

## Head 327- Land Use Policy Planning Department

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### 1. Financial Statements

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#### 1.1 Opinion

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The audit of the financial statements of the Land Use Policy Planning Department for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 and the statement of comprehensive income and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with the provisions of the National Audit Act No.19 of 2018. The Summary Report including my comments and observations on the financial statements of the Land Use Policy Planning Department was issued to the Accounting Officer on 30 June 2020 in terms of Section 11(1) of the National Audit Act No.19 of 2018. The Annual Detailed Management Audit Report relating to the Land Use Policy Planning Department was issued to the Accounting Officer on 10 December 2020 in terms of Section 11 (2) of the National Audit Act No.19 of 2018. This report is issued to the Parliament in terms of Section 10 of the National Audit Act No.19 of 2018 read in conjunction with Article 154(6) of the Democratic Socialist Republic of Sri Lanka.

In my opinion, the accompanying financial statements prepared in terms of provisions in the Public Accounts Circular No.271/2019 of 03 December 2019 give a true and fair view of the financial position of the Land Use Policy Planning Department as at 31 December 2019 and of its financial performance and its cash flows for the year ended in accordance with Generally Accepted Accounting Principles.

#### 1.2 Basis for Opinion

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I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### 1.3 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

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The Chief Accounting Officer and the Accounting Officer are responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and with the provisions of Section 38 of the National Audit Act No.19 of 2018.

As per Section 16(1) of the National Audit Act No.19 of 2018, the Land Use Policy Planning Department is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared by the Department.

As per Section 38(1) (c) of the National Audit Act No.19 of 2018, the Accounting Officer should be certified that an effective system of internal control is prepared and maintained for the financial control of the Department and changes necessary to carry out the system effectively should be made by making a review from time to time on the effectiveness of that system.

#### **1.4 Auditor's Responsibility for the Audit of the Financial Statements**

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My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

**1.5 Report on Other Legal Requirements**

I state the following matters in terms of Section 6(1)(d) and Section 38 of the National Audit Act No.19 of 2018.

- (a) The financial statements correspond with the preceding year,
- (b) The value had not been brought to account in submitting the financial statements as well, as mentioned in the observation stated in Paragraph 1.6.2(b) of the Report I had furnished in terms of Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka, relating to the preceding year.

**2. Financial Review**

**2.1 Expenditure Management**

The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
<p>(a) Savings totalling Rs.6,435,280 relating to 10 Recurrent Objects and Savings totalling Rs.12,899,464 relating to 08 Capital Objects remained due to not obtaining the necessary financial provisions by properly inquiring into the matters and due to not taking action to achieve the specific performance within the prescribed period of time.</p>	<p>Expenditure Estimates should be prepared accurately in terms of the Financial Regulation 50.</p>	<p>Ninety- seven per cent of the expenditure had been incurred from the provisions, of the total Recurrent Expenditure of the Department. Moreover, 91 per cent of the expenditure had been incurred from the provisions, of the total Capital Expenditure of the Department. Moreover, 91 per cent of the expenditure had been incurred from the provisions, of the total Capital Expenditure of the Department.</p>

(b) Provisions had been Provisions obtained by Procurement activities of the

provisioned by the Annual Budget Estimate for the two Objects of Object No.327-02-01-1406- Payment of Interest for the Leased Motor Vehicles and Object No.327-02-01-2108- Repayment of Loans under the Financial Leasing Scheme. Afterwards, Supplementary Estimate Provisions amounting to Rs.1,795,000 and Rs.2,726,000 respectively had been obtained and, 16 per cent and 15 per cent respectively, of those Supplementary Estimate Provisions had been saved as at the end of the year.

Supplementary Estimates should be utilized for those functions.

purchasing of 03 motor vehicles under the Financial Leasing Scheme had been completed by the first week of June 2019 and, those motor vehicles had been handed over to the selected Financial Institutions and, the respective Supplementary Estimates had been provisioned from July to December of the year 2019, as per the Installment Charging Description provided by them. However, entering into agreements by that Financial Institution had been carried out in the month of August and, the charging of installments had been initialized afterwards. As such, only 05 Installments had been charged for the year 2019.

- (c) Provisions totalling Rs.1,076,000 relating to Objects No.327-02-01-1404 and No.327-02-2012 had been transferred to other Objects No.327-02-01-1404 and No.327-02-01- 2012 under the Financial Regulation 66 and, a total sum of Rs.220,945 or 21 per cent of the provisions that had been transferred in such a manner, had been saved.

The provisions should be utilized for the objective that those had been transferred in the instance where provisions had been transferred for Other Objects.

This Saving had been made on the Bills not being submitted by the Local Authorities and on the suppliers being failed to deliver the furniture despite furniture had been ordered.

## 2.2 Reconciliation Statement on the Advances to Public Officers' Account

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
Action had not been taken to recover the loan balances amounting to Rs.26,998, that should be recovered from the interdicted Officers.	Action should be taken relating to the loan balances that had not been recovered in terms of the provisions of the Establishments Code.	A request has been made to the Treasury to set- off these loan balances, considering them as loan balances that could not be recovered.

## 3. Operational Review

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### 3.1 Vision and Mission

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<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
Managing the land resource of Sri Lanka in an optimum and in a sustainable manner is the Vision of the Department and the formulation of policies, preparation of plans and facilitating their implantation to achieve the optimum utilization of land resources while maintaining sustainability and the environmental balance is the Mission of the Department. It had been failed by the Department to pass the National Land Use Act to execute that Vision and Mission, up to date.	The National Land Use Act should be passed expeditiously.	The steps that should be taken at the Departmental level for passing the National Land use Act by executing the Vision and the Mission of this Department, at the moment.

### 3.2 Annual Performance Report

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
Even though the Performance Report relating to the year under review should be tabled in Parliament within 150 days after the end of the Financial Year by the Department in terms of the Public Finance Circular No.402 of 12 September 2002, the Performance Report had not been tabled in Parliament even by 30 June 2020.	The Annual Performance Report should be tabled in Parliament in terms of the Circular.	The Performance Report should be referred to the Line Ministry.

### 3.3 Assets Management

The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
(a) A motor car belonging to the Department had been released to the Ministry of Lands and Parliamentary Reforms from a period of over two years and, action had not been taken either to entrust or to acquire that motor car, up to date.	Action should be taken to properly entrust those assets in a manner that it does not make a hindrance in the achievement of the objectives of the Department, in entrusting the assets provided for the achievement of the objectives of the Department, to other Institutions.	The relevant documents had been handed over, for entrusting the motor car to the Ministry.
(b) Two motor vehicles that remain in the condition of beyond repair remain idle from a period of 04 years.	Idle assets should be disposed.	Action is being taken to dispose the motor vehicles on repairing them not being economically favorable.

### 3.4 Losses and Damages

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
A loss of Rs.48,816 had been incurred on the motor car numbered WP-PF- 7633 belonging to the Department being faced with an accident on 22 May 2019. This loss had not been disclosed by the Statement on Losses and Abandonment that should be submitted along with the financial statements.	The relevant loss should be disclosed by the Statement on Losses and Abandonment.	Keeping notes on this loss had been avoided in preparing the financial statements.

### 3.5 Management Weaknesses

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
The Annual Performance Report of the entity that should be furnished long with the Accounts in terms of Section 16(2) of the National Audit Act No.19 of 2018 had not been furnished to the Auditor General.	The Performance Report should be furnished in terms of the relevant Section of the National Audit Act.	Agreed. The Annual Performance Report was furnished on the instance where the Annual Accounts were furnished to the Ministry of Lands for the initial of the Chief Accounting Officer.

## 4. Human Resources Management

The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comment of the Accounting Officer</b>
(a) A Land Use Planning Officer had been released improperly to the Ministry of Lands in the year 2002.	Action should be taken to call him over accordingly, on this Officer being an Officer necessary for the Department as per the Name of the Post.	An Officer with knowledge of the subject of land use has been released for the Ministry, for the activities of the Line Ministry.

- (b) Action had not been taken to fill 10 vacancies at the Senior Level, a vacancy at the Tertiary Level and 40 vacancies at the Secondary Level, by the Department. Action should be taken to fill the essential employee vacancies. Proper appointments are being made for the filling of the employee vacancies by the authorities and those authorities are being informed of the vacancies.