

## **Head 327 - Land Use Policy Planning Department - 2024**

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### **1. Financial Statements**

#### **1.1 Opinion**

Head 327 - The audit of the financial statements of the Land Use Policy Planning Department for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of financial performance and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information 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 including my comments and observations on the financial statements of the Land Use Policy Planning Department was issued to the Accounting Officer on 20 May 2025 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 of 2018 and the Detailed Annual Management Audit Report in terms of Section 11 (2) of the National Audit Act was issued to the Accounting Officer on 06 June 2025. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Land Use Policy Planning Department as at 31 December 2024 and of its financial performance and its cash flows for the year then ended In accordance with the basis of preparation of the financial statements set out in Note 1 to the financial statements.

#### **1.2 Basis for opinion**

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility, under those standards is further described in the Auditor's Responsibility 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 qualified opinion.

#### **1.3 Emphasis of matter - Basis of preparation of financial statements**

The attention is drawn to Note 1 to the financial statements, which describes the basis of preparation of these financial statements. The financial statements have been prepared for the use of the Department of Land Use Policy Planning, the Treasury and the Parliament in accordance with Government Financial Regulations 150 and 151 and State Accounting Guidelines No. 06/2024 dated 16 December 2024 as amended on 21 February 2025. Accordingly, these financial statements may not be suitable for other purposes. My report is intended only for the use of the Department of Land Use Policy Planning, the Treasury and the Parliament of Sri Lanka. My opinion on this matter is not modified.

#### **1.4 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Financial Statements**

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with public Finance Regulations 150 and 151 and State Accounts Guideline No. 06/2024 dated 16 December 2024 as amended on 21 February 2025 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1) (c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the department and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

#### **1.5 Auditor's responsibility for the 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 the Auditor General'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 and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

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

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained in order to design 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 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.
- Evaluate the overall presentation, structure and content of the financial statements including 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.

## 2. Report on Other Legal Requirements

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

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

## 3. Financial Review

### 3.1 Expenditure Management

Audit Observation	Comments of the Accounting Officer	Recommendation
Although it is the responsibility of accounting officers to ensure that the funds approved are limited to the programs that can be realized within the financial year considering the expenditure programmes, instances of underutilization of the estimated provisions in the year under review were observed. That is, the amount allocated for the foreign travel expenditure object and the software maintenance expenditure object was Rs.500,000 each, while the foreign travel expenditure object was completely left over and the expenditure for the software maintenance expenditure object was Rs.27,450. Accordingly, the remaining expenditure as a percentage was 100 percent and 95 percent respectively.	Since the expected foreign training programs were not received in 2024, provisions remained under the Software Maintenance Expenditure object due to the non-occurrence of foreign travel expenses and software-related maintenance tasks.	Approved funds should be realized within the financial year.

### 3.2 Entering into obligations and commitments

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although it has been stated that the liabilities and obligations of the reporting entity should be disclosed in terms of the liability numbers as at 31 December 2024 in accordance with paragraph 3.3 of Public Accounts Guideline No. SA/MAA/02/01/01 and Public Accounts Guideline No. 05/2023 dated 30 November 2023, as stated in Treasury prints SA-92, those liability numbers had not been provided in Annex (iv) of the Financial Statements Set.	It was noted to be reported accurately as per the guidelines in the year 2025.	Actions should be taken to show the Commitments and liabilities in Annex (iv) of the financial statement set by commitment number.

- (b) Although the Treasury print note SA-92 shows a credit value of Rs.76,214 for 16 items, due to the fact that the departmental books show a credit of Rs.1,741,384 for 93 items, liabilities of Rs.1,665,170 were observed for 77 items not mentioned in the Treasury print notes.
- It was noted to be accurately reported as per the guidelines in the year 2025.
- Actions should be record all liabilities in Treasury print notes.

#### **4. Operating Review**

##### **4.1 Vision and Mission**

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a) The Cabinet of Ministers approved the revision of the National Land Use Policy in August 2018 for the optimal and sustainable management of Sri Lanka's land resources. Accordingly, although the final draft prepared to formulate a national land use policy for Sri Lanka, which is a major task and to amend it according to current needs, had been submitted to the Ministry of Lands and Tourism, the work of formulating the national land use policy had not been completed.	Drafting the policy statement to better cover the scope, obtaining Cabinet approval for the policy amendment, obtaining Cabinet approval for the drafted policy statement and gazetting after approval are matters that should be accomplished through the intervention of the Ministry of Lands. The Cabinet approval was obtained in August 2018 for the revision of the policy. The revised draft has been translated into all three languages and submitted to the Ministry of Lands on 11.05.2023 for submission to the Cabinet of Ministers for approval. As per the 13th Constitution, the Ministry of Lands has decided to submit this draft land use policy for Cabinet approval after the establishment of the National Land Commission, so further work on this has been stopped. the National Land Use Policy finalized by the Ministry of Lands has not been submitted for approval to the Cabinet of Ministers due to a policy reason.	Actions should be taken to complete the process of formulating the National Land Use Policy promptly.
(b) The necessary Land Use Act had not been approved for the purpose of establishing sustainable land use in the country through the systematic management of limited land resources.	The Cabinet Memorandum regarding the drafting of the Land Use Policy Planning Department Act has been forwarded by the Ministry of Agriculture, Livestock, Lands and Irrigation No. 5/6/1/1/CM/24/45 and dated 16.01.2025. The said Cabinet	Actions should be taken to get the Land Use Act approved.

Memorandum has been approved under the Cabinet Decisions No. ၃၉၁/25/0129/808/010 and dated.04.02.2025 the Secretary of the Ministry of Agriculture, Livestock, Lands and Irrigation has forwarded the relevant concept paper under that approval, for drafting the Act to the Legal Draftsman by letter No. 5/1/From/Lupp Act and dated 11.02.2025

## 4.2 Procurements

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Although the procurement activities for the next upcoming year should be prepared in detail in accordance with 4.2.1(c) of the Procurement Guidelines, using the format for the detailed procurement plan set out in 4.2.1 of the Procurement Manual, such a plan had not been prepared for the year 2024.	Officers were instructed to prepare a detailed procurement plan as per the guidelines of the Procurement Guidelines.	Actions should be taken to prepare the Procurement activities for the upcoming year in detail in accordance with the Procurement Guidelines.
(b) Although it was stated in accordance with the provisions of paragraph 04 of the Public Finance Circular No. 02/2020 dated 28 August 2020 that the Accounting Officers should prepare the annual procurement plan for the implementation of recurrent and capital programs of the coming year before 10 December of the current year and obtain the approval of the Chief Accounting Officer for that purpose and forward the copies thereof to the National Procurement Commission, the Auditor General and the Department of Public Finance, the Procurement Plan for the year 2024 had been signed by the Accounting Officer on 19 March 2024 and the approval of the Chief Accounting Officer had not been obtained. The copies thereof had not been forwarded to the relevant institutions as per the circular.	Officers were instructed to obtain proper approval for the annual procurement plan from 2025 and to send copies to the relevant institutions.	the procurement plan should be prepared before 10 December of the current year in accordance with the Procurement Guidelines, the approval of the Chief Accounting Officer should be obtained for it and its copies should be forwarded to the National Procurement Commission, the Auditor General and the Department of Public Finance.

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| <p>(c) Although it is stated in accordance with 6.3.6 of the Procurement Guidelines that the bid opening activities should be recorded in a prescribed format, in the procurement process for the purchase of goods for the Knuckles Project, printing of the National Land Use Survey Data, installation of a security fence and repair of the drainage system and renovation of the lower conference hall of the Department, the bid opening record notes, bid opening records and observations on each bid had not been completed as required at the time of bid opening.</p> | <p>Officers were instructed to properly complete the bid opening forms.</p> | <p>Actions should be taken to record the opening of bids in a prescribed format in accordance with the Procurement Guidelines.</p> |
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## 5. Good Governance

### 5.1 Internal Audit

Audit Observation	Comments of the Accounting Officer	Recommendation
The Accounting Officer of the Department had not appointed an Internal Auditor since 01 February 2022 in accordance with the provisions of Section 40 (1) of the National Audit Act, No. 19 of 2018.	The Department has made several requests to the Ministry of Public Administration to fill the Internal Audit vacancy. Further requests are being made.	Actions should be taken to appoint an internal auditor.

## 6. Human Resource Management

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the approved cadre for the department was 660, but the actual cadre was 595, with 16 senior level vacancies, 35 secondary level vacancies and 14 primary level vacancies, for a total of 65 vacancies.	When Considering the performance report and revised action plan for the year 2024, the action plan has been prepared as of 21.12.2023 and the performance report has been prepared as of 31.12.2024 A re-review has been conducted on the approved number of employees. Accordingly, the performance report for the year 2024 has been prepared and submitted in accordance with the revised cadre review dated 04.12.2024 and No. DMS/1113/VIII of the Director General of the Department of Management Services. Therefore, the approved number of cadre in this department as on 21.12.2023 has been increased by 37 in accordance with the action plan. During the period between the submission of the action plan and the preparation of the performance report (21.12.2023 - 31.12.2024), there has been a reduction in the number of senior level retirements, a filling of the	The data in the two reports should be the same Since the revised action plan is prepared for 21 December 2024.

administrative officer vacancy at the tertiary level, and a reduction of 29 officers at the secondary and primary levels due to releases, vacating the posts, retirements, transfers, resignations, etc. As a result of this, the total number of cadre has changed.