

Head 153 - Report of the Auditor General on the Ministry of Lands and Land Development and the Departments under the Ministry – Year 2014

Paragraphs 1 and 2 of this Report contain the general information on the Accounts of the Ministry and the Departments under the Ministry and the Audit Observations on each Head appear in paragraph 3 onwards.

1. Departments under the Ministry

Head -----	Department -----
286	Department of Land Commissioner General
287	Department of Land Settlement
288	Department of Surveyor
327	Department of Land Use and Policy Planning

1.1 Scope of Audit

The audit of the Appropriation Accounts, Revenue Accounts, and the Reconciliation Accounts including the financial records, books, registers and other records of the Ministry of Lands and Land Development and the Departments under the Ministry appearing in paragraph 1 above for the year ended 31 December 2014 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Chief Accounting Officer and the Accounting Officers of the Ministry and the Departments under the Ministry on the under mentioned dates. The audit observations, comments and findings on the accounts and reconciliation statements were based on a review of the Accounts and Reconciliation Statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

Head -----	Ministry/ Department -----	Date of Issue of Management Audit Report -----
153	Ministry of Lands and Land Development	09 October 2015
286	Department of Land Commissioner General	17 September 2015
287	Department of Land Settlement	02 September 2015
288	Department of Surveyor	17 September 2015
327	Department of Land Use and Policy Planning	14 August 2015

1:2 Responsibilities of the Chief Accounting Officer and the Accounting Officers for the Accounts and Reconciliation Statements

The Chief Accounting Officer and the Accounting Officers are responsible for the maintenance, preparation and fair presentation of the Appropriation Accounts, Revenue Accounts and the Reconciliation Statements in accordance with the provisions in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and Public Finance and Administrative Regulations. The responsibility includes; designing, implementing, maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

2. Accounts

2:1 Appropriation Accounts

(a) Total Provision and Expenditure

The total net provision made for the Ministry and 04 Departments under the Ministry amounted to Rs. 6,150.3 million and out of that Rs. 6,025.1 million had been utilized by the end of the year under review. Accordingly the savings out of the net provision of the Ministry and the Departments ranged between Rs.2.3 million and Rs. 71.8 million or between 0.7 per cent to 3.7 per cent of the net provision. Details appear below.

Head	As at 31 December 2014			Savings as a percentage of Net Provisions
	Net Provision	Utilization	Savings	
	Rs.Million	Rs. Million	Rs. Million	
153	2,680.1	2,608.3	71.8	2.68
286	337.7	332.1	5.6	1.66
287	308.0	305.7	2.3	0.75
288	2,511.6	2,477.6	34.0	1.35
387	312.9	301.4	11.5	3.68
Total	6,150.3	6,025.1	125.2	

(b) Utilization of Provisions made available by other Ministries and Departments

Out of the provision of Rs.10,000,000 made for the Department of Land Use and Policy Planning by the Ministry of Plantation Industries during the year 2014 for the implementation of the programme of mapping of industrial crops, a sum of Rs.4,600,000 had been granted to district offices.

2:2 Revenue Accounts

Estimated and Actual Revenue

The Ministry and 02 Departments under the Ministry had prepared Revenue Estimates totalling Rs. 167.4million in respect of 02 Revenue Codes for the year 2014 and Revenue totalling Rs.201 million had been collected. Revenue in the ranges of 84.92 per cent to 136.09 per cent of the estimated Revenue had been collected. Details appear below.

Revenue Code	As at 31 December 2014			Excess/ (Shortfall) as a Percentage of Estimate
	Estimated Revenue	Actual Revenue	Excess/ (Shortfall)	
	Rs. Million	Rs. Million	Rs. Million	
20.02.01.03	52.4	44.5	(7.9)	(15.08)
20.03.02.04	115.0	156.5	41.5	36.9
Total	167.4	201.0	33.6	20.07

2:3 Advance Accounts

2:3:1 Advances to Public Officers Accounts

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Accounts of the Ministry and 04 Departments under the Ministry and the actual amounts are given below.

Item Number	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.Million	Rs.Million	Rs.Million	Rs.Million	Rs.Million	Rs.Million
15301	13.0	11.6	4.2	8.0	44.0	27.7
28601	14.0	13.9	12.0	12.0	70.0	52.6
28701	20.0	9.6	7.0	10.0	65.0	36.2
28801	150.0	119.6	100.0	87.3	400.0	328.8
32701	15.0	14.7	7.0	9.9	50.0	47.9

2:4 General Deposit Accounts

The balances of Deposit Accounts of the Ministry and 03 Departments under the Ministry as at 31 December 2014 totalled Rs.209.6 million. Details appear below.

Ministry/ Department -----	Deposit Account Number -----	Balance as at 31 December 2014 ----- Rs. Million
Ministry of Lands and Land Development	6000/0000/00/0015/0064/000	0.2
Department of Land Commissioner General	6000/0000/00/0015/0141/000	70.7
Department of Surveyor	6000/0000/00/0015/0143/000	138.2
Department of Land Use and Policy Planning	6000/0000/00/0015/0186/000	0.5
		----- 209.6 =====

2:5 Audit Observation

According to the Financial Records and Books for the year ended 31 December 2014, it was observed that subject to the audit observations appearing in paragraph 2 of the Management Audit Reports, the Appropriation Accounts, Revenue Accounts and the Reconciliation Statements of the Ministry and the Departments under the Ministry have been prepared satisfactorily. The material and important observations out of the observations included in those Management Audit Reports appear in paragraph 3 to 7 herein.

3. Head 153- Ministry of Lands and Land Development

3:1 Non-maintenance of Registers and Books

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

Type of Register -----	Relevant Regulation -----	Observations -----
Register of Fixed Assets	Treasury Circular No.843 of 19 December 1978	Not updated
Register of Losses and Damages	Financial Regulation 110	Not updated

3:2 Appropriation Account

3:2:1 Budgetary Variance

The following observations are made.

- (a) The entire net provision amounting to Rs. 20,000,000 made for one Object had been saved.
- (b) Excess provision had been made for 08 Objects and as such the savings, after the utilization of provisions, ranged between 14 per cent to 100 per cent of the net provisions relating to the respective Objects.
- (c) According to the non-current assets movement report, additions during the year totalled Rs.28,587,262 while it was shown as Rs.16,453,930 in the Form DGSA 04 of the Appropriation Account. Thus, a difference of Rs.12,133,332 existed.

3:3 Imprest Account

The following observation is made.

Even though the ad hoc sub-impressts obtained should be settled immediately after the completion of the purpose in terms of provisions in Financial Regulation 371, the ad hoc sub-impressts totalling Rs. 273,034 issued in 13 instances had been settled after a delays ranging from 01month to 07months from the completion of purposes. Advances had been granted to the officers before the settlement of previous advance.

3:4 Reconciliation Statement on the Advances to Public Officers Account

The following deficiencies were observed during the course of test check of the Reconciliation Statement as at 31 December 2014 relating to the Advances to Public Officers Account Item No. 15301.

- (a) According to the Reconciliation Statement presented to audit the balances that remained outstanding as at that date totalled Rs. 284,817. Even though those outstanding balances remained over periods ranging from 01year to 10 years, the follow-up action on the recovery of the outstanding balances had been at a weak level.
- (b) Outstanding loan balances as at 31 December 2014 due from the officers retired amounted to Rs.144,418 and out of that a balance of Rs.47,592 had been brought forward for 07 years.

- (c) Action had not been taken even by 15 July 2015 to recover a balance older than 09 years amounting to Rs.96,928 due from officers who vacated their posts.

3:5 Good Governance and Accountability

3.5.1 Assets Management

The following deficiencies were observed during the course of audit test check of the assets of the Ministry.

(a) Idle and Underutilized Assets

It was observed during the course of audit test checks that certain assets categorized below had been either idle or underutilized.

	Category of Assets	Number of Units	Value	Idle or Underutilized period
	-----	-----	-----	-----
			Rs.	
(i)	Furniture and Fittings	08	Information not made available	Information not made available
(ii)	Computer and Accessories	80	Information not made available	Information not made available
(iii)	Office Equipment	46	Information not made available	Information not made available
(iv)	Other Assets	18	Information not made available	Information not made available

(b) Assets given to External Parties

Instances of assets released irregularly to other external parties by the Ministry were observed. Details appear below.

	Category of Assets	Number/ Unit/Quantity of Assets	Assets given to	Value	Period
	-----	-----	-----	-----	-----
				Rs.	
(i)	Motor Vehicles	09	Department of Land Commissioner General	Information not made available	Information not made available
(ii)	Motor Vehicles	16	Department of Land Use and Policy Planning	Information not made available	Information not made available

(iii)	Motor Vehicles	Information not made available	Department of land Settlement	36 million	Information not made available
(iv)	Motor Vehicles	17	Survey Department	Information not made available	Information not made available

(c) **Unsettled Liabilities**

The unsettled liabilities of the Ministry less than one year as at 31 December 2014 amounted to Rs. 23,790,744.

3:6 Performance

The observations on the progress of the Ministry according to the Annual Budget Estimate and Action Plan for the year 2014 are given below.

(a) **Key Functions not Executed Adequately**

The key functions of the Ministry had not been executed adequately and several instances so revealed are given below.

- (i) Out of 4,408 land acquisition files of the Ministry of Lands and Land Development in progress during the period from the year 2008 up to 2014, completed files after paying compensation stood at 122, while dormant files had been 298. Further, 760 files had been issued in accordance with the Interim Order 38(a) of Land Ordinance whereas 914 files had to be issued in accordance with Order 38(a) during only in the year 2014. It was observed that the Ministry has to pay the compensation and interest therefor in respect of large number of files due to the acquisition of land under Interim Order 38(a).
- (ii) According to the progress of surveys carried out by the Survey Department for resettlements, out of 5,842 plot of lands for surveys in the Mulathiv district, surveys of only 2,784 plots of land had been completed and the progress was 48 per cent. Further, surveys of 856 out of 3,953 plots of land in the Batticaloa district and 4,602 out of 8,949 plots of land in Vavuniya district had been completed and the progress were 22 and 51 per cent respectively.

- (iii) Out of surveys for acquisition carried out in respect of security forces under Section 2 of Land Acquisition Act No.9 of 1950, only 45 out of 86 claims for survey in Jaffna district had been settled. Further, out of surveys for acquisition carried out in respect of security forces under Section 5, only 09 out of 21 claims for survey in Mannar district and 02 out of 04 claims of Jaffna district had been settled. Claim made for survey in Vavuniya district had also not been settled during the year.
- (iv) A provision of Rs.Rs.50,000,000 had been made for the Department of Land Commissioner General by the Ministry of Lands and Land Development in the year for the implementation of recommendations made by the Lessons Learnt and Reconciliation Commission . Out of that provision, a sum of Rs.41,687,946 had been spent, thus the balance of Rs.8,312,054 represented 16.6 per cent of the entire provision. Out of 199,641 cases arisen during the year 2014, 81,954 cases had been settled. Accordingly, it was observed in audit that the overall physical progress was at a low level as compared with the expenditure.

(b) Planning

The following observations are made with regard to the progress according to the Action Plan prepared in terms of Public Finance Circular No. 01/2014 of 17 February 2014.

- (i) Even though progress of certain targets in the Land Policy Division of the Action Plan for the year 2014 had been stated in the progress of the Land Development Section, the progress of all targets had not been stated.
- (ii) Even though the financial target of the Land Acquisition Division had been stated according to the Action Plan for the year 2014, the physical target according to the key functions had not been stated. Further, the financial progress according to the key functions had not been stated in the Performance Report.
- (iii) The targets of “Bim Saviya” of the year had been stated according to the key functions in accordance with the Action Plan prepared for the year 2014 by the Ministry. Nevertheless, the progress had not been stated in preparing Performance Reports accordingly.

3.7 Irregular Transactions

Certain transactions entered into by the Ministry had been irregular. Several such instances observed are given below.

(a) Deviation from the Procurement Guidelines

The following observations are made.

- (i) Even though the Ministry had decided to purchase 02 Laptop computers and 04 Laser Printers for the year 2014, in preparing the Procurement Plan of the year, that requirement and the amount estimated for it had not been identified. Relevant goods had been purchased on the minimum price of two institutions from which quotations had been received. However, action had not been taken according to the provisions in the Government Procurement Guidelines.
- (ii) The following deficiencies were observed in respect of 46 computers purchased by the Ministry in the year under review.
 - In preparing the Annual Procurement Plan, this requirement and the amount of money estimated had not been identified. Moreover, the Technical Evaluation Committee had not precisely identified and given the recommendation from which institution 46 computers should be purchased for the Ministry and action had not been taken in terms of the provisions of the Government Procurement Guidelines.
 - Even though a formal contract agreement should be entered into for a goods or service contract exceeding Rs.500,000 in terms of Guideline 8.9.1 of the Government Procurement Guidelines, the selected institution had been informed to send 46 computers at a value of Rs. 4,236,600 to the Ministry before entering into a contract agreement. The computers had been supplied on 09 December 2014 and an agreement had been entered into on 15 December 2014. Further, two evaluation committees had been appointed for opening of bids and action had not been taken in terms of Guideline 6.3.3 (a) of the Government Procurement Guidelines.

- Even though 02 Laptop computers and 04 Laser printers had been purchased by the Ministry in the year 2014, those goods had not been received by the Ministry on the due date and no condition had been imposed in respect of recovery of a delay charge for a period of delay of 22 days.

3.8 Management Weaknesses

The following weaknesses were observed at audit test checks.

- (a) The following deficiencies were observed in respect of vehicle repairs of the Ministry.
- (i) In repairing a vehicle, the institution which had submitted the maximum quotation of Rs. 146,380 had been selected through the Minor Procurement Committee and a sum of Rs. 189,430 had been spent for repairs along with an additional estimate of Rs. 43,050 resubmitted by that institution. Moreover, repairing expenses amounting to Rs. 559,544 had been spent in 17 instances in the year 2014 for that vehicle and approval had been given to carry out a further repair amounting to Rs. 363,670.
 - (ii) A sum of Rs. 399,578 had been spent in the year under review in repairing another vehicle belonging to the Ministry calling for quotations from only one institution and carrying out the repairs. Similarly, it had been decided to give the vehicle to the same institution for repairs for a sum of Rs. 473,430. Moreover, action had not been taken to recover the delay charges for the periods delayed in completing the repairs of these vehicles.
- (b) Action should have been taken in respect of acquisition of lands according to the Land Acquisition Act of 09 March 1950 and the following deficiencies were observed at the audit test check carried out in that connection.

- (i) A sum of Rs. 1,704,695,720 had been paid as compensation for the acquisition of lands in the year 2014 and a sum of Rs. 525,038,643 had been paid as interest for 100 files. An interest amounting to Rs. 110,375,825 had been included in that amount for only the lands acquired in the year 2005. An acquisition of lands is made under Interim Ordinance 38(a) for the acquisition of lands to be speedy. However, as interest had to be paid until the last date of paying compensation, the Ministry had to incur a large expenditure due to acquisition under Interim Ordinance 38(a).
- (ii) A sum of Rs.3.9 million had been estimated as compensation for lands acquired on 31 October 2006 for the Dambulla Development Project. A sum of Rs. 6.5 million had been paid as compensation with interest for acquisition of lands even by the date of audit. As such, the estimated expenditure had been overspent by 66.67 per cent.
- (iii) Even though the estimated value of acquiring a land for the Ratnavali Balika Vidyalaya Gampaha in the year under review amounted to Rs. 3,250,000, a sum of Rs. 12,380,742 had been spent as compensation and interest for the land. As such, the estimated expenditure had been exceeded by Rs. 9,130,742.
- (iv) The Ministry of Lands had acquired an undivided land of 02 roods and 17.5 perches by paying a sum of Rs.10,225,000 for the Urban Development Authority to develop the Horana Bus Stand. Even though the Urban Development Authority had provided an extent of 6 perches of this land to the landowner himself to construct a building, he had constructed the building in an extent of 10.48 perches. An expenditure of approximately Rs. 2,519,825 for compensation and interest was due to be paid for this acquisition. However, the Secretary to the Ministry had informed me that “As a building had been constructed so as a portion of the land acquired by the Government is also included, it had been decided to lease out that portion of land on long term basis.”

- (v) Ad hoc sub imprests amounting to Rs.203,407 had been issued to officers of the Ministry in 25 instances without accurately estimating the expenditure that should be spent. Out of those advances, an amount ranging from 27 per cent to 100 per cent had been saved without spending. As such, it was observed in audit that advances had been issued without taking action in terms of Financial Regulation 371(4).

3.9 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2014 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	22	18	04
(ii) Tertiary Level	04	04	-
(iii) Secondary Level	440	392	48
(iv) Primary Level	52	44	8
Total	518	458	60

The Ministry had not taken action to fill 60 vacancies by the end of the year under review.

4. Head 286 – Department of the Commissioner General of Lands

4.1 Appropriation Account

The following observations are made.

Overprovisions had been made for 04 Objects. As such, the savings after utilization had been in a range from 20 per cent to 57 per cent of the net provisions relating to those Objects.

4.2 General Deposit Account

Even though balances of deposits totalling Rs.65,350,234 relating to 19 instances had lapsed for over 2 years, action in terms of Financial Regulation 571 had not been taken in respect of those deposits.

4.3 Revenue Account

The Head of Department had been assigned with the functions of preparing estimates according to a Revenue Code, collection of revenue, accounting and presentation of accounts as the Revenue Accounting Officer. The following deficiencies were observed in the audit test check carried out relevant to that revenue code.

Revenue Code No. 20.02.01.03 – Lands and Other Lease Rents

The following observations are made.

- (a) According to the Annual Budget Estimate, it had been estimated to collect a revenue of Rs.50 million relevant to the Revenue Code. A sum of Rs.44 million had been collected at the end of the year under review. It had been 89 per cent of the estimated revenue.
- (b) According to the Revenue Account presented to audit, revenue totalling Rs.20,278,626 had been outstanding and that outstanding revenue was relevant to a period ranging from 01 year to 04 years. The follow up action on the recovery of that outstanding revenue had been at a weak level.

- (c) The outstanding revenue by the end of the year under review amounted to Rs.20,278,626 and as compared with the preceding year it had been increased by 42 per cent. Moreover, the outstanding income had been Rs. 5,630,837 from a period of over 02 years.
- (d) Even though the Revenue Collecting Officers should act in terms of Financial Regulation 175(2) and collect revenue, no revenue whatsoever could be recovered out of the outstanding revenue of seven offices of the Deputy Commissioner of Lands totalling Rs. 1,396,214 in the year under review.
- (e) The revised estimate of Rs.50,000,000 had been shown in the account as Rs. 45,000,000 and the basic estimate of Rs. 52,400,000 had been shown as Rs.36,000,000 in the account for the year 2014.
- (f) Even though the estimated revenue in the year under review amounted to Rs.50,000,000 , the net revenue amounted to Rs. 44,477,083. As such, out of the estimated revenue, 89 per cent of income had been earned. Even though the estimated revenue of the preceding year amounted to Rs. 42,000,000 , the net revenue amounted to Rs. 49,503,519 and as a result, out of the estimated revenue, 117 per cent of income had been earned. Thus, as compared with the preceding year, a decrease in the net revenue as against the estimated revenue was observed in the year under review.
- (g) As compared with the year 2013, the decrease in the net income of the year 2014 amounted to Rs.5,026,436 and as a percentage it was 10 per cent. Nevertheless, as compared with the year 2013, the decrease in the relevant revenue (except outstanding lease rent) for the year 2014 amounted to Rs. 12,228,842 and it represented 36 per cent as a percentage. The Commissioner General had informed me that the decrease in the new lease income had resulted in the variance.
- (h) The amount of income collected in correspondence with the outstanding income at the commencement of the year 2013 had been 66 per cent and the amount of income collected in correspondence with the outstanding income at the commencement of the year 2014 was only 28 per cent. As such, it was observed that the weakness in

collecting outstanding income as well had resulted in the decrease of net income in the year 2014.

4.4 Advances to Public Officers' Account

The following deficiencies were observed at the audit test check carried out in respect of the Reconciliation Statement as at 31 December 2014 on the Advances to Public Officers' Account of Item No.28601.

- (a) According to the Reconciliation Statement presented to audit, the outstanding balances as at that date totalled Rs. 1,453,238. Even though those outstanding balances had lapsed for a period from 01 year to 04 years, the follow up action of the recovery of those outstanding loan balances had been at a weak level.
- (b) Loan balances of 15 retired officers recoverable as at 31 December 2014 amounted to Rs. 711,521 and it included a loan balance of Rs. 48,968 existing over a period of 15 years. Action had not been taken to recover these loan balances from the pensions gratuity at the time of retirement of the officers.
- (c) Total loan balances recoverable from 8 interdicted officers amounted to Rs.642,927 and out of that a loan balance of Rs. 349,719 of over 5 years existed as well. Even though action should be taken to recover the loans by expedite implementation of relevant directives after conducting relevant disciplinary inquiries for the interdicted officers, it had not been so done.
- (d) Loan balance recoverable from 8 officers who vacated service amounted to Rs. 272,113 and loan balances of Rs. 182,955 recoverable from 6 officers out of them had been balances older than 10 years.
- (e) Action should have been taken to recover the loan balances of officers released to Provincial Councils at once from the relevant Provincial Councils in terms of paragraph 3.2 of the National Budget Circular No. 118 of 11 October 2004. If it is not possible to recover so at once, in terms of paragraph 3.3 of that Circular, action should have been taken to summon the loan installment and interest monthly from the relevant Provincial Council. Action had not been taken to recover the loan balances of

- Rs. 210,368 recoverable from 13 officers released to 3 Provincial Councils as at 31 December 2014.
- (f) Even though unsettled loan balances should not be shown after a lapse of 03 months of obtaining transfers by an officer in terms of paragraphs 1.1.6 and 1.1.7 of the National Budget Circular No. 118 of 11 October 2004, loan balances unrecovered from 9 officers transferred as at 31 December 2014 amounted to Rs. 183,524. It was observed that out of them, except a loan balance of Rs.1,000 older than 06 months, there were loan balances of Rs. 182,524 older than 23 years.
- (g) Action had not been taken and settled a loan balance of Rs. 225,072 of an officer transferred from the Western Provincial Council on 03 June 2014 and a loan balance of Rs. 207,300 on 03 September 2014 of an officer transferred from the Southern Provincial Council in terms of paragraph 3.1 of the National Budget Circular No. 118 of 11 October 2004.

4.5 Assets Management

(a) Improper use of Assets owned by Other Institutions

The Department had taken in for use 09 vehicles owned by the Ministry of Lands and 02 vehicles owned by the Department of Survey without a proper approval.

(b) Unsettled Liabilities

Liabilities unsettled by the Department as at 31 December 2014 amounted to Rs. 3,348,630 and all liabilities are being brought forward from a period less than 01 year.

4.6 Performance

According to the Annual Action Plan for the year 2014, observations on the progress of the Department are given below.

- (a) According to the performance report of the year 2014, the progress had been shown as compared with the preceding year. Nevertheless, the annual target of each function had not been indicated.

- (b) In the preparation of the Annual Action Plan for the year 2014, the number of issues that have not been resolved in the preceding year and remaining in respect of programmes on divisional days, mobile service on resolving land issues, interprovincial irrigation, land projects and resolving issues of Government lands at provincial council level had not been shown.
- (c) According to the Annual Action Plan, the amount of outstanding tax planned to be recovered had been 75 per cent of the outstanding income at the beginning of the year. Nevertheless, the amount collected out of the outstanding income during the year had been only 28 per cent.
- (d) Information on the progress of issuing line drawings had been presented only for the first quarter of the year 2014 even by 10 June 2015. Information relating to 106 Divisional Secretariats had been presented and the number of line drawings submitted for deeds to be prepared had been 9,831 and out of that, the number that remained without being prepared had been 7,702. It had represented 78 per cent as a percentage. As such, the progress of issuing line drawings had been at a low level.
- (e) The following observations are made in the examination on solving issues relating to lands under the Lessons Learned and Reconciliation Commission.
- (i) A number of 167,786 issues had been presented from the North Eastern Provinces in the year 2014 and out of those, 100,266 issues had not been settled even by the end of the year. It had represented 60 per cent as a percentage.
- (ii) A number of 31,825 had been presented for updating Land Registers and out of those, Land Registers had not been updated in respect of 17,411 issues even by the end of the year. It had been 55 per cent out of the number of issues as a percentage.
- (iii) The issues which could not be settled at the end of the preceding year had not been shown as opening balances of this year.

4.8 Irregular Transactions

Transactions of irregular nature were observed at the audit test check carried out in respect of transactions of the Department. A few such transactions are given below.

(a) Payment of Incentives under the Bimsaviya Programme

The following observations are made.

- (i) Sums of Rs. 1,186,240 and Rs. 3,809,495 had been paid respectively as incentives in the years 2013 and 2014 for the Bimsaviya Programme and as such, incentives had been increased by a percentage of 21 per cent in the year 2014 as compared with the year 2013. However, the number of licenses, long term licenses and deeds relating to the years 2013 and 2014 had been 51,042 and 47,614 respectively. As such, the number of licenses granted had been decreased by 7 per cent as compared with the year 2013.
- (ii) Incentives amounting to Rs. 3,809,495 relating to the year 2013 had been paid in the year 2014 under this incentive scheme for issuing deeds, licenses and long term licences and 67 per cent of its entire value that is Rs. 2,551,195 had been divided only among three officers
- (iii) Even though the issue of deeds, licenses and long terms licenses is the main objective of the Department, this incentive scheme had been prepared in a manner that incentives are entitled at a high percentage to only a few officers in the top management. Out of the total staff of about 485, incentives were entitled only for 42 officers. Distribution of incentives had been determined by the relevant Divisional Heads and there were abnormal distribution variations of incentives among these officers as well.
- (iv) According to the Ministry of Lands, the number of licenses issued under the Bimsaviya Programme in the year 2014 had been 43,186. Nevertheless, according to the performance report of the Department, it was 42,631, thus making a difference of 555. Moreover, according to the Ministry of Lands, the number of deeds issued in

the year under review had been 5,546 and according to the performance report of the Department, the number of prepared deeds had been 4,983. As such, a difference of 549 was observed.

4.9 Management Weaknesses

The following observations are made.

(a) Kirindioya Housing Loan Project

Loans amounting to Rs. 11,603,000 had been granted to 1,436 Colonists under the Kirindioya Housing Loan Project in the year 1993 under the subsidy scheme and the position as at the end of the year 2014 and the particulars of recoveries are given below.

- (i) Within the period of about 20 years, only a sum of Rs.8,043,725 or 69 per cent of the loans had been recovered and the outstanding balance as at the end of the year 2014 had been Rs.3,559,275 or 31 per cent.
- (ii) Only a sum of Rs.193,300 had been recovered in the year 2014 and it was 1.6 per cent of the total loan amount. Accordingly, follow up action on recovery of loans had been at a very weak level.

(b) Use of Official Quarters Belonging to the Department

The following observations are made.

- (i) Out of the 310 official quarters belonging to the Department, number of quarters from which rent are recovered amounted to 90 and it was 29 per cent of the number of quarters.
- (ii) It was observed that out of the balance of 220 official quarters, 70 and 22 had been under repairs and being dilapidated respectively and 23 quarters had been unoccupied. As such, 37 per cent of the total number of quarters had remained idle.

- (iii) Moreover, encroachers had occupied 37 official quarters and action had not been taken to remove them from those official quarters even by the end of the year under review.

4.10 Human Resources Management

Approved Cadre and Actual Cadre

The cadre position as at 31 December 2014 was as follows.

Employees Category	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	50	38	12
(ii) Tertiary Level	38	13	25
(iii) Secondary Level	700	430	270
(iv) Primary Level	135	97	38
Total	923	578	345

The Department had not taken action to fill 345 vacancies by the end of the year under review.

5. Head 287 - Department of Land Settlement

5.1 Non-maintenance of Registers and Books

It was observed during the audit test checks that Registers of Losses and Damage had not been maintained by the Department in terms of the Financial Regulation 110.

5.2 Appropriation Account

5.2.1 Budgetary Variance

The following observations are made.

- (a) As overprovisions had been made for 04 Objects, the savings after utilizing those provisions had ranged from 13 per cent to 82 per cent of the net provisions relevant to those Objects.
- (b) Liabilities amounting to Rs.438,824 had been committed exceeding the savings relating to 04 Objects as at 31 December of the year under review.

5.3 Reconciliation Statement of the Advances to Public Officers Account

The following deficiencies were observed during the audit test check carried out in respect of the Reconciliation Statement of the Advances to Public Officers Account bearing Item No.28701 as at 31 December 2014.

- (a) According to the Reconciliation Statement presented to audit, the total outstanding balances recoverable as at that date had been Rs.726,417. Even though a period ranging from 1 year to 7 years had lapsed, the follow up action on the recovery of those outstanding loan balances had been at a weak level.
- (b) The Department had not taken action to recover a balance amounting to Rs.216,922 existing for over a period of 2 years recoverable as at 31 December 2014 from a retired officer and loan balances amounting to Rs.31,391 remaining for over a period of 05 years as at 31 December 2014 recoverable from officers who had vacated the post.

5.4 Good Governance and Accountability

5.4.1 Annual Action Plan

Even though the Department should prepare an Annual Action Plan in terms of the Public Finance Circular No. 01/2014 of 17 February 2014, the Action Plan for the year under review had not been prepared even by 31 December 2014.

5.4.2 Annual Procurement Plan

The following observations are made.

- (a) Purchases amounting to Rs.3,606,658 had been made in 11 instances exceeding the estimates of the Procurement Plan of the Department of Land Settlement and estimated purchases amounting to Rs.1,935,000 had not been made relating to 19 instances.
- (b) Purchases amounting to Rs.3,550,098 had been made in 05 instances exceeding the estimates of the Procurement Plan and estimated purchases amounting to Rs.3,093,000 had not been made relating to 16 instances of the Bimsaviya Programme.

5.4.3 Internal Audit

An Internal Audit Unit had not been set up in the Department and the Internal Audit Unit of the Ministry had not carried out an adequate internal audit as well .

5.5 Assets Management

The following deficiencies were observed during the audit test check carried out in respect of assets of the Department.

(a) Idle and Underutilized Assets

It was observed in audit test checks that certain assets classified as follows had remained idle or underutilized.

Type of Assets	Number of Units	Value	Period of Idle or Underutilized
		Rs.	
Office Equipment	21	Particulars not submitted	Particulars not submitted
Computers and Accessories	121	Particulars not submitted	Particulars not submitted
Furniture and Fittings	77	Particulars not submitted	Particulars not submitted
Standard Bicycles	04	Particulars not submitted	Particulars not submitted
Other Assets	242	Particulars not submitted	Particulars not submitted

(a) **Improper use of Assets owned by other Institutions**

Instances where certain assets owned by the Ministry of Lands and Land Development had been utilized by the Department without a proper approval, were observed during the audit test checks.

Type of Assets	Number/Number of Units/Amount	Value	Period
		Rs.	
Motor vehicles	Particulars not submitted	36,000,000	Particulars not submitted
Furniture and Office Equipment	Particulars not submitted	55,404,247	Particulars not submitted
Plant and Machinery	Particulars not submitted	328,795	Particulars not submitted

(b) Unsettled Liabilities

 The value of the unsettled liabilities as at 31 December 2014 by the Department and less than 01 year amounted to Rs.797,756.

5.6 Performance

 According to the Annual Budget Estimate and the Action Plan for the year 2014, observations on the progress of the Department are given below.

(a) Main Functions not Adequately Performed

 According to the Land Settlement Ordinance of 23 October 1931, the main functions of the Department had not been fulfilled adequately and certain instances so observed are given below.

(i) The position of taking action to settle villages is given below.

Particulars	No. of Villages
-----	-----
Settlements in progress	57
Notices published in North & East Provinces	30
Documents misplaced though notices were published	57
Number of villages not released though the Land Settlement Ordinance was published	20

Total	164
	=====

(ii) According to the Land Settlement Ordinance of 23 October 1931, the main objective of the Department is to call for heritage applications, carry out investigations and release of villages. Nevertheless, taking action in respect of 57 villages of which documents were misplaced though notices were published, had become uncertain.

(b) Planning

 Certain instances where action had not been taken in accordance with the Action Plan prepared in terms of the Public Finance Circular No. 01/2014 of 17 February 2014 are given below.

(i) It was observed that the targeted objectives stated in the Action Plan for the year 2014 in the Bimsaviya Program of the Department had not been fulfilled.

Particulars	Targeted objectives as per the Action Plan (Plots of Lands)	Progress of the year 2014 as per the Performance Report(Plots of Lands)
-----	-----	-----
Field Investigation	130,000	Not stated
Land Registration Tests	125,000	Not stated
Number of Plots of Lands for which final decisions were obtained	123,840	53,062
Number of Plots gazetted	123,840	66,759
Number of Plots sent to the Land Registrar	123,840	59,747

(ii) According to the Action Plan, the number of plots of lands approved by the Department to be gazetted under Section 14 amounted to 123,840. However, only 66,759 plots representing 54 per cent had been gazetted by the Department.

(iii) Even though 108,432 plots of lands surveyed by the Department of Survey had been given to the Department, action had been taken to send only 59,747 of it representing 55 per cent to the Land Registrar.

(iv) According to the Performance Report of the year 2014 of the Department, the number of schedules sent after the approval for publishing in the Gazette under

Section 14, had been 53,062. According to the progress report of December 2014, that number had been indicated as 53,448, thus indicating a difference of 386.

- (v) According to the Action Plan in the year 2014 of the Department, the targeted number of plots of lands sent to the Registrar of Lands to be issued certificates had been 123,840. According to the Bimsaviya Programme of the Ministry of Lands, the targeted number of plots had been 129,240, thus indicating a difference of 5,400.

5.7 Losses and Damages

Out of the loss of motor vehicle accidents amounting to Rs.571,066 shown under losses and waivers of the Appropriation Account of the year 2013, a sum of Rs.40,000 had been recovered from the salary of the driver in the year under review. Nevertheless, the total value of the loss had been shown under losses and waivers of the Appropriation Account.

5.8 Human Resources Management

Approved Cadre and Actual Cadre

The cadre position as at 31 December 2014 was as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
(i)	Senior Level	106	20	86	-
(ii)	Tertiary Level	02	-	02	-
(iii)	Secondary Level	1,751	630	1,121	-
(iv)	Primary Level	200	156	44	-
(v)	Other(Casual/Temporary/ Contract basis)	-	27	-	27
	Total	2,059	833	1,253	27

The Department had not taken action to fill 1,253 vacancies by the end of the year under review.

6 Head 288 - Department of Surveyor

6.1 Non-maintenance of Registers and Books

Register of Losses and Damages had not been updated in terms of the Financial Regulation 110 and according to an audit test check, particulars in respect of the loss amounting to Rs.25,625 due to accidents occurred to 02 motor vehicles and the loss of lost goods amounting to Rs.199,747 had not been included therein.

6.2 Revenue Accounts

The role of preparation of revenue estimates to a revenue code, collection of revenue, accounting and presentation of accounts had been assigned to the Head of the Department as the Revenue Accounting Officer. The following deficiencies were observed during the audit test check carried out relating to those revenue codes.

(a) Revenue Code - 20-03-02-04 Survey Income

The following observations are made.

- (i) According to the Annual Budget Estimate, it had been estimated to collect revenue amounting to Rs.135 million relating to the revenue code. A sum of Rs.132.8 million had been collected as at the end of the year under review. That had been 98 per cent of the estimated revenue.
- (ii) Even though the revised estimate for the year 2014 had been Rs.135 million according to the revenue estimate for the year 2015, the revised revenue estimate for the year 2014 had been indicated as Rs.115 million in the Revenue Account presented to audit.
- (iii) In forecasting and estimating the revenue, attention should be paid on past tendencies and their special characteristics in terms of paragraph 5 of the Public Finance Policies and Economic Affairs Circular No. 01/2002 of 17 July 2002. Nevertheless, it was observed that under estimates of revenue had been prepared in preceding years and the year under review as well. The revised revenue estimate prepared by the Department for the year 2014 had taken a less value than the revised revenue estimate of the year 2013.
- (iv) Survey charges of Rs.2,202,056 recovered from the Department of Forest Conservation had been retained in the General Deposit Account without being credited to the survey income.
- (v) A sum of Rs.934,840 received on 29 October 2014 for the Project of conversion of land use maps prepared to the scale of 1:100,000 into digital data under the Sri Lanka UN-REDD Programme, had been retained in the General Deposit Account without being credited to the survey income.

(vi) Income from survey charges and the balance brought forward in the Deposit Account in the year 2014 had been Rs.320,646,374 and Rs.109,449,171 respectively and only a sum of Rs.100, 283,165 had been credited to the survey income in the year under review. Accordingly, the amount credited to the survey income in the year under review had been 24 per cent of the total income from survey charges.

(vii) According to the information presented to audit by the Surveyor General, the following differences between the balances of the Revenue Account and General Deposit Account as at 31 December 2014 were observed.

Information -----	Balance According to the Information Presented ----- Rs.	Balance According to the Accounts ----- Rs.
Balance brought forward in the General Deposit Account as survey charges as at 31 December 2013	109,449,171	70,093,201
Value credited to the survey income as survey charges	103,066,101	100,283,185
Balance in the General Deposit Account as survey charges as at 31 December 2014	292,372,522	92,753,686

(viii) Even though attention had been paid continuously through reports of the Auditor General in respect of incurring expenditure from the state revenue, out of the revenue of Rs.430,095,545 recovered as survey charges in the year 2014, a sum of Rs.292,372,522 had been paid as incentives, travelling expenses, fuel and other expenses as well by the Department.

- (ix) The monies received as survey charges for special projects are credited to the survey income. If the purpose of surveying had been performed under incentives, it had been indicated as answers to the audit queries that provisions required to pay incentives had been obtained in accordance with Incentive Circular No. 1/2009 and payments had been made accordingly. A sum of Rs.16,528,181 had been paid as incentives under that Object and the value of incentives paid from the revenue of survey charges without being debited to the relevant Object amounted to Rs.85,542,690.

6.3 Reconciliation Statement of the Advances to Public Officers Account

The following observations are made.

- (a) It was observed during the audit test check carried out in respect of the Reconciliation Statement of the Advances to Public Officers Account bearing Item No.28801 as at 31 December 2014, that the total outstanding balance as at that date had been Rs.13,852,006 and those outstanding balances had been existing from a period ranging from 06 months to 32 years. The follow up action on recovery of those outstanding balances had been at a weak level.
- (b) The outstanding loan balance recoverable from retired and deceased officers as at 31 December 2014 had been Rs.6,992,084 and the Department had failed to take action and settle those balances in terms of Sections 4.2.5 and 4.4 of Chapter XXIV of the Establishments Code of the Democratic Socialist Republic of Sri Lanka.
- (c) A sum of Rs.4,982,025 remained outstanding as at the end of the year under review of the officers who vacated posts. Out of those balances, a sum of Rs.3,451,791 or 69 per cent remained over 5 years . The Department had failed to recover the outstanding balances as per the Section 4.5 of Paragraph XXIV of the Establishments Code of Democratic Socialist Republic of Sri Lanka.

- (d) Action had not been taken to recover the outstanding loan balances amounting to Rs.1,484,705 of the officers who had vacated their posts as at 31 December 2014 in terms of the Paragraph 1.1.6 of the National Budget Circular No. 118 dated 11 October 2004.

6.4 Assets Management

The following deficiencies were observed during the audit test checks made in relation to the assets of the Department.

(a) Assets given to External Parties

Two motor vehicles had been improperly released to the Department of Land Commissioner General in the year 2014 by the Department.

(b) Improper use of Assets owned by some other Institutions

It was observed at audit test checks that there were instances of utilizing the certain assets belonging to the other institutes by the Department without proper approval. Details are given below.

- (i) Even though 4 vehicles by the Ministry of Forest Resources and Environment, 17 vehicles from the Ministry of Lands and Land Development had been given to the Department, the details of receiving dates of those vehicles had not been furnished to the audit and action had not been taken to acquire those vehicles properly.
- (ii) Various capital assets including measuring equipment purchased by spending Rs.217 million and the buildings of the Department constructed by spending Rs.82 million by the provisions under the Bimsaviya had been used without being vested from the Ministry of Lands and Land Development.

(c) Unsettled Liabilities

Unsettled liabilities by the Department as at 31 December 2014 amounted to Rs.6,047,316 and those liabilities were less than one year.

6.5 Performance

According to the Annual Budget Estimate and Action Plan for the year 2014, observations of the progress of the Department are given below.

(a) Main Functions not Adequately Performed

The following observations are made.

- (i) Even though the number of targeted plots of surveying of placing land marks were 52,156 in the year 2014 according to the Annual Action Plan, it had been shown in the performance report as 40,489 plots. Accordingly, only 35,772 plots or 69 per cent had been surveyed.
- (ii) Even though function of 97 divisions had been commenced from the year 2007 to 31 December 2014 under the Bimsaviya Programme, only the functions of 05 divisions had been completed even as at the end of the year 2014.
- (iii) Only 16,595 line –drawings had been completed from the requested number of line-drawings received even as at the end of the year under review for granting of deeds by surveying lands under the Lands Development Ordinance. The number further actions should have been carried on had been 77,145. The target of the issuing of line drawings had not been shown in the Action Plan of the year 2014.

(b) Planning

The progress of various surveys in the performance report and surveying of acquisition of lands according to the Annual Action Plan had been 280 per cent and 219 per cent respectively. Accordingly, it was observed that while preparation of the Annual Action Plan of the year 2014, less targets had been made use for the above surveying.

6.6 Management Weaknesses

The following observations are made.

- (a) Even though it was decided to perform monthly minimum norms in paying incentives to a surveyor, incentives had been paid without a maximum limit of plots applied for the payment of monthly incentives or a limit of payment as a

percentage of the basic salary. However, incentives and supervision fees had been paid from the year 2012 to 2014 . Accordingly, payments had been made exceeding the double of their annual basic salary only as the incentives and supervision fees of the year 2014. Details are given below.

Percentage from the Annual Basic Salary	Number of Officers
-----	-----
50-99	97
100-149	44
150-199	28
Over 200	38

- (b) Most advanced technical equipment as well as methodologies such as satellites and computer technology are used for the surveying at present and adequate surveying equipment had been purchased by the Department. As performing monthly minimum norms of 30 plots by a surveyor is an old method which was older than 30 years is not appropriate and it had been mainly effected for the irregular condition of paying incentive.

6.7 Human Resources Management

Approved and Actual Cadre

Position of the cadre as at 31 December 2014 is as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
-----	-----	-----	-----
(i) Senior Level	243	119	124
(ii) Tertiary Level	959	888	71
(iii) Secondary Level	1,341	1,064	277
(iv) Primary Level	4,871	3,520	1,351
Total	7,414	5,591	1,823
	=====	=====	=====

The Department had not been taken action to fill 1,823 vacancies as at the end of the year under review.

7. **Head 327 - Department of Land Use Policy Planning**

7.1 **Non-maintaining of Registers and Books**

It was observed at audit test checks that the Department had not maintained the Register of Fixed Assets up to date .

7.2 **Appropriation Account**

7.2.1 **Budgetary Variance**

The following observations are made.

- (a) Excess provision had been made for one Object and as such the savings, after the utilization of provisions, had been 38 per cent of the net provisions relating to the respective Object.
- (b) Incurred expenditure of recurrent nature of Rs.1,892,849 such as refreshment, accommodation facilities for a discussion workshop on the Annual Action Plan , expenses on refreshment totalled Rs.815,576 in 45 instances in the months February and September 2014 had been made by a Capital Expenditure Object.

7.2.2 **Provisions given by other Ministries , Departments and Offices**

The following observations are made.

- (a) A sum of Rs.4,600,000 had been granted for the District offices out of the provisions of Rs.10,000,000 provided by the Ministry of Plantations in the year 2014 for the execution of the mapping of crops programme. A sum of Rs.3,682,377 out of that provisions had been spent for the Head Office of the Department. The total expenditure spent for the execution of the programme could not be ascertained in audit as the information on expenditure spent by the District offices had not been made available .
- (b) A sum of Rs.8.878 million had been granted for the District Offices out of the provisions of Rs.25 million provided by the Land Ministry for the implementation of recommendations made by the Lessons Learnt and Reconciliation Commission. Although a sum of Rs.9.569 million had been spent by the Head Office of the Department, the total expenditure could not be ascertained due to the expenditure made by District Offices had not been furnished to the audit even as at 21 July 2015 .

7.3 **General Deposit Account**

Action in terms of Financial Regulation 571 had not been taken on 2 deposits totalling Rs.166,125 older than 2 years .

7.4 **Reconciliation Statement of Advances to Public Officers Account**

According to the reconciliation statement of the advance account item number 32701 as at 31 December 2014 the outstanding balances totalled as at that date amounted to Rs.651,607 whereas a period ranging from 01 to 03 years had been existing for that outstanding balances. It was observed at test checks that follow up action on the recovery of those outstanding balances had been at a weak level.

7.5 **Good Governance and Accountability**

7.5.1 **Annual Action Plan**

The targets of the Annual Action Plan prepared by 30 December 2013 for the year 2014 had been revised and the date of revision had not been informed to the audit.

7.5.2 **Annual Procurement Plan**

In terms of 4.2.1(c) of Government Procurement Guidelines, Procurement Plans for the ensuing year should be prepared descriptively . Nevertheless, particulars on printing of souvenirs by spending Rs.610,042 , painting of the wall by spending Rs.143,640 and workshop on discussion of the Annual Actin Plan by spending Rs.1,870,178 had not been included in the Procurement Plan of the year 2014.

7.5.3 **Internal Audit**

An internal audit unit had not been functioned in the Department and an adequate internal audit had not been carried out in the Head Office by the internal audit unit of the Ministry whereas the internal audit of the regional offices had not been carried out.

7.6 Assets Management

The following deficiencies were observed during the course of audit test checks of the assets of the Department .

(a) Idled and Underutilized Assets

It was observed during the course of audit test checks that certain assets categorized below had been either idle or underutilized.

	Category of Assets	Number of Units	Idle/Underutilized period
	-----	-----	-----
(i)	Computer and Accessories	136	Information not made available
(ii)	Office Equipment	130	Information not made available
(iii)	Furniture and Fittings	79	Information not made available
(iv)	Other Assets	1,589	Information not made available

(b) Improper use of Assets owned by other Institutions

Twenty one vehicles belonging to the other Ministries and Departments had been utilized without being properly acquired.

(c) Unsettled Liabilities

Liabilities unsettled by the Department as at 31 December 2014 amounted to Rs1,402,540 and those liabilities had been less than one year .

7.7 Non – compliances

Non – compliance with Laws, Rules and Regulations

Non – compliances with the provisions of Laws, Rules, and Regulations observed at audit test checks are analyzed below.

Reference to Laws, Rules and Regulations -----	Value Rs. -----	Non - compliance -----
(a) Public Finance Circulars -----		
Circular No.02/2012 of 07 August 2012 .	610,042	Quotations obtained from the selected institution for printing of the souvenir had been revised in 03 instances. Even though while preparation of procurement estimates on public sector goods, work and services the government institutions should responsible for the preparation of total cost estimates accurately by take notice of all matters and ,action had not been taken accordingly.
(b) National Budget Circulars -----		
(i) Paragraphs 1.1.6 and 1.1.7 of Circular No.118 of 11 October 2004.	345,266	Loan balances amounting to Rs.345,266 of the offices transferred out and the loan balances amounting to Rs.389,880 of the officers transferred in as at 31 December2014. Accordingly, action in terms of the provisions of the Circulars had not been taken.
	389,880	
(ii) Paragraph 2.2.2 of Circular No.1/2014 dated 01 January 2014.		Even though a sum of Rs.1,870,178 had been spent for the workshop held for the objective of the discussion on the Annual Action Plan, it was observed that the programme had been held contrary to the expected basic objective.

- (iii) Paragraph 2.1.5 of Circular
No.01/2014 dated 01 January
2014.

A sum totaling of Rs.168,100 had been paid as Rs.500 each for 330 officers, Rs.425 each for 4 officers, Rs.350 each for 04 KKS s without the recommendation of the Secretary to the relevant Ministry and the concurrence of the General Treasury.

7.8 **Implementation of Projects under Domestic Financing**

Instances of the project delays revealed during the course of audit test checks are given below.

(a) **Delays in the Execution of Projects**

The following observations are made.

- (i) Even though a provision of Rs.25 million had been granted to the Department for the implementation of recommendations of the Lesson Learned and Reconstitution Commission, only Rs.13.4 million out of that had been utilized. Therefore, the saving had been 46 per cent.
- (ii) According to the Annual Action Plan of the year 2014, 05 activities had not been implemented under the programme of implementation of recommendations of the Lesson Learned and Reconstitution Commission. Although it was planned to conduct 79 awareness programs at the divisional level, only 18 programs had been conducted by 31 December 2014.
- (iii) According to the Action Plan of the year 2014, the estimated cost for implementation of recommendations of the Lesson Learned and Reconstitution Commission had been shown as 23.455 million. However, an overpayment of Rs.1,545 had been made as a provision of 25 million had been obtained.

- (iv) The progress of the Recommendations of the Lesson Learned and Reconstitution Commission had not been presented as to compare with the Action Plan in the performance report of the year 2014.

7.9 **Performance**

According to the Annual Action Plan ,progress of 03 activities in the year 2014 was ranged between 66 per cent to 39 per cent. Differences were observed between the targeted units and the targeted units according to the performance report of the year under review of 04 activities .

7.10 **Irregular Transactions**

Deviation from Government Procurement Procedure

The following observations are made.

- (a) According to the Guide 4.3.1 (a) of Government Procurement Guidelines, total cost estimate including all related expenditure should be prepared by the procurement entity. However, a sum of Rs.610,042 had been spent for the printing of the souvenir , a total cost estimate had not been prepared in this connection.
- (b) According to the Government Procurement Guideline 8.9.3, a proper agreement should be entered into with the Department and the supplier on goods and services contracts exceeded the value of Rs.500,000. However, a proper agreement had not been entered into with the supplier in relation to the printing of the souvenir.

7.11 **Uneconomic Transactions**

The particulars of transactions entered into devoid of economy revealed during the course of test checks are given below.

- (a) A sum of Rs.610,042 had been spent for the printing of souvenirs in the year 2014 and the souvenirs had been handed over to the Department by the supplier before obtaining the procurement approval for increase the quotations. Further, a proper study had not been carried out by the higher

management about the number of pages required ,quantity to be printed and the matters included in it while printing of the souvenir. It was observed that the public finance had not been used effectively.

- (b) Even though a sum of Rs.874,070 had been spent for the refreshment and accommodation for the officers who participated for the workshop on discussion of the Annual Action Plan, as the documents which establish the arrival and departure of the officers participated for the work shop had not been maintained properly and the information was not presented to the audit that the expenditure thereon had not been made showing transparency. Further, as only a time period of one hour had been allocated as per the agenda for discussion of the Action Plan, it was observed in audit that the workshop had been held not for the purpose of achieving the targeted functions.

7.12 Human Resources Management

(a) Approved Cadre and Actual Cadre

Cadre position as at 31 December 2014 is given below.

	Employee Category -----	Approved Cadre -----	Actual Cadre -----	Number of Vacancies -----	Excess -----
(i)	Senior Level	13	9	4	-
(ii)	Tertiary Level	26	15	11	-
(iii)	Secondary Level	547	496	56	05
(iv)	Primary Level	91	62	29	-
		-----	-----	-----	-----
		677	582	100	05
	Total	=====	=====	=====	=====

Action had not been taken to fill 100 vacancies existed by the end of the year under review by the Department. Though the number of excess cadre had been 05, action had not been taken to obtain approval in this connection.