

## **Report of the Auditor General on Head 251 - Department of Valuation - Year 2015**

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The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 251 - Department of Valuation for the year ended 31 December 2015 was carried out in pursuance of provisions in Article 154(1) of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Chief Valuer on 31 October 2016. 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.

### **1.2 Responsibility of the Chief Accounting Officer and Accounting Officer on the Accounts and Reconciliation Statements**

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The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with the provisions in Article 148,149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, 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**

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### **2.1 Appropriation Account**

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#### **Total Provision and Expenditure**

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The total net provision made for the Department amounted to Rs.404.00 million and out of that Rs.391.43 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision made for the Department had been Rs.12.57 million or 3.11 per cent. Details are as follows.

Expenditure	As at 31 December 2015			Savings as a percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	365.80	364.62	1.18	0.32
Capital	38.20	26.81	11.39	29.82
<b>Total</b>	<b>404.00</b>	<b>391.43</b>	<b>12.57</b>	<b>3.11</b>

## 2.2 Revenue Account

### Estimated Revenue and Actual Revenue

According to the Revenue Estimate a collection amounting to Rs. 54.00 million had been estimated by the Department under the Revenue Code 20.03.02.09 and a revenue of Rs. 53.05 million had been collected during the year under review. Details appear below.

Revenue Code	As at 31 December 2015			Deficit as a Percentage of Estimate
	Estimated Revenue	Actual Revenue	Deficit	
	Rs. Millions	Rs. Millions	Rs. Millions	
20.03.02.09	54.00	53.05	0.95	1.76

## 2.3 Advances to Public Officers Account

### Limits Authorized by Parliament

The limits authorized by Parliament and actual values of the Advances to the Public Officers Account under Item No.25101 of the Department are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
22.07	22.00	14.10	17.25	75.0	68.25

## **2.4 Audit Observation**

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The Appropriation Account and the Reconciliation Statements for the year ended 31 December 2015 of the Department of Valuation had been prepared satisfactorily subject to the audit observations appearing in the Management Audit Report referred to in paragraph 1.1. The material and significant audit observations out of the observations included in the Management Audit Report appear in paragraph 3.

## **3 Material and Significant Audit Observations**

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### **3.1 Non- maintenance of Registers and Books**

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According to the Public Enterprise Circular No. 96 dated 10 August 1994 Paragraph 9 with regard to the Public Officer Advance Account Debtors and Creditors Registers had not been maintained for the Reconciliation Account.

### **3.2 Revenue Account**

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The role of the Preparation of Revenue Estimates, Collection of Revenue, Accounting and Presentation of Accounts had been assigned to the Head of the Department as the Revenue Accounting Officer of the Revenue Code 20.03.02.09. However, according to the Revenue Account submitted to the audit had an outstanding balance of a totalling Rs. 396,583,596. Although the revenue remained outstanding from periods ranging from 02 years to 07 years, the follow up action on the recovery of them at a weak level.

### **3.3 Advances to Public Officers Account**

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According to the Reconciliation Statement of the Advances to Public Officers Account presented to the audit bearing Item No.25101 the outstanding balance as at 31 December 2015 totalled Rs.508,466. Even though the balance remained outstanding from a period ranging from 1 year to 24 years, the follow up action on the same had been at a weak level.

### **3.4 Performance**

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The following observations are made on the progress of the Department in accordance with the 2015 Annual Action Plan.

- (a) According to the Action Plan, separate targets had been given to each of the Provincial Offices. The progress of the achievement of the targets ranged between 08 per cent to 55 per cent by 09 Provincial Offices. It had been informed to audit by the Chief Valuer that the expected performance targets could not be achieved in the year 2015 due to the effects of the reasons such as Officers being assigned to other special duties, decisions had to be revised, deficiencies occurred in plans, union activities of the officers etc.

- (b) A less number of staff had been assigned to the Provincial Offices which earned the highest rate of income when compared with the income earned by the staff attached to the Regional Offices, according to the Action Plan. Out of the total staff, most of them had been assigned to the Provincial Offices that earns a very low income. Even though it had to be allocated much number of Officers to the Provincial Offices where it covers a wide range of land area comparative to other Offices and the valuations carried out are not commercial institutions at those zones and the income had been reduced due to the land values of the area are economically low and thus the Chief Valuer had been informed to the audit that while allocation of staff to Provincial Offices it had been done so to provide a maximum service to the public.

### 3.5 Uneconomic Transactions

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The Reviewing Board on Land Capturing is also available at the same rented out building of which the Department is rented out for its Legal Unit and which is not a part of the same. A sum of Rs.1,248,357 as building rent and electricity expenditure of Rs.58,693 had been paid on behalf of the building during the year. But the Department had not been determined the expenditure incurred on behalf of the Board and charged.

### 3.6 Human Resources Management

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#### Approved Cadre and Actual Cadre

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The position of cadre as at 31 December 2015 are as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	86	52	34
(ii)	Tertiary Level	365	342	23
(iii)	Secondary Level	149	125	24
(iv)	Primary Level	94	94	-
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	<b>Total</b>	<b>694</b>	<b>613</b>	<b>81</b>
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Following observations are given in this regard.

- (a) It had been observed due to unable to get approvals from the relevant institutions from the year 2012 the expected Service Constitution it could not been fill the vacancies.
- (b) Although the Approved Cadre of the Department had been 694 as at 31 December 2015, the number of actual cadre stood 613 and the number of vacancies existed 81. Even though there had been savings of the prepared appropriation account and after utilizing of the provisions for the year 2015, the vacancies existed had not been affected the savings.