

Head 254 – Registrar General’s Department

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Registrar General’s Department for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of financial performance, 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 provisions of the National Audit Act No. 19 of 2018. The Summary Report containing my comments and observations on the financial statements of the Registrar General’s Department was issued to the Accounting Officer on 30 June 2022 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report pertaining to the Registrar General’s Department was issued to the Accounting Officer on 19 July 2022 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements prepared give a true and fair view of the Registrar General’s Department as at 31 December 2021 and its financial performance and cash flow for the year then ended, in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters appear in Paragraph 1.6 of this report . 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 evidences I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of the Chief Accounting Officer and the Accounting Officer on Financial Statements

Preparation of financial statements in a manner that reflects a true and reasonable position and determines the internal control required to enable financial statements to be prepared without inadequate false statements that may result from fraud and error in accordance with Generally Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018 is the responsibility of the Accounting Officer.

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the 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.

The Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the Department in terms of Sub-section 38 (1) (c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

1.3 Auditor's Responsibility on Audit of Financial Statements

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 exercised professional judgment and maintain professional skepticism 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 its internal control of the Department .
- Evaluate that the underlying transactions and events are appropriately and fairly included in the financial statements for the structure and content of the financial statements that include disclosures.
- 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.

The Accounting Officer was made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

1.4 Report on Other Legal Requirements

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

- (a) The financial statements are in consistent with those of the preceding year.
- (b) The recommendations made by me regarding the financial statements of the preceding year had been implemented.

1.6 Comments on the Financial Statement

1.6.1 Accounting Deficiencies

(a) Property , Plant and Equipment

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the purchase value of machinery and equipment during the year was Rs. 51,301,152 as per the financial statements, since the purchase value of those assets in the statement of non-financial assets was Rs.37,826,537 there was a difference totalled to Rs. 13,474,615 .	Although it has been recognized as an expense in the year 2021, this situation has reported since the relevant items were received in the year 2022 and also it is not recognized as an asset in the statement of non-financial assets in the year 2021. Because difference is a mistake occurred in entering data into the CIGAS Programme, instructions have been given to fix it.	To make proper asset management.

2. Financial Review

2.1 Revenue Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although this Department should submit the Semi-annual Revenue Reports to the Director General of the Department of Fiscal Policy within 15 days from the lapse of the relevant period in terms of Paragraph 07 of Fiscal Policy Circular No. 01/2015	Actions will be taken in future to send a copy of this report to the Department of Fiscal Policy.	To submit accurate revenue records to relevant Divisions.

dated 20 July 2015 , actions had not been taken accordingly.

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| <p>(b) Although every Department or Office which is not an Accepting Office in accordance with Financial Regulation 491 should prepare a monthly statement in the 'Letter H' Format and render it to the Auditor General on or before the 15 of the following month with the month in which the statement is due, and also 840 reports were to be submitted for audit in the year under review in this Department with 70 Branch Offices, only 61 reports had been submitted for audit.</p> | <p>Arrangements will be made to submit the monthly statements to the Auditor General in the 'Letter H' Format in terms of F.R. 491 in future .</p> | <p>To submit the relevant reports to the Auditor General as required.</p> |
| <p>(c) As only 213 reports out of 840 monthly income classification reports receivable from Branch Offices were given for audit, it was not possible during the audit to verify the accuracy of the registration fee income collected by the Department in the year 2021.</p> | <p>This situation has reported due to the non-submission of these reports by the respective Land Registrar Offices.</p> | <p>The relevant reports should be submitted to the Auditor General as required.</p> |
| <p>(d) Although half-yearly reports showing the position of arrears of government revenue as at 30 June and 31 December of each financial year under the various revenue heads and sub-head objects and sub-objects for which he is liable should be prepared and submitted to the Auditor General in terms of Financial Regulation 128 (2) , the Registrar General's Department had not submitted those reports to the Auditor General.</p> | <p>Arrangements will be made to submit these reports to the Auditor General in future.</p> | <p>It should comply with the referred Regulation..</p> |

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| (e) | Although the value of arrears of revenue at the beginning of the year was Rs. 26,723,078, since this value was Rs.13,921,038 as per the arrears of revenue reports of the Department, a difference of Rs.12,802,040 was observed in the value of arrears of revenue at the beginning of the year. Accordingly, the value of arrears of revenue had also differed by the same amount at the end of the year. | This situation has arisen because of the Land Registrar's Offices have reported revenue (arrears of revenue) that does not belong to this Department, on a wrong basis. | Accurate reports should be submitted to the audit. |
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2.2 Expenditure Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation	
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(a)	A detailed plan prepared by the Ministry of Lands including the allocations given for the Title Registration Programme for what purposes will it be used, had not been furnished to audit and the telephone expenses of Rs. 31,244 were paid and accounted for under expenditure object No. 2509 of the Title Registration Offices from those provisions.	The Ministry of Lands makes provision under 116-2-6-10-2509 for the Title Registration Programme operated by this Department and the expenditure of the Title Registration Offices carrying out by the Land Registrar's Offices by that provision .	Expenditure management should be formalized.
(b)	Although the total value of other expenditure in the year 2021 was Rs. 226,056,531 as per the ledger, since that amount was Rs.243,439,341 according to the financial statements (ACA ii (i)), a difference of Rs.17,382,810 was observed.	Data has been included in the financial statements by reconciling the vote ledger with the Treasury printouts.	Arrangements should be made to enter data accurately in the vote ledger.

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| (c) | There were savings ranging from 25 per cent to 83 per cent of the allocations made for the expenditure of 07 expenditure objects of the year under review. | Expenditures in estimates may not be required to incur due to various reasons in carrying out the relevant activities during the year. The provisions of those estimates had saved in such cases. | Expenditure management should be formalized. |
| (d) | A sum of Rs. 12,600,000 had been made available as supplementary provisions for lease rent and local authority tax under expenditure object No. 254 -1-2-1404 and 89 per cent of that supplementary provision or Rs. 11,192,023 had saved at the end of the year under review. | Due to the fact that the bills were not submitted properly and the funds were not sufficient for the bills that had been submitted the payments could not be made, this situation has been reported. | Expenditure management should be formalized. |
| (e) | Although the cost of acquisition of machinery and equipment as per the ledger was Rs.5,359,938, since the amount as per the financial statements was Rs.18,834,553, a difference of Rs. 13,474,615 was observed. | As per the ledger, the cost of acquisition of machinery and equipment was Rs.5,359,938 and an amount of Rs.13,474,615 has been transferred to the deposit account for the expenditure objects of purchase of these machinery by the Treasury. | To take actions to enter the accurate data in the financial statement. |
| (f) | Although there are separate expenditure objects for the Department for the expenses such as travelling expenses, transportation expenses, fuel, vehicle maintenance and rent payments etc., a sum of Rs. 3,434,884 related to those expenditure objects had been entered in the expenditure object No. 1409, "Other Expenditure". | Payments are made by debiting to an other expenditure object for which provision is made on the basis of the essentiality of incurring the relevant expenditure and actions will be taken to adjust by obtaining additional provision through F.R. 66 . | Expenses should be accurately classified in the financial statement. |

2.3 Entered into Liabilities and Commitments

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) Seven instances that had entered into liabilities exceeding the provisions made available totalled to Rs. 49,123,684 were observed in audit.	The relevant expenses will be incurred from the existing expenditure objects to meet the expenses in carrying out the essential functions of the Department by providing additional allocation by the Treasury, making transfers by F.R. 66 and with the approval to make payment under F.R.115 .	It should not enter into liabilities exceeding the provisions.
(b) A difference of Rs. 43,570,334 was observed in between the value of liabilities shown in the financial statement and the liability values entered in the CIGAS Accounting System.	Vouchers submitted for payment at the end of the accounting year have been entered into the CIGAS Accounting System and as the liabilities received after that date have also been included in the financial statement, this situation has reported.	The values in the financial statement should be reconciled with the Treasury Printouts.
(c) The expenses totalled to Rs.337,419 for the year 2022 had been shown as liabilities in the financial statement of the year under review.	The bills have been submitted for the respective payment and this situation has reported because of the value stated in the bills has been mentioned in the financial statements without considering the respective period.	Liabilities should be properly accounted for.

- (d) The value lease rent liability amounting to Rs, 200,000 had been recorded twice in the financial statement. Two reports have been presented in the financial statements as settled liabilities and unsettled liabilities and liabilities amounted to Rs .200,000 have been entered in both records by a mistake. Liabilities should be properly accounted for.

2.4 Non-compliance with Laws, Rules, Regulations

Instances of non-compliance with the Provisions of laws, rules and regulations observed during audit test checks are analyzed below.

Reference to the Laws, Rules, Regulations etc.	Value	Non-compliance	Comments of the Management	Recommendation
(a) Section 16 (2) of the National Audit Act No. 19 of 2018		Annual Performance Report which should be submitted with the financial statements for the year 2021 had not been submitted to audit.	The relevant information has been collected from all Regional Offices and is currently being analyzed and the draft will be submitted for approval before the end of June 2022 .	It should comply with the Act referred to.
(b) Financial Regulation (I) F.R. 225 (1), (4)		There were cases where the date was not mentioned while preparing the voucher and also the cases where the officers who prepared and verified the voucher had not put short signatures on it.	As the number of vouchers in the Department is quantitatively higher, this situation has been reported.	-do-

(II) F.R. 1646

The running charts of 22 vehicles owned by the Department were not given to the audit and the running charts of 17 vehicles only for a period of 01 to 05 months had been submitted to the audit.

Due to the Covid epidemic, it has not been possible to bring the running charts from the Regional Offices of the Department properly and the running charts of all vehicles will be provided as scheduled in the year 2022.

It should comply with the Regulation referred to.

(c) Paragraph 04 of Public Finance Circular 02/2020 dated 28 August 2020

The approval of the Chief Accounting Officer had not been obtained for the Procurement Plan and a Detailed Procurement Plan had also not been prepared.

The accurate approvals have been obtained in the year 2022 .

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(d) Public Administration Circular No. 30/2016 dated 29 December 2016

(i) Paragraph 3.1

Although a fuel check should be carried out periodically 12 months after each fuel check or after driving a distance of 25,000 km or after a major repair involving the engine or after the first of the aforesaid applies, a fuel check had not been done for 41 vehicles owned by the Department in the year 2021 .

Due to the Covid situation, it has not been possible to conduct a fuel check. Steps will be taken to conduct the fuel check in the year 2022 .

It should comply with the Regulation referred to.

(ii) Paragraph 5	Daily fuel usage and the distance driven had not been entered in the vehicle log books.	Vehicle log books are being updated.	It should comply with the Regulation referred to.
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2.5 Issuance and settlement of Advances

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) Although the settlement of the advance should be done within 10 days after the completion of the relevant task, after issuing an advance in terms of Public Finance Circular No. 01/2020 dated 28 August 2020, seven cases were observed during the audit where the delay period ranged from 3 days to 89 days for that.	This situation has arisen due to the inability to complete the relevant tasks on time due to the Covid epidemic situation and the delays in the submission of the relevant vouchers by post.	Imprest Management should be formalized.
(b) An advance of Rs. 150,000 had been issued to an officer for repairs in the Central Archives without obtaining the necessary approvals as per the said circular.	It was impossible to obtain Treasury approval for payment of advances exceeding the respective limit by a mistake.	Advance control should be formalized.
(c) A total of Rs. 2,735,515 due from 48 officers who had died, retired, left service and were suspended and dismissed within a period of 01 to 30 years had not been recovered up to 31 December 2021 .	Replies of the Accounting Officer have not been received for observation.	Actions should be taken to settle the loan balances efficiently.

3. Operating Review

3.1 Planning

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) It was impossible to simultaneously identify the content of the Action Plan and its Progress Report.	Replies of the Accounting Officer have not been received for observation.	Organizational plans and reports related to its progress should be properly prepared.
(b) It was observed that the progress of the activities mentioned in the Action Plan was not included in the Progress Report given at the end of the year.	Replies of the Accounting Officer have not been received for observation.	-do-

3.2 Procurement

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) The Service Agreement (Rs. 63 Million) of Photocopy Machine of the Department had expired in May 2021 a newspaper advertisements had been published changing the bid evaluation dates on 3 occasions to select a new supplier. The Department had spent Rs.88,020, Rs.33,696 and Rs.63,720 for that respectively.	Due to unavoidable reasons the dates for opening of bids have been extended and as bids have been invited by advertisement in newspapers, it has to inform about the extension of dates through newspapers.	Expenditure control should be formalized.

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| <p>(b) The Department had not obtained the Performance Guarantee to be obtained within 14 days in the purchase of 150 clerical chairs and 75 clerical desks for the use of the Head Office and for distribution to the branch offices at a cost of Rs. 3,367,980 and a formal agreement had not been signed as per 8.9.1 “b” of the Procurement Guidelines.</p> | <p>A Performance Security has not been obtained in relation to this procurement and the relevant deficiency will be rectified and actions will be taken as per the Procurement Guidelines in future .</p> | <p>Procurement functions should be properly carried out .</p> |
| <p>(c) Although the bids should be evaluated and approved within the validity period of the bids in terms of 5.3.10 “B” of the Procurement Guidelines, it could not be able to complete the pre-procurement activities related to the said procurement within the bid security period and extending the validity period of the bid security had also not carried out in terms of 7.5.1 of the of the Procurement Guidelines.</p> | <p>It was impossible to award the contract within the validity period of the bids due to the non-functioning of the offices due to the Covid-19 epidemic situation.</p> | <p>Procurement functions should be properly carried out.</p> |
| <p>(d) Although it is the function of Technical Evaluation Committees to review and approve specifications and bid documents in terms of 2.6.1 (ii) and (iv) of the Government Procurement Guidelines 2006, the Technical Evaluation Committee had not fulfilled that role in relation to the procurements made by the Department in the year 2021.</p> | <p>The bid documents have not been reviewed and approved by the Technology Evaluation Committee in case of Minor Procurements.</p> | <p>Procurement functions should be properly carried out.</p> |
| <p>(e) As a result of the bids were awarded after the expiry of the validity period for the purchase of 26 printers from a private institution , it was impossible to purchase the printers at the prices offered.</p> | <p>The award of bids has been delayed because of the delay in the procurement activities due to the fact that the offices were not functioning properly as a result of the Covid epidemic</p> | <p>Procurement functions should be properly carried out.</p> |

situation during this period. The respective institution has informed that it cannot be given at the awarded price due to the market price fluctuation that has arisen subsequently.

3.3 Assets Management

 The following observations are made.

Audit Observation -----	Comments of the Accounting Officer -----	Recommendation -----
<p>(a) A difference totalled to Rs.1,682,845,980 was observed in between the closing balance of 09 asset categories of non-financial assets and the opening balance of the year 2021 as per the financial statements of the year 2020 and although a balance of land was not shown in the financial statements at the end of 2020, the balance of land at the beginning of the year 2021 was Rs.1,558,895,000 .</p>	<p>Since there was a difference in the opening balances submitted by the Supply Division entered in the CIGAS Programme in the year 2020, steps should be taken to re-enter the information which has not been entered as opening balance and that task has not been accomplished so far.</p>	<p>Assets should be accurately included in the financial statement.</p>
<p>(b) The Department had failed to repair and operate 6 vehicles which had been taken out of service in the year 2018, 2019 and 2020 by the end of the year under review or take any other proper action.</p>	<p>Due to the Corona epidemic situation and also the lack of provisions, the relevant vehicles could not be repaired and put into operation even by the end of the year 2021 and due to the economic crisis, it could not be able to repair those vehicles.</p>	<p>Assets Management should be properly done.</p>

3.4 Uneconomic Transactions

Audit Observation	Comments of the Accounting Officer	Recommendation
----- Due to delay in payment of electricity bills by the Department, the surcharge payments totalling Rs.55,637 had been made during the year under review.	----- Steps will be taken to pay electricity bills without delay and to discuss with regard to . interest with the relevant institution and get the interest removed.	----- To carry out an efficient and effective management of public expenditure.

4. Human Resources Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The number of approved staff as at 31 December 2021 of the Department was 2812 and since the actual staff was 3229, the excess and vacant staff were 670 and 252 respectively. The total excess staff are development officers and the vacancies of 17 posts including 06 key posts.	----- Approval has been requested from the Department of Management Services to get approved the number of posts of Development Officers included in the excess cadre. The Ministry of Public Administration has been informed of the need to recruit the vacant staff.	----- Human Resource Management should be properly done .

(b) The appointment of the Accounting Officer in permanent in the Department was limited to only a few months in the year 2021 and officers had been appointed on the basis of acting and covering duties for more than 4 years. It was also observed during the audit that the service period of each of those officers changed from time to time as 01 months, 03 months and permanent appointment of Accounting Officer had not been made even by the date of this report.

A permanent appointment for the Accounting Officer has not been made even by now.

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