

**Report of the Auditor General on Head 327 – Department of Land Use and Policy Planning
Year 2015**

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 327 - Department of Land Use and Policy Planning 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 Director General of the Department on 06 September 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 the Accounting Officer for the Accounts and the Reconciliation Statements

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 Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and the Public Finance and Administrative Regulations. The 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

(a) Total Provision and Expenditure

The total net provision made for the Department amounted to Rs.387.97 million and out of that Rs.376.66 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision of the Department amounted to Rs.11.31 million or 2.92 per cent. Details appear below.

Expenditure	<u>As at 31 December 2015</u>			Savings as a Percentage of Net Provisions
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs.Millions	Rs.Millions	
Recurrent	322.97	320.67	2.30	0.71
Capital	65.00	55.99	9.01	13.86
Total	387.97	376.66	11.31	2.92

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

Provisions totalling Rs.25.8 million had been made available by 03 other Ministries to the Department for various activities. Out of that, provisions amounting to Rs.23.9 million had been utilized by the end of the year under review. Accordingly, the savings out of the provisions made, amounted to Rs.1.9 million and represented 7 per cent. Details appear below.

Ministry which made provisions	<u>As at 31 December 2015</u>			Savings as a Percentage of Net Provisions
	Provision	Utilization	Savings	
	Rs.Millions	Rs.Millions	Rs.Millions	
Ministry of Mahaweli Development and Environment	0.80	0.73	0.07	8.75
Ministry of Land and Land Development	20.00	18.48	1.52	7.60
Ministry of Plantation Industries	5.00	4.66	0.34	6.80
Total	25.80	23.87	1.93	7.48

2.2 Advance Account

2.2.1 Advances to Public Officers Account

Limits Authorized by Parliament

Limits authorized by Parliament for the Advances to Public Officers Account, Item No.32701 of the Department and actual amounts 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
20.92	20.91	10.92	13.51	65.00	55.15

2.3 Imprest Account

The balances of the Imprest Account No.7002/0000/000/0414/0015/000 under the Department as at 31 December 2015 totalled Rs.9.76 million.

2.4 General Deposit Accounts

The balances of 04 General Deposit Accounts under the Department as at 31 December 2015 totalled Rs.504,728. Details appear below.

Deposit Account Number	Balance as at 31 December 2015
6000/0000/00/0002/0161/000	Rs. 3,000
6000/0000/00/0013/0114/000	162,707
6000/0000/00/0016/0104/000	291,821
6000/0000/00/0018/0105/000	47,200
Total	504,728

2.5 Audit Observation

The Appropriation Account and the Reconciliation Statements of the Department of Land Use and Policy Planning for the year ended 31 December 2015, have been prepared satisfactorily 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 said Management Audit Report appear in paragraph 3.

3. Material and Significant Audit Observations

3.1 Non-maintenance of Registers and Books

It was observed during the course of audit test checks that the Department had not updated the following Register of Losses whilst other Registers had not been maintained.

	Type of Register	Relevant Regulation	Observations
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(i)	Register of Losses	Financial Regulation 110	Not updated.
(ii)	Register of Fixed Assets	Treasury Circular No.842 of 19 December 1978	Not maintained.
(iii)	Register of Fixed Assets on Computers, Accessories and Software	Treasury Circular No. IAI/2002/02 of 28 November 2002	Not maintained.
(iv)	Inventory of Electrical Fittings	Financial Regulation 454(2)	Not maintained.
(v)	Register of Listing of Motor Vehicles	Financial Regulation 1647(e)	Not maintained.

3.2 Appropriation Account

3.2.1 Budgetary Variance

Excess provisions had been made for 06 Objects and as such the savings, after the utilization of provisions, ranged from 12 per cent to 70 per cent of the net provisions relating to the respective Objects.

3.3 Reconciliation Statement of the Advances to Public Officers Account B

According to the Reconciliation Statement as at 31 December 2015 relating to the Advances to Public Officers Account Item No.32701, an outstanding loan balance that remained as at that date, amounting to Rs.184,250 of an officer who had been transferred, remained over a period of 03 years. However, the follow-up action on the recovery of that outstanding balance had been at a weak level.

3.4 Good Governance and Accountability

3.4.1 Internal Audit

An Internal Audit Unit had not been established in the Department and even the Internal Audit Unit of the Ministry had not carried out an adequate internal audit so as to cover the District Offices.

3.5 Assets Management

The following deficiencies were observed during the course of audit test checks carried out relating to the Assets of the Department.

Irregular use of Assets belonging to other Institutions

It was observed during the course of audit test checks that the Department had used certain assets belonging to other institutions without formal approval. Details appear below.

- (i) The Department had used 06 motor vehicles valued at Rs.44.4 million, owned by the Ministry of Lands without vesting them properly.
- (ii) The Department had used 06 other motor vehicles owned by the Ministry and 03 motor vehicles of 03 other institutions respectively of which the value was not disclosed, without vesting them properly.

3.6 Performance

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

Key Functions not executed adequately

According to the revised Annual Action Plan, the progress of 02 activities ranged between 43 per cent and 53 per cent in the year under review.

3.7 Human Resources Management

(a) 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	40	23	17
(ii)	Tertiary Level	01	-	01
(iii)	Secondary Level	547	518	29
(iv)	Primary Level	97	82	15
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	Total	685	623	62
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(b) Irregular release of Human Resources to other Parties

A Land Use Planning Officer had been released to the Ministry of Lands from the year 2002.