar (Registrar Service Class II) in this Department. It is informed that as per Section 13.7 of Chapter II and Section 12.2.5 of Chapter VII of the Establishment Code, no additional allowance shall be given to an officer employed to cover up duties, hence no assign duties or cover up duty allowance paid to such officers.
- As the provisions of Chapter II of the Establishment Code are not applicable to Central Government officers, the procedural rules have to be followed.