

Report of the Auditor General on Head 286 – Department of Land Commissioner General - Year 2015

The audit of the Appropriation Account, Revenue Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 286 – Department of Land Commissioner General for the year ended 31 December 2015 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 Land Commissioner General on 22 July 2016. The audit observations, comments and findings on the accounts and the 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 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account, Revenue Account 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. This responsibility includes: designing, implementing and 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 Account

Total Provision and Expenditure

The total net provision made for the Department amounted to Rs.394.08 million and out of that Rs.391.70 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provisions of the Department amounted to Rs.2.38 million or 0.60 per cent. Details appear below.

Expenditure	As at 31 December 2015			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	314.03	312.65	1.38	0.44
Capital	80.05	79.05	1.00	1.25
Total	394.08	391.70	2.38	0.60

2.2 Revenue Account

2.2.1 Estimated and Actual Revenue

The Department had estimated the Revenue totalling Rs.45.00 million under a Revenue Code for the year 2015 and Revenue totalling Rs.36.97 million had been collected by the end of the year under review. It represented 82.16 per cent of the estimated Revenue. Details appear below.

Revenue Code	As at 31 December 2015			
	Estimated Revenue	Actual Revenue	Arrears of Revenue	Shortfall as a Percentage of Estimate
-				-
	Rs.Millions	Rs.Millions	Rs.Millions	
20.02.01.03	45.00	36.97	8.03	17.84

2.3 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account of the Department under Item No.28601 and the actual amounts are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
16.20	16.09	14.20	15.76	70.00	52.63

2.4 Imprest Account

The balance of the Imprest Account No.7002/0000/00/0042/0015/000 of the Department as at 31 December 2015 amounted to Rs.23.07 million.

2.5 General Deposit Accounts

The balances of the 04 Deposit Accounts of the Department as at 31 December 2015 totalled Rs.71.92 million. Details appear below.

Deposit Account Number	Balance as at 31 December 2015
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	Rs.Millions
6000/0000/00/0002/0068/000	0.64
6000/0000/00/0016/0020/000	68.49
6000/0000/00/0018/0025/000	2.63
6000/0000/00/0001/0006/000	0.16

Total	71.92
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2.6 Audit Observation

The Appropriation Account, Revenue Account and the Reconciliation Statements for the year ended 31 December 2015 of the Department of Land Commissioner General had been satisfactorily prepared subject to the audit observations appearing in the Management Audit Report referred to in Paragraph 1.1 above. The material and significant audit Observations out of the audit observations included in the Management Audit Report appear in Paragraph 3.

3. Material and Significant Audit Observations

3.1 Non – maintenance of Registers and Books

The Department had not maintained a Register of Fixed Assets on Computers, Accessories and Software in terms of Treasury Circular No.IAI/2002/02 dated 28 November 2002.

3.2 General Deposit Account

Action in terms of Financial Regulation 571 had not been taken on deposits remained for a period ranging from 3 years to 6 years totalling Rs.66,210,414.

3.3 Revenue Account

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 a Revenue Accounting Officer of a Revenue Code. The following deficiencies were observed during the course of audit test checks relating to that Revenue Code.

(a) **Revenue Code:20:02:01:03 – Revenue of Land and Other Rental**

The following observations are made.

- (i) According to the Annual Budget Estimate, it was estimated to collect revenue amounting to Rs.50 million relating to the Revenue Code. A sum of Rs.36.97 million had been collected as at the end of the year under review. It represented 74 per cent of the estimated revenue.
- (ii) Even though a sum of Rs.50 million had been estimated as revenue in the Annual Budget Estimate - 2015, it was shown as Rs.45 million in the Revenue Account.
- (iii) The collected revenue from the arrears of revenue at the beginning of the preceding year had been 28 per cent while it was remained as 11 per cent in the year under review. Accordingly, the weaknesses of the collection of arrears of revenue had affected to the decrease of the net revenue in the year 2015.
- (iv) The arrears of revenue as at the end of the year under review amounted to Rs.22.34 million and the arrears of revenue for the preceding year amounted to Rs.20.28 million. Accordingly, the arrears of revenue in the year under review had increased by 15 per cent as compared with the preceding year. The arrears of revenue remained over 03 years amounted to Rs.4.56 million and the arrears of revenue remained for over a period ranging from 1 year to 2 years amounted to Rs.13.50 million.
- (v) Even though the Revenue Collecting Officers should have been taken actions in terms of the Financial Regulation 175 (2), the follow up actions relating to the collection of revenue had been at a weak level and as such the arrears of revenue amounting to Rs.19.04 million in the 07 Offices of the Deputy Land Commissioners had remained without moving as compared with the preceding year.
- (vi) Even though the accurate revenue estimates should be prepared in terms of Financial Regulation 85, a proper basis had not been followed on the preparation of revenue estimates due to non-availability of accurate information relating to the lands given on rent.

3.4 Reconciliation Statement of the Advances to Public Officers Account

According to the Reconciliation Statement of the Advances to Public Officers Account, Item No.28601 as at 31 December 2015, the balances that remained outstanding as at that date totalled Rs.2.90 million. Even though those outstanding balances remained over periods ranging from 01 year to 26 years, the follow-up action on the recovery of the outstanding balances had been at a weak level.

3.5 Assets Management

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

(a) Use of Assets belonging to the other Institutions

Even though a vehicle belonging to the Department of Survey and 09 vehicles belonging to the Ministry of Lands had been utilized by the Department for a period over one year and a period ranging from 1 ½ to 7 years respectively, action had not been taken to transfer those vehicles formally.

(b) Unsettled Liabilities

The unsettled liabilities of the Department less than one year old as at 31 December 2015 amounted to Rs.3.15 million. The following observations are made in this connection.

- (i) The liabilities amounting to Rs.88,548 relating to the year under review had not been included in the Appropriation Account.
- (ii) Contrary to the Financial Regulation 94 (1), liabilities had been incurred exceeding the savings by Rs.2.46 million after utilization of provisions made for 6 Objects.

3.6 Non-compliances

Non-compliance with Laws, Rules and Regulations

Instances of non-compliances with the provisions in laws, rules and regulations observed during the course of audit test checks are analysed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
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	Rs.	
Financial Regulations of the Democratic Socialist Republic of Sri Lanka		
(i) Financial Regulation 1179	1,931,326	Any officer other than the Medical Officers could not be paid allowances exceeding his monthly salary. Nevertheless, 3 officers of the Department had been paid the “Bim Saviya” incentive allowances exceeding their annual consolidated salary.

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|------|------------------------------|---------|---|
| (ii) | Financial Regulation 104 (4) | 182,202 | The complete reports had not been prepared in respect of 3 vehicles met with accidents in the years 2013, 2014 and 2015 even by 31 December 2015. |
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3.7 Performance

The observations on the progress of the Department according to the Action Plan for the year 2015 are given below.

- (a) According to the Action Plan, it was targeted to identify 5000 acres of lands suitable for investment projects and infrastructure facilities and to take follow up actions on 35 land blocks given to investment projects and infrastructure facilities. Nevertheless, it had not been executed.
- (b) The expected targets relating to the under mentioned activities could not be achieved.
 - (i) The progress as compared with the target relating to the activities such as Issuing Grant Certificates under “Bim Saviya Programme”, issuing Vesting Orders to the Tri forces and Local Authorities, Issuing Instrument of Description Certificates, Issuing Middle Class Grant Certificates had been 47, 57, 51 and 36 per cent respectively.
 - (ii) The progress as compared with the target relating to 2 activities such as recovery of arrears of tax revenue and conducting training programmes had been 17 per cent.
- (c) When revise the targets included in the Action Plan, it was not done according to a specific methodology, while the decisions for approvals given to revise the targets were not made available for audit.

3.8 Irregular Transactions

A block of land situated in the Kumburupitiya, Nilaweli area in the Trincomalee District had been leased out to a private institution to conduct a Tourist Hotel Project on long term lease basis. The following observations are made in this connection.

- (a) Even though the possession of the land should be transferred to the lease holder after paying lump sum payment totalling Rs.8.40 million comprising Rs.2.10 million and Rs.6.30 million as annual rental and three years installments respectively on the basis of the assessment of the Department of Valuation, the possession of the land had been handed over improperly in December 2010 without being recovered these rentals.

- (b) The applicant had requested to extend the payment period of rental from the Commissioner General of Land in several instances by submitting various reasons and that relief had been allowed in several instances. Nevertheless, action had not been taken to recover a sum of Rs.21.73 million receivable to the Government even by 31 December 2015.
- (c) The lease holder had paid only a sum of Rs.400,000 on 29 August 2012 and thereafter the Land had been possessed without being paying any rental. The annual rental payable had been reduced from Rs.2.10 million to Rs.1.78 million on the basis of reduction of the assessment as per the re- assessment made on the appeal submitted to the Minister of Land in the year 2015, and the interest payable also had been reduced. Nevertheless, the institution had not paid the rentals continuously.
- (d) Action had not been taken in respect of the lands confiscated by the Government in terms of the provisions of the Section 86 of Land Ordinance, Land Enactment 212 and the Circular No.96/5 of the Commissioner General of Land dated 01 August 1996. No action whatsoever had been taken in respect of the irregular use of Government Property for nearly 6 years period and without being carried out any development work on those lands.

3.9 Management Weaknesses

The following observations are made relating to the quarters belonging to the Department.

- (a) Out of 312 official quarters belonging to the Department 95 quarters or 30 per cent had remained idle.
- (b) Thirty seven quarters out of above 312 official quarters had been occupied by unauthorized occupants while action had not been taken to remove them from the official quarters.
- (c) Twenty two official quarters had destroyed and those could not be repaired.

3.10 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2015 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	50	36	14
(ii)	Tertiary Level	38	13	25
(iii)	Secondary Level	678	443	235
(iv)	Primary Level	134	99	35
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	Total	900	591	309
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