

Head 287 - Land Title Settlement Department

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Head 287 - Land Title Settlement 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 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 Land Title Settlement Department was issued to the Accounting Officer on 26 May 2025 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report relevant to the Department was issued to the Accounting Officer on 23 June 2025 in terms of Section 11(2) of the Audit Act. 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 financial statements give a true and fair view of the financial position of the Land Title Settlement Department as at 31 December 2024, and its financial performance and cash flows for the year then ended in accordance with the basis of preparation of the financial statements as stated 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 for the financial statements is further described in the Auditor's Responsibilities Section. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Emphasis of matter - Basis for preparation of Financial Statements

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 needs of the Land Title Settlement Department, General Treasury and Parliament in accordance with Financial Regulations 150 and 151 and, Public Accounts Guideline No.06/2024 dated 16 December 2024 as amended on 21 February 2025. Therefore, these financial statements may not be suitable for other purposes. My report is intended solely for the use of the Land Title Settlement Department, General Treasury and the Parliament of Sri Lanka. My opinion on this matter is not modified.

1.4 Responsibilities 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 Financial Regulations 150 and 151 and, Public Accounts Guideline No.06/2024 dated 16 December 2024 as amended on 21 February 2025 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 Land Title Settlement 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 Land Title Settlement 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 Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error and to issue an 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 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	Reccomendation
Out of the provition of Rs.51.25 million allocated to the department for 04 expenditure objects for the year 2024, there was a remaining provision of Rs.31.2 million. That is, it was a percentage between 23 and 96 percent.	Accepted. Although funds were allocated to improve the E-Title system, the need to purchase a Server system arose due to the need of making essential improvements to the system at minimal cost. Furthermore, although provision has been made for scanning and preserving old documents and for processing and restoring old documents, the contractor has not submitted bills worth Rs.5.31 million.	Provisions should be requested considering the need.

3.2 Irregular Transaction

Audit Observation	Comments of the Accounting Officer	Reccomendation
As stated in paragraph 6 of the National Budget Circular No.01/2024 dated 10 January 2024 by the Secretary to the Treasury, the officers should not participate in foreign studies/training/conferences unless the full cost is borne by the foreign sponsoring institution and, as per the Section 04 (a) of Circular No.01/2015/01 and dated 15th May 2015 of the Ministry of Finance, combined allowance can be obtained only when the costs for accommodation and meals are not borne by the foreign government or the grantee institution. However, despite the facilities being provided as stated in the letter dated 13 March 2024 from the World Bank's Country Manager for Sri Lanka and	The World Bank's Sri Lanka and Maldives Manager's letter dated 13.03.2024 states that the World Bank will bear the relevant expenses for the World Land Conference held in 2024. Accordingly, The Secretary has forwarded a letter dated 28.03.2024 for the approval of the Secretary to the President to pay the casual allowance, entertainment allowance and warm clothing allowance at government expense for the then Secretary of the Ministry of Tourism and Lands, the Director of Land Policy, and the Commissioner General for Land Title Settlement who scheduled to participate in it. Based on the	The combined allowance should be paid as per the instructions in the Circular.

Maldives that all facilities will be provided to the officers participating in the World Land Conference in 2024, Rs.0.354 million had been received as combined allowances by an officer of the department.

responses received to that letter, actions have been taken to pay the combined allowance to the Commissioner General for Land Title Settlement.

4. Operational Review

4.1 Performance

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Audit Observation	Comments of the Accounting Officer	Reccomendation
In preparing and implementing the annual action plan in accordance with paragraph 03 of Public Finance Circular No.02/2020 dated 28 August 2020, the program was implemented without considering the capacity of the institutions directly involved in the Bimsaviya program, the amount of human and physical resources available, and the duties to be performed. Plan had not been prepared regarding which districts should be given priority for this program. There was no any Divisional Secretariat where the work related to this program, which had been started since 1998, had been completed and the issuance of certificates of title to the public had been completed and, it was observed during the audit that, giving a date for the completion of those tasks by issuing certificates was impossible.	The planning of the Bimsaviya program began in 1998 and, five offices were opened as a pilot project in 2002 and in three Divisional Secretariat Divisions. After the completion of this project in 2007, it was transferred to the Secretary of the Ministry in charge of the Lands subject under a Treasury expenditure head and a program implemented by the Department of Settlement, the Survey Department and the Registrar General's Department, fulfilling the functions assigned to them by the Act. Accordingly, the determination of divisions under Section 1 of Act No.21 of 1998 is carried out by the Minister in charge of Lands and the Minister gazetted the entire island as operational divisions in 2012.	This program should be implemented by introducing action plans and internal control systems.

4.1.2 Failure to achieve the desired output Level

Audit Observation	Comments of the Accounting Officer	Reccomendation
(a) This department had implemented the Bimsaviya program to survey the private ownership of lands and issue title certificates to the people in accordance with the Title Registration Act No.21 of 1998.	Prior to 1998, all documents were registered by preparing deeds based on the primary method and registering those deeds as a document. With the implementation of this Act in 1998, a gradual transition to higher value title	Bim Saviya program should be implemented by preparing plans and reviewing repetitively.

The following points were observed when examining the progress achieved in relation to the expenditure incurred for the implementation of the program.

registration is underway.

The amount spent on accomplishing the above task from the expenditure incurred from 2007 to 2024 in achieving the targets by implementing the program since 1998, and Rs.22,000 per land plot had been incurred and, the cost is less than the cost of surveying the land plot in carrying out a general survey and registering land, and the complete title certificate is given to the person upon that title registration. Accordingly, the amount spent is relatively very low.

- i. Although 26 years have passed since the Bimsaviya program began in 1998, the physical progress achieved between the commencement of the program and 31 December 2024 was very poor and the number of land plots gazetted with a notice to submit claims for the land plots mentioned in the cadastral map in accordance with Section 12 of the Registration of Titles Act was 1,781,502, and the number of land plots gazetted under Section 14 of the Act, stating that the claimant has absolute ownership of that land plot was 947,414. Even though the number of land plots submitted for registration to the Registrar General from that amount was 822,668 and as a final result, title certificates were issued to the public for only 462,922 plots of land. It was also observed that this amount was 2 percent of the total number of land plots available for survey.
- ii. It was observed that 16 million land plots are to be surveyed under this program across the island, and of that amount, only 2.1 million have been surveyed over a period of 26 years, leaving 13.9 million land plots remaining to be surveyed.

iii. The expenditure incurred by the government for this program from 2007 to 31 December 2024 was Rs.10,514 million. As of 31 December 2024, the number of title certificates issued to the public was 462,922, and accordingly, the cost incurred to issue one title certificate was approximately Rs.21,978.

(b) As per the Section 9(2) of the National Archives Act No.48 of 1973 and Sections xxviii 9.3/9.4 of the Establishments Code, despite it is stated that, in order to ensure the safety of public records, the records should be kept in the safe custody of the office in charge of the records until they are transferred to the National Archives, the department had not acted accordingly and had piled up the documents in the archives in a disorderly manner, leading to their destruction.

Files and documents relating to official duties performed under the Waste Lands Ordinance No.01 of 1897 and the Land Titles Settlement Ordinance No. 20 of 1931 are securely stored in the Archives.

A part of it has been handed over to the National Archives Department for preservation. The documents in the archives of the department are very old and there are times when various individuals and government institutions request information contained in these documents. Accordingly, it was decided to scan the documents and store them as soft copies in the digital space, based on the need to preserve them. Soft copies of scanned documents are stored and the Backup File is stored separately.

In the first phase, the scanned soft copies have been facilitated through the Enadoc software so that they can be accessed via computer. Since server facilities need to be established for the scanning of documents through the software, procurement activities are planned to be carried out in 2025.

Old documents should be scanned and preserved in a way that can be used by the public.

- These archived documents were stored on a low-capacity computer, and due to insufficient storage capacity on that computer, the remaining data was stored insecurely on an external hard drive with a capacity of 01 terabyte. Although 4 years have passed since this process began, facilities have not been provided for an external party to use this data.

4.2 Uneconomic Transactions

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>The Land Titles Settlement Department had acquired a building in the World Food Warehouse Complex in Ratmalana, which belongs to the Department of the Commissioner General of Lands, to establish 03 Bimsaviya Regional Offices. A total of Rs.10.42 million had been spent on the renovation of the building to enable it to be used as an office. However, all three Bimisaviya Regional Offices had not been established in that building by 2025.</p>	<p>The approval of the Commissioner General of Lands has been received to establish three offices in Ratmalana, Dehiwala and Moratuwa within the World Food Warehouse Complex. Although it was decided to carry out the renovation and improvement work in two phases and the renovation work was carried out, customers and staff were inconvenienced due to the extreme heat and arrangements were made to temporarily relocate the Moratuwa Regional Offices established in this building to the High Level Plaza Building located in Delkanda which is maintained the Kotte Office.</p>	<p>Government money should be spent in a planned manner.</p>

4.3 Management Weaknesses

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) A physical audit was conducted at 04 randomly selected land title settlement regional offices, and the fingerprint machines in those offices were not functioned and it was observed that due to the shortage of supervisory officers, the supervision activities in those offices were not carried out properly. Furthermore, there was an uncontrolled situation where officers did not report for duty on time, did not approve leave, changed the time on the attendance register, and left without completing their duties despite recording it in the departure register and, due to this situation, it was observed the situation that the services that should be provided to the public by the Regional Land Title Settlement Offices were not being</p>	<p>Agreed. It is not necessary for supervisory officers to remain in the office when they are on duty and engaged in field work. Accordingly, It has been made notes to investigate what duties those officers were engaged in on the dates investigated. It has been decided to install fingerprint machines in the future. As pointed out by the audit, taken note of the upcoming programs to be brought in for monitoring and to inform them to act on the previous plans.</p>	<p>An internal control system should be developed.</p>

provided. Further more, it was also observed the situation that, internal control mechanisms were not in place for all 57 regional offices to implement the program properly.

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| (b) | It was observed that the officers of the Kesbewa Regional Office did not have any surveyed land plots to perform their duties due to the non-survey of land plots by the Survey Department Since 2023 and during that period, the officers permanently serving at the Bimisaviya office were unable to perform their duties. It was observed that, the service had not been received commensurate with the salaries and wages of Rs.9.14 million paid to those officers due to the non-performance of duties. | Replies hve not been received. | Necessary coordination should be made to accelerate the execution of survey requests sent. |
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5. Human Resource Management

Information on the approved and actual cardre of the department is shown below.

Audit Observation	Comments of the Reccomendation Accounting Officer
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	Approved Amount -----	Actual Amoun t -----	Vacancie s -----
Senior	105	36	69
Tertiary	07	05	02
Secondary	1746	844	902
Primary	254	164	90
Total	<u>2112</u>	<u>1049</u>	<u>1063</u>

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| (a) | Although this staff has been approved for the implementation of the Bimsaviya program, it has not been possible to recruit the approved staff, establish workplaces and deploy them to official duties. The overall performance of the Bim Saviya program remained at a low level due to, even though officers have been approved for the posts, those officers have not been assigned to offices throughout the island and, the inability to provide even the minimum | The Land Titles Settlement Department has approved cardre from time to time by the Department of Management Services to implement both the Land Settlement Ordinance No.20 of 1931 and the Title Registration Act No.21 of 1998. The necessary | Officers should be recruited according to the requirements. |
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facilities required for the recruited officers to perform their duties properly.

facilities for the regional offices are being gradually completed based on the limited provisions received by the department.

- (b) Assistant Divisional Secretaries for 13 acting posts as supervisory officers to the regional offices and, as well as 16 officers of the Title Settlement Department as acting posts had been appointed. It was observed that, the amount paid for this purpose during the year 2024 was Rs.2.51 million.

Actions have been taken to appoint Deputy and Assistant Title Settlement Commissioners to perform the duties in accordance with the second provision of the Title Registration Act. Accordingly, appropriate officers are appointed to work or perform duties in accordance with the Procedural Rules of the Public Service Commission, and training and constant supervision are provided so that the duties are carried out without any lack of progress.

Permanent staff should be recruited according to requirements.