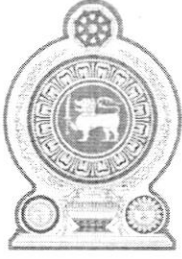




**ஓயிதி ப்ரதிபஂபீகரண ஂயிதிபிதன் பபாவ
காணிசீர்திருத்தஆணைக்குழு
Land Reform Commission**

**ஓயிதி அலாயாஂகல
காணிஅமைச்சு
Ministry Of Lands**

**வார்தீக வார்தாவ ஂா திணுதி ப்ரகாணல
ஆண்டுறிகஂகமற்றும் குணக்குறிகஂக
Annual Performance Report
2016**



LAND REFORM COMMISSION

ANNUAL PERFORMANCE REPORT

2016

NO.475

KADUWELA ROAD

BATTARAMULLA

SRI LANKA

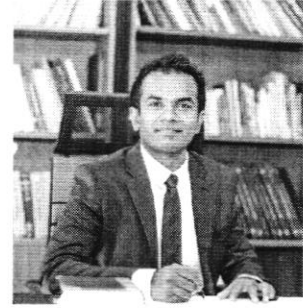
TEL: 0113520162

FAX: 0112878052

EMAIL: chairman@lrc.gov.lk

WEB: www.lrc.gov.lk

Message of the Chairman



It is a great pleasure to add some words at this moment of presenting the progress of the Commission in year 2016 where more than four decades has lapsed from the establishment of the Land Reform Commission by the Land Reform Act No 01 of 1972 of the Parliament of Sri Lanka.

It has been a difficult task to award the ownership of lands, which has earlier under a small group, to real heirs, people of this country in a proper and reasonable manner and contributing to the development process of the country whilst making the expectation of the Late Hector Kobbekaduwa, founder of the Commission a reality. However It is a Great Pleasure to Appoint me as the new Chairman of Land Reform Commission.

Under the ongoing National Development Process , now the time has come for the people of the country to use lands, which is the most valuable resource , in proper manner and accordingly the Commission has now making a tremendous contribution to the development of the country.

During year 2016 Commission could achieve number 80% of its goals and, going beyond normal framework of the District Offices, the Commission could further identify plans and new projects for income generating, implement programmes to ensure job security of employees and enhance the welfare whilst eliminating the negative attitudes of the General Public on the Land Reform Commission and winning the confidence of people looking forward under good vision.

By this time the Land Reform Commission has carried out its functions under direct supervision of the Ministry of Lands and whilst highlighting the interest as well as corporation extended by Hon. Minister of Lands and the Secretary of the Ministry for the functions of the Commission, I take this opportunity to extend my gratitude to the entire staff including Director General of land reform commission for their collaboration to make the role of the Commission a success.

NilanthaWijesinghe (LLB)
Chairman,
Land Reform Commission

Content

1. OVERVIEW.....	1
1.1 Introduction.....	1
1.2 Vision, Mission and Objectives.....	2
1.2.1 Vision.....	2
1.2.2 Mission.....	2
1.2.3 Objectives.....	2
1.3 Functions and Organization Hierarchy.....	3
1.3.1 Functions.....	3
1.3.2 Organization Hierarchy.....	5
1.4 Divisions and District Land Reform Authorities.....	6
1.4.1 Main Divisions.....	6
1.4.2 District Land Reform Authorities.....	6
2. LAND REFORM COMMISSION	6
2.1 Establishment.....	6
2.2 Composition of Commission.....	6
3. PERFORMANCE OF THE DIVISIONS.....	8
3.1 Administration and Human Resources Development Division	8
3.1.1 Cadre.....	8
3.1.2 Establishment Activities.....	9
3.1.3 Physical Resources Management.....	10
3.2 Land Division.....	11
3.2.1 Land Alienation Division	11
3.2.2 Land Ceiling Division.....	11
3.2.3 Valuation and Compensation Division.....	12
3.3 Legal Division	12
3.3.1 Legal Activities.....	12
3.4 Finance Division	13
3.4.1 Presentation Of Financial Statements.....	13
3.4.2. Financial Statements.....	15
3.5 Internal Audit Division	19
3.5.1 Authority for Auditing.....	19
3.5.2 Duties Performed in the Year	19
3.6 District Land Reform Authorities.....	19
ANNEXTURES	21
• Report of the Auditor General on the financial statements of the LRC for the year ended 31 st December 2016 in terms of the Section 14(2)(c) of the finance Act.	

1. OVERVIEW

1.1 Introduction

The Land Reform Commission which was established by the Land Reform Act of No. 01 of 1972 has a history that goes back to 1972.

The role of Land Reform Commission, for a period over 44 years, has been performed by the provisions made by Land Reform Act amended from time to time as well as by policy decisions taken by the government from time to time. The top priorities of the Commission are release of statutory obligations of land owners and payment of compensation to them, utilization of lands which have been vested in productive investments and collection of revenue of the Commission, protection of lands, training of the staff and welfare.

Arrangements have been made to direct functions of the Land Reform Commission with the aim of making the programme for distribution of more lots of lands among General Public a success in terms of the objectives and policies whilst looking forward with the revolutionary move of the Government.

Further, during this period, the program has also been launched to inculcate new spirit in order to ensure their employment security.

Especially the following priorities have been identified during year 2017.

- I. Identifying the lands belonging to the Land Reform Commission, which have not been identified so far.
- II. Recovery of the possession of lands which have been alienated for unproductive investments.
- III. Preparation of accelerated program for the purpose of distributing lands which are belonging to Land Reform Commission under the program for the distribution of one hundred thousand lots of lands and implementation of the program "Land Deeds Program" as a task of national importance whilst marking new turning point in the program implemented to regularize the lands distributed so far among the occupants.
- IV. Programs for the increase of income.
 - a) RanaviruSeva Authority
 - b) Obtaining compensation in respect of lands acquired by the government
 - c) Collecting income in respect of lands alienated to public institutions
 - d) Preparation of proper program for the purpose of collecting lease rent in respect of lands alienated to various persons on lease but the lease rent has not so far been collected.
 - e) Alienations of granite on lease and collection of relevant income.
 - f) Collecting income by imposing new regulations in respect of Gem Lands.
 - g) Collecting revenue from lands with mineral resources such as silica, dolomite and sand.

With a view to make the staff aware on these tasks and call suggestions and comments of officers, it was commenced to appoint committees consisting of officers of

the institution for each such task and to conduct workshops. Further, training programs have also been conducted to train the staff of the institution.

As a timely measure to perform the role of Land Reform Commission according to government policies discussions have often been held and follow up actions have also been taken with the implementation of such decision. Further, general public were offered an opportunity to forward their problems. Accordingly, necessary decisions were taken with immediate effect by the appointed committee conducting direct discussions.

In addition, under the direction and guidance of Hon. Minister, action was taken to provide lands for the investments identified as productive on the recommendations of advisory committee consisting of experts.

Further, under the direction and instructions of the Minister of land and Secretary to Ministry of land action has been initiated in respect of lands belonging to Land Reform Commission out of the lands in extent taken over by the Land Reform Commission. Contribution was made to the progress of the institution as well as economic and social development of the country utilizing resources which have so far not been under the control of the commission.

1.2 Vision, Mission and Objectives

1.2.1 Vision

Transformation of the Land Reform Commission as the leading institution which bears the responsibility of utilizing lands and physical resources vested under Land Reform Act for the progress of people and motherland.

1.2.2 Mission

Ensuring active contribution for the national development by way of implementing land reform process, improving productivity of lands in excess managing the ownership of physical resources ensuring their protection, giving effect to the maximum limit of ceiling on timely requirement, paying compensations, investing in productive economic fields and maintaining a reserve of lands which can be utilized for the benefit of the nation.

1.2.3 Objectives

- I. Compilation of information in respect of lands.
 - a) Identification of lands which have been declared but so far not identified.
 - b) Identification of lands belonging to Land Reform Commission based on information provided by general public.
 - c) Taking over of lands alienated to other parties if such lands are not utilized for the purpose for which they have been alienated.
- II. Performance of following activities in respect of lands vested in the Land Reform Commission
 - a) Release of statutory determination and legal obligations.
 - b) Taking over of lands by the Land Reform Commission which are in excess of the ceiling.

- c) Payment of compensation in respect of lands which were taken over by the Land Reform Commission
- d) Return of lands to the owners which were declared but not falling under such requirements
- III. Utilization of lands vested in the Land Reform Commission in productive investments in accordance with the provisions stipulated in the act and policies made by the government with a view to achieve economic and social development of the country.
- IV. Collection of revenue which are to be collected in respect of lands belonging to the commission and making contributions for the economic development process of the country.

1.3 Functions and Organization Hierarchy

1.3.1 Functions

- I. Regularization of the maximum extent of land which can be kept under private ownership in terms of the provisions of the Land Reform Act.
- II. Identification and taking over of lands in excess of the ceiling.
- III. Release of legal obligations in terms of the provisions of the acts.
- IV. Payment of compensation to the declarants in respect of lands taken over by the Land Reform Commission.
- V. Taking actions to return the possession of lands which have been taken over but exempted from the encumbrances of the Land Reform Act.
- VI. Updating land documents and collecting information on land in coordination with the field.
 - a) Lands which have been declared but so far not been identified.
 - b) Non-declared lands which are in excess of the ceiling.
 - c) Lands which have been alienated but not been utilized in productive investments.
- VII. Making contribution to achieve the social development of the country.
 - a) Providing lands to the persons who have no lands for housing purpose
 - b) Providing lands for the projects approved by the Board of Investments.
 - c) Providing lands for religious places
 - d) Providing lands for common purposes for the benefit of people
 - e) Providing lands for Government Institutions
- VIII. Implementation of projects for collection of revenue
 - a) Collecting revenue from the resources in the lands

- b) Collecting tax revenue on alienation of lands on lease and recovering money due from Government, Non-Government institutions and individuals
- IX. Structuring the organization structure of the institution
- a) Creating a well-trained and efficient staff
 - b) Entrusting duties in a proper way
 - c) Entrusting duties with decentralization of powers and authority
- X. Directing staff for discussions, workshops and training programmes.
- XI. Provision of physical resources and other necessary facilities for the performance of the functions efficiently and effectively

1.4 Divisions and District Land Reform Authorities

1.4.1 Main Divisions

- I. Administration and Human Resources Development Division
- II. Land Division
- III. Finance Division
- IV. Legal Division

1.4.2 District Land Reform Authorities

Land Reform Commission consists of 20 District Land Reform Authorities

2. LAND REFORM COMMISSION

2.1 Establishment

Land Reform Commission is established under Land Reform Act No 01 of 1972.

2.2 Composition of Commission

The composition of Land Reform Commission established under Land Reform Act No 01 of 1972 is as follows

- I. Chairman – Appointed by Hon. Minister in charge of the subject
- II. 05 members – Appointed by Hon. Minister in charge of the subject
- III. 03 ex officio members

The decision taken and approval granted by the board of the commission are applied in the implementation of the functions of the commission. Accordingly, approval of the board of the commission is obtained for each task. From 1972, up to 31.12.2016 the board of the commission has conducted 686 meetings

2.3 Acts on Legal Authority

- I. Land Reform Act No. 01 of 1972
- II. Land Reform (Amendment) Act No. 39 of 1975
- III. Land Reform (Amendment) Act No. 14 of 1981
- IV. Land Reform (Special Provisions) Act No. 39 of 1981
- V. Land Reform (Special Provisions) Act No. 14 of 1986
- VI. Land Reform (Special Provisions) (Amendment) Act No. 18 of 1986

According to the Act Nos. indicated (1) and (2) above 987,906 acres of lands have been vested in the Land Reform Commission in the following manner.

- | | |
|-----------------------------|-----------------|
| I. From Local Declarants | - 563,449 Acres |
| II. From Sterling Companies | - 195,644 Acres |
| III. From Rupee Companies | - 228,813 Acres |

In respect of the Acts indicated in (1) and (2) above,

- I. Amendments have been made by Acts No. (3) and (6) above.
- II. Provisions have been made by Acts indicated in (4), (5) and (6) above.

3. PERFORMANCE OF THE DIVISIONS

3.1 Administration and Human Resources Development Division

3.1.1 Cadre

Table No. 3.1 : Cadre Information of Land Reform Commission				
Serial No	Designation	Approved Cadre	Existing Cadre as at 31/12/2016	Excess / Vacant
1.	Director General	01	01	-
2.	Director Administration /Secretary	01	01	-
3.	Director (Finance)	01	01	-
4.	Director (Land)	01	00	(01)
5.	Director (Legal)	01	00	(01)
6.	Assistant Director (Internal Audit)	01	01	-
7.	Assistant Director(Administration)	01	01	-
8.	Assistant Director(Finance)	02	02	-
9.	Assistant Director(Legal)	03	04	01
10.	Assistant Director(Investigation)	01	01	-
11.	Assistant Director(Zonal)	20	16	(04)
12.	Assistant Director(Projects)	01	01	-
13.	Assistant Director(Land Ceiling)	01	01	-
14.	Assistant Director(Land Alienation)	01	01	-
15.	Deputy Director(Valu. and Compen.)	01	01	-
16.	Assistant Director(Survey)	01	01	-
17.	Accounting Officer	01	00	(01)
18.	Administrative Officer	01	00	(01)
19.	Information Technology Officer	01	01	-
20.	Personal Assistant	01 (Personal)	01	-
21.	Valuation Officer	03	-	(03)
22.	Staff Assistant	23 (Personal)	21	-
23.	Accounting Officer	05 (Personal)	04	-
24.	Draughtsman	02	-	(02)
25.	Transport Assistant	01	01	-
26.	Management Assistant	215	243	-
		40 Personal		-
27.	Driver	17	18	01
28.	Office Assistant	44	44	-
	Total	392	366	

3.1.2 Establishment Activities

Following are the establishment activities engaged by Land Reform Commission during the year compared to the previous year.

Table No. 3.2 : Establishment activities during the year of 2016									
Serial No	Description	Previous Year (2015)			Current Year (2016)				
		Number Received	Number Approved	Balance	Number Received	Number Approved	Balance		
1.	Recruitments	10	10	-	05	05	-		
2.	Conducting Examination	-	-	-	-	-	-		
3.	Conducting Interviews	03	03	-	02	02	-		
4.	Confirmation of Service	05	05	-	06	06	-		
5.	Promotions	-	-	-	-	-	-		
6.	Payment of Increments	304	295	09	304	300	04		
7.	Extension of Service	02	02	-	02	02	-		
8.	Preparation of Schemes of Recruitment	-	-	-	-	-	-		
9.	Vacation of Post	-	-	-	-	-	-		
10.	Interdictions	03	03	-	02	02	-		
11.	Re - instatement in service	-	-	-	-	-	-		
12.	Disciplinary Inquiries	04	04	-	03	03	-		
13.	Approval of leave to be spent out of Sri Lanka	03	03	-	-	-	-		
14.	Training	01	01	-	-	-	-		
15.	Cabinet Memorandums	-	-	-	-	-	-		
16.	Commencing Securities	-	-	-	01	01	-		
17.	Releasing the Securities	06	06	-	05	05	-		
18.	Loan Approvals								
	I - Property	-	-	-	-	-	-		
	II- Vehicle	-	-	-	-	-	-		
	III- Other	112	97	-	112	86	26		

3.1.3 Physical Resources Management

Below table is mentioning physical resources management details of Land Reform Commission during compared to the previous year.

Table No. 3.3 : Physical resources management details - 2016					
Serial No.	Type of Asset	Position at the Beginning of the Year	Changes Occur during the Year		Position at the end of the Year
			Selling	Purchasing	
1.	Double Cabs	12	-	-	12
2.	Motor Cars	02	-	-	02
3.	Micro Kyron Jeep	01	-	-	01
4.	Van	01	-	-	01
5.	Scan Coin Machines	01	-	-	01
6.	Duplo machines	01	-	-	01
7.	Photocopiers	08	-	-	08
8.	Computers	47	-	-	47
9.	Computer Printers	31	-	-	31
10.	Laptops	03	-	-	03
11.	Fax machines	20	-	-	20
12.	Typewriters	03	-	-	03
13.	Safes	10	-	-	10
14.	Cameras	01	-	-	01
15.	Televisions	01	-	-	01
16.	Refrigerators	01	-	-	01
17.	Speakers	01	-	-	01

3.2 Land Division

3.2.1 Land Alienation Division

Following table No. 3.4 presents the land alienation division activities performed during the year of 2016.

Table No. 3.4: Land alienation division activities performed during the year of 2016			
Serial No	Project	Initiation of Preliminary Activities	Number Completed
1.	Lease for BOI projects	10	10
2.	Granting lands approved agricultural or agricultural development projects (submission of them to the committee of project)	27	27
3.	Sale and Lease of lands on housing purposes and livelihood necessities	6,000	1,783
4.	Lease / Sale of lands for public purposes to various public institution	14	14
5.	Economic Utilities relative the Timber Resources (project sales by tender)	40	40
6.	Economic projects related to the mineral Resources (silica, granite, dolomite ,Gem, and sand)	07	07

3.2.2 Land Ceiling Division

Exemption from legal obligations for the lands taken over by LRC.

Table No. 3.5 : Land ceiling divisional performance during year of 2016				
Serial No.	Description	Target	Initiation of Preliminary Activities	Number Completed
1.	Releasing lands for Statutory determination under Section 19	72	07	07
2.	Distributing lands under Section 14	24	12	12
3.	Distributing lands under Section 22	24	17	17
4.	Releasing lands of the non - declared	12	06	06

3.2.3 Valuation and Compensation Division

Table No. 3.6 indicates the performance of the valuation and compensation division.

Table No. 3.6 : Valuation and compensation divisional performance during the year of 2016			
Serial No	Description	No. of declared	Amount Paid Rs.
1.	Payments of Compensation / Payment of Interest	15	28,184.51
2.	Calling valuation reports to Sale and lease of lands	55	-
3.	Calling valuation reports from Chief Valuer and reporting	71	2,440,042.00

3.3 Legal Division

3.3.1 Legal Activities

Table No. 3.7 represents entire legal case handled by the Land Reform Commission during the year of 2016.

Table No. 3.7 : All the legal cases handled by commission during the year 2016					
Serial No.	Description	No. of cases as at 31-12-2015	Cases concluded/ settled during the year of 2016	No. of cases filed during the year of 2016	Cases pending as at 31-12-2016
1.	Supreme Court	28	04	08	32
2.	Appeal Court	39	05	13	47
3.	High Court	11	-	01	12
4.	District Court	345	17	36	364
5.	Magistrate Court	56	-	13	69
6.	Labour Tribunal	02	-	-	02
7.	Labour Disputes	02	-	-	02
8.	Human Rights Commission	03	-	04	07
9.	Civil court	17	05	15	27
	Total	503	31	90	562

3.4 Finance Division

3.4.1 Presentation of financial Statements

- Financial Statements of the Land Reform Commission are prepared in accordance with the Sri Lanka Public Sector Accounting Standards Issued by the institute of Chartered Accountants of Sri Lanka.
- All transaction values are representing in Sri Lanka rupees (Rs.)
- Necessary Comparative figures have been reclassified to confirm to the Current year's presentation.
- Using accrued method to prepare the final accounts.

Presentation of financial Statements

- All the property Plant and equipment are stated at Cost less Accumulated Depreciations.

Depreciation Policy

- Assets are depreciated based on the Reducing Balance Method.
- An Asset purchased during the year will be depreciated from the date of purchase.
- Classification of Assets and Rates of Depreciation are as follows.

Asset	Depreciation Rate
❖ Buildings	10%
❖ Computer Equipment	20%
❖ Furniture Equipment	7.5%
❖ Motor Vehicles	20%
❖ Office Equipment	10%
❖ Welfare Equipment	10%

Capitalization of Recurrent Expenses

- The Capital Value of the vested land is not only the value based on the compensation payable, but a percentage of the recurrent expenses will also be added to the capital value.
- Under section 54 of the Land Reform Law the commission has approved the following recurrent expenses to increase the capital value of Land/Assents using the following percentages.

❖ Legal Fees	100%
❖ Valuation fees	100%
❖ Survey Fees	100%
❖ Translation Fees	100%
❖ Advertising Charges	100%

- This was approved on 08/02/1990 through the Commission paper No. 2918 and No. 2959.

Provision for gratuity

- Gratuity provision is made for those employees who have completed their Service for consecutive five years or more than five years.

Gratuity Provision = Basic Salary * (1/2 No. of Service Years)

3.4.2. Financial Statements

Table No. 3.8 : Statement of Comprehensive Income for the year ended 31st December 2016			
Description	Notes	31.12.2016Rs.	31.12.2015Rs.
Revenue	1	390,292,853.98	248,206,406.34
Other operating income	2	107,713,847.37	65,692,293.96
Total Income		498,006,701.35	313,898,700.30
Expenses			
Administrative Expenses	3	267,695,824.97	233,639,440.07
Supplies & Requisites Expenses	4	9,728,301.16	9,588,476.91
Other Operating Expenses	5	93,714,005.57	10,033,323.10
Finance Cost	6	6,425,868.24	4,929,010.27
Total Expenses		377,563,999.94	258,190,250.35
Surplus from Operations		120,442,701.41	55,708,449.95
Net Surplus for the Period		120,442,701.41	55,708,449.95
Net Surplus @ the beginning of 01/01/2016		902,430,781.83	833,056,330.43
Prior Year Adjustments		19,877,042.49	13,666,001.45
Net Surplus @ the end of 31/12/2016		1,042,750,525.73	902,430,781.83

Table No. 3.9 : Statement of Financial Position as at 31st December 2016

Description	Notes	31.12.2016 Rs.	31.12.2015 Rs.
<u>Assets</u>			
<u>Current Assets</u>			
Cash & Cash Equivalents	7	97,181,625.95	55,909,162.43
Interest Receivable	8	38,643,293.96	22,120,214.97
Income Receivable		-	29,731,610.01
Trade & Other receivables	9	2,296,128,340.12	2,228,040,841.11
Deposits & Advances	10	65,554,295.82	61,273,578.75
Land		676,169,345.33	676,169,345.33
Inventories- Stationery	11	3,182,913.47	2,711,069.50
<u>Non-Current Assets</u>			
Investments	12	1,369,328,834.82	1,233,664,542.00
Property Plant & Equipment	13	44,440,479.63	39,359,200.91
Work in progress -Lindula Bungalow		1,003,646.00	641,118.00
Work in progress -Palf Garden Watta		457,492.50	228,746.50
Work in progress -DaulkurundaWatta		7,000.00	-
Total Assets		4,592,097,267.60	4,349,849,429.51
<u>Funds & Liabilities</u>			
<u>Current liabilities</u>			
Trade & Other Payables	14	108,936,533.60	105,360,955.55
Lease Creditors	15	-	3,809,025.89
<u>Non-current liabilities</u>			
Gratuity Provision	16	79,618,116.01	61,569,030.00
Compensation Suspense-Stage I		112,484,944.63	113,053,465.06
Compensation Suspense -Stage II		109,959,492.95	109,959,492.95
<u>Total Liabilities</u>			
<u>Net Assets</u>			
<u>Net value of assets & Equity</u>			
Government Contribution & Treasury Grants	17	1,964,075,000.00	1,964,075,000.00
Reserves	18	1,174,272,654.68	1,089,591,678.23
Accumulated Surplus		1,042,750,525.73	902,430,781.83
Total Net Assets & Equity		4,592,097,267.60	4,349,849,429.51

Table No. 3.10 : Statement of cash flow for the year ended 31st December 2016

Description	31.12.2016 Rs.	31.12.2015Rs.
<u>Cash Flows from Operating Activities</u>		
Surplus From Operation	126,868,569.65	60,637,460.22
Depreciation	7,430,583.49	8,171,857.89
Finance Expenses	(6,425,868.24)	(4,929,010.27)
Operating Profit before Working Capital Changes	127,873,284.90	63,880,307.84
<u>Working Capital changes</u>		
Increase/(Decrease) in Trade & other payables	3,575,578.05	4,809,055.98
(Increase)/Decrease in Deposits & advance	(4,280,717.07)	517,272.10
(Increase)/Decrease in Lease Creditor	(3,809,025.89)	-
(Increase)/Decrease in Interest Receivable	(16,523,078.99)	(1,410,742.71)
(Increase)/Decrease in Trade & Other Receivables	(68,087,499.01)	(6,141.00)
(Increase)/Decrease in Stocks	(471,843.97)	(536,466.50)
(Increase)/Decrease in Income Receivable	29,731,610.01	
(Increase)/Decrease in Compensation Payments	(568,520.43)	(222,657.60)
(Increase)/Decrease in Provision of Gratuity	18,049,086.01	3,437,254.50
Acc. Depreciation Adjustment	(786,034.00)	-
Net Cash Flows from Operating Activities	(43,170,445.29)	70,467,882.61
<u>Cash Flows from Investing Activities</u>		
Purchase of Property ,Plant & Equipment	(11,725,828.21)	(1,300,038.50)
Investing in Fixed Deposits	(135,664,292.82)	(196,698,534.23)
Building Working Progress -Lindula	(362,528.00)	(278,590.00)
Building Working Progress -Palm GargenWatta	(228,746.00)	-
Building Working Progress -DaulkurundaWatta	(7,000.00)	-
Net Cash Flows from Investing Activities	(147,988,395.03)	(198,277,162.73)
<u>Cash Flows from Financing Activities</u>		
Net Value of Land Sale	84,680,976.45	85,399,655.63
Leasing	-	(6,756,217.35)
Prior Year Adjustments	19,877,042.49	13,666,001.45
Net Cash Flows from Financing Activities	104,558,018.94	92,309,439.73
Net Increase/(Decrease) in Cash & Cash Equivalents	41,272,463.52	(35,499,840.39)
Cash & Cash Equivalents at the beginning of Year	55,909,162.43	91,409,002.82
Cash & Cash Equivalents at the end of Year	97,181,625.95	55,909,162.43

Table No. 3.11 : Statement changes in equity for the year ended 31st December 2016

Description	Government contribution Rs.	Treasury Grants Rs.	Accumulated Surpl Rs.	Capital Reserves Rs.	Total Rs.
Balance as at 01.01.2015	15,000,000.00	1,949,075,000.00	902,430,781.83	1,089,591,678.23	3,956,097,460.06
Net Value of Land Sale (40%)				84,680,976.45	84,680,976.45
Prior Year Adjustment			19,877,042.49		19,877,042.49
Surplus for the Year			120,442,701.41		120,442,701.41
Balance as at 31.12.2016	15,000,000.00	1,949,075,000.00	1,042,750,525.73	1,174,272,654.68	4,040,778,436.51

3.5 Internal Audit Division

3.5.1 Authority for Auditing

Sub – Section 01- 03 of Section 2 of Part II of the Land Reform Commission – Finance Code Prepared in accordance with the Land Reform Commission Act No. 1 of 1972 and Finance Act. 38 of 1971, Provision for auditing.

3.5.2 Duties Performed in the Year

- I. Determining the possession of the land owned by the Land Reform Commission and revealing and reporting information in order to recover money for the year 2016, under the land policy from the Institutions and individuals to whom the lands had been sold and leased and taking action to streamline ledgers.
- II. Referring 14 files Audit 14 files for the payment of compensation to declarants on agricultural lands alienated to Land Reform Commission under Act No 01 of 1971 and referring 06 files relating to payment of interest for the payment after pre- auditing
- III. Evaluating the financial situation or the District Land Office and reporting the ways by which their activities are to be promoted and regularized.
- IV. Submitting 14 observations to answer for the inquiries made by the Auditor General.
- V. Coordinating 03 Meetings of Audit and Management Committee
- VI. Activities relating to the procurement boards on daily necessities and checking vouchers relevant to payment

3.6 District Land Reform Authorities

20 District Land Reform Authorities are located island wide to cover the entire land extent vested to the Land Reform Commission by the act. District Land Reform Authorities manage, handle and coordinate all the land matters within the area. As well as that District Land Reform Authorities provide field reports for lands, land details which are available for commercial and non-commercial projects, appear for legal cases, follow up the progress of projects, collect revenue and etc.

- | | | |
|----------------------|--------------------------------|---|
| 1. Western Province | Colombo
Kalutara
Gampaha | Central Pharmacy Building, Padukka
No : 220, Old Road, Kalutara
Rural Development Project Building, Kachcheri,
Gampaha |
| 2. Southern Province | Galle
Matara
Tangalle | No : 27, Richmond Hill Road, Kaluwella, Galle.
No :17/A, Dharmarathna Road, Uyanwatta.
Court Road, Tangalle. |
| 3. Uva Province | Monaragala
Badulla | Janasavi Building, Kachcheri Junction,
No: 195, Keppetipola Road, Badulla. |

4. East Province Ampara Kachcheri, Ampara.
 Batticaloa Kachcheri, Batticaloa.
5. Northern Province Jaffna Kachcheri, Jaffna.
6. North Central Province Anuradapura Kachcheri, Anuradapura.
7. Sabaragamuwa Province Ratnapura Palm Garden Estate, New Town, Ratnapura.
 Embilipitiya 12/B, Store Road, New Town, Embilipitiya.
 Kegalle Kachcheri, Kegalle.
8. North West Province Puttalam Pambala, Kakapalliya, Madampe.
 Kurunegala No: 16, Noth Lake Road, Kurunegala.
9. Central Province NuwaraEliy I. R. D. P: Building, Udupussellawa Road, NuwaraEliy
 Kandy 4th Floor, New District Secretariat, Kandy
 Matale Kachcheri, Matale.

- Administration and supervision of district offices
- Participation in discussions and seminars held at the Ministries and head Office
- Participation in mobile services held in the districts conducted by the Land Reform Commission.
- Conducting selection tests.
- Allocation of lands to Government and private institutions for effective purposes.
- Updating the list of district land and list and duties related.
- Updating the list of land disposed and unauthorized utilization
- Preparation of monthly physical and financial progress reports and submit to the head office
- Acting in accordance to the instructions given by the head office regarding the audit queries pertaining to the district
- Appearing in court for land cases pertaining to the district
- Submitting relevant information regarding requests received under the right to information Act to the Information Officer at the Head Office within the stipulated time.
- Organization of deed distribution ceremonies at district level.
- Matters related to the return of lands which have been acquired but fall outside the law.
- Coordinating and monitoring the allocation of lands for government development projects.
- Coordination of activities required for the acquisition of lands which have not been acquired properly
- Assisting surveyors to survey lands.


ANNEXTURES

Re:Report of the Auditor General on financial statements of the LRC for the year ended 31stDecember 2016in terms of Section 14(2) (c) of the finance ActNo.38 of 1971

AGL/A/LRC/01/2016/23

The Chairman,
Land Reform Commission

CLP


AGDSI

2. *[Handwritten Signature]*

Date *2017.09.11*

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සමාජවාදීන් වරුන්ගේ
Auditor General's Department

30 May 2017

Report of the Auditor General on the Financial Statements of the Land Reform Commission for the year ended 31 December 2016 in terms of the Section 14(2)(c) of the Finance Act, No.38 of 1971

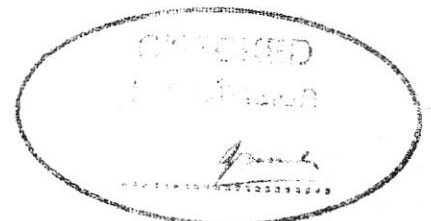
The audit of financial statements of the Land Reform Commission for the year ended 31 December 2016 comprising the statement of financial position as at 31 December 2016 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory 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 Section 13(1) of the Finance Act, No.38 of 1971 and Section 56 of the Land Reform Law, No.01 of 1972. My comments and observations which I consider should be published with the Annual Report of the Commission in terms of Section 14(2)(c) of the Finance Act appear in this report. The detailed report in terms of Section 13(7)(a) of the Finance Act was furnished to the Chairman of the Commission on 05 April 2016.

1.2 Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.

1.3 Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit. I conducted in accordance with Sri Lanka Auditing Standards consistent with International Auditing Standards of Supreme Audit Institutions (ISSAI 1000 – 1810).



1.4 Basis for Disclaimed of Opinion

As a result of the matters described in paragraph 2.2 of this report. I am unable to determine whether any adjustment might have been found necessary in respect of the recorded or unrecorded items and the elements making up the statement of financial position, the statement of financial performance and the statement of changes in equity and the cash flow statement.

2. Financial Statements

2.1 Disclaimer of Opinion

Because of the significance of the matters described in paragraph 2.2 of this report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these financial statements.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Public Sector Accounting Standards

The following observations are made.

(a) Sri Lanka Public Sector Accounting Standard 01

Even though the transactions and events in the financial statements should be brought to amount in the accrual basis, the income received from the District Offices had been brought to account in the cash basis.

(b) Sri Lanka Public Sector Accounting Standard 08

- (i) The Court of Appeal had declared a judgement in the year 2009 for the payment of a sum of Rs.148,715,363 to the plaintiffs who had filed a case against the Commission for obtaining the title to a land. Even though the amount payable from that date together with the interest thereon exceeded Rs.200 million that had not been recognized as a provision and that had not been disclosed.



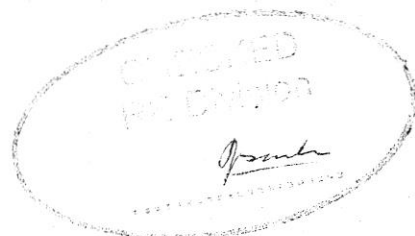


- (ii) According to Section 58, when there is adequate objective evidence for the existence of future events having an impact on the value required for the settlement of a liability, those should be reflected in the amount of provision. Nevertheless, no provision whatsoever had been made in the financial statements for the year under review for the contributions payable to the Employees' Provident Fund on the allowance of the employees of the Commission for the years 2006 to 2013 amounting to Rs.32,763,795 and the surcharges payable thereon.

2.2.2 Accounting Deficiencies

The following observations are made.

- (a) The surcharges for the delay in the payment of the lease rental for the year under review had been understated by a sum of Rs.1,417,607.
- (b) Income amounting to Rs.296,286,827 comprising the lease rentals, income from mineral resources, charges for usage, and inheritance charges amounting to Rs.63,403,562, Rs.205,143,151, Rs.26,661,071 and Rs.1,079,043 respectively receivable in respect of the year under review had not been brought to account. As such the income and assets had been omitted in the accounts by that amount.
- (c) A rectification of an error made by a journal entry in the year 2015 had been adjusted again in the year 2016 and as such the Computers and Accessories Depreciation Provision Account had been understated by a sum of Rs.786,034 and the Prior Year Adjustment Account had been overstated.
- (d) Even though a sum of Rs.6,858,292 out of the lease rentals on leased lands received in advance should have been brought to account as income of the year under review,, it had been adjusted to the Accumulated Surplus.
- (e) Out of the surcharge of Rs.1,923,334 that had to be paid to the Employees' Trust Fund, a sum of Rs.962,194 had been brought to account under the retirement gratuity expenditure whilst the balance sum of Rs.961,140 had been brought to account under the expenditure on the Employees' Trust Fund. As such the Surcharge paid had not been brought to account under the Surcharges.





- (f) The sum of Rs.676,169,345 shown in the financial statements as the balance of lands included only the minor adjustments made in the years 2003 and 2006 to the initial value computed in the year 1978 and the same value had been shown without making any changes during the years 2006 to 2016. Accordingly, the correct value had not been shown by making adjustments for the acquisitions and sales made annually.

2.2.3 Unexplained Differences

The following observations are made.

- (a) According to the financial statements for the year under review, the overall liability under the Compensation Suspense Stages 1 and 2 amounted to Rs.222,444,438 and according to the records of the Assessment and Compensation Division, the payables to the persons who made declarations inclusive of the interest amounted to Rs.585,800,000. Accordingly, a difference of Rs.363,355,562 was observed. Action had not been taken to establish the correctness of the amounts.
- (b) According to the records of the Income Division, the lease rental income receivable as at the end of the year under review amounted to Rs.185,995,884 and that had been shown as Rs.152,725,231 in the financial statements. As such a difference of Rs.33,270,653 existed in the lease rental income.
- (c) Comparison of the advances shown in the financial statements with the Register of Advances revealed a difference of Rs.84,297 whilst the comparison of lease rent advances with the schedule revealed a difference of RS.640,000.

2.2.4 Lack of Evidence for Audit

The following transactions could not be vouched or accepted as the evidence indicated against each items of account had not been furnished to Audit.





Item of Account	Value	Evidence not made available
-----	-----	-----
	Rs.	
Lands	676,169,345	Registers/schedules giving the particulars of lands.
Stocks of Stationery	3,182,913	Detailed Schedules
Compensation Suspense	222,444,438	
Accounts		

2.3 Accounts Receivable and Payable

The following observations are made.

- (a) The sum of Rs.2,311,017 receivable from the sundry debtors from the year 1999 remained the as it is even during the year under review as well. The Commission did not have the source documents in support of that amount.
- (b) The recoverables from 48 employees who had vacated posts or interdicted during periods ranging from 1 ½ years to 07 years amounted to Rs.745,785.
- (c) Action had not been taken either for the settlement or for write back to income the land sales advances amounting to Rs.11,302,992 relating to periods ranging from 5 years to 10 years and lease rental advances amounting to Rs.11,230,850 remaining payable over periods exceeding 11 years.
- (d) It was observed that a sum of Rs.181,500 out of the refundable bid deposits remain over periods ranging from 07 years to more than 11 years. Further, a sum of Rs.800,130 shown as payable to various state and private institutions shown under the trade and other payment had been existing over a period exceeding 11 years. Action had not been taken either for the settlement of those or for write back to income.
- (e) There were no compensation settlements from the Compensation Suspense Stage II Account over a period of 12 years from the year 2005 and the non-moving balance amounted to Rs.109,959,493.

CHECKED
 RE DIVISION




(f) Lease rentals had not been recovered over a long period from the State Institutions and Corporations and Boards. The lease rentals recoverable from two institutions, reported to Audit, as at the end of the year under review amounted to Rs.10,258,731. The lease rentals recoverable from the other State Institutions had not been reported to Audit.

2.4 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following non-compliances were observed.

Reference to Laws, Rules, Regulations, etc.	Non-compliance
(a) Value Added Tax Act, No.14 of 2002	The Commission had not been registered for the Value Added Tax
(b) Section 11 of the Finance Act, No.38 of 1971	Even though the Public Enterprises should obtain the approval of the Minister of Finance for the investment of surplus money, a sum of Rs.1,369,328,874 had been invested on the approval of the Board of Directors without obtaining such approval.
(c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka Financial Regulation 757	Board of Survey Reports on 6 items of assets totaling Rs.115,505,336 had not been furnished.
(d) Decision No.11/Misc(015-1) dated 25 August 2011 of the Cabinet of Ministers	Even though the Public Corporations and State Institutions should obtain the prior approval of the Cabinet of Ministers for the disposal of lands, such approval had not been obtained for the lease of lands for rental.

CHECKED
 RE Division




(e) Administration Circular No.2002/11 of 23 May 2002 Paragraph 05

In leasing of lands, it should be submitted for the approval of the Minister after obtaining the approval of the Board of Directors and Survey Orders should be issued after obtaining such approval. Contrary to that papers had been submitted for the approval of the Minister after the completion of Surveys and the recovery of money for 05 years.

(f) Paragraph 1(i) and (ii) of the Commission Circular No.2008/Gen/1 dated 17 April 2008

Even though instructions had been issued for the recovery of arrears of usage charges in the same year and for the prompt recovery of the arrears the usage charges, the usage charges of several years had not been recovered.

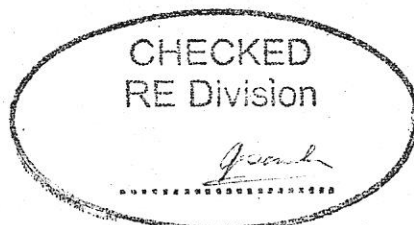
2.5 Transactions not Supported by Adequate Authority

An extent of 280 acres of the Monerakele Estate had been leased out to a Private Company in the year 2011 for a period of 30 years for Agricultural Projects over 5 Acres, without obtaining the approval of the Cabinet of Ministers. The lease rental of Rs.10,764,622 recoverable from the Company had not been recovered.

3. Financial Review

3.1 Financial Results

According to the financial statements presented, the operating result of the Commission for the year under review had been a surplus of Rs.120,442,701 as compared with the corresponding surplus of Rs.55,708,450 for the preceding year, thus indicating an improvement of Rs.64,734,251 in the financial result of the year under review, as compared with the preceding year. The increase of the lease rental income by Rs.61,376,383 due to the accounting for the lease rental income receivable in respect of the preceding year in this the current year and the increase of the operating income, that is, the interest on fixed deposits and the Treasury Bills, by a sum of Rs.42,446,909 as compared with the preceding year had been the main reason for the above improvement.





An analysis of the financial results of the preceding years indicated that there were continuous financial surpluses from the year 2012 to the year 2016 whilst the financial results which had been regularly decreasing from the year 2012 and had shown a substantial increase in the 2016. An evaluation of the contribution of the Commission for 4 preceding years as compared with the preceding years indicated a deterioration of Rs.12,728,112 in the year 2013, an improvement of Rs.14,984,085 in the year 2014, a deterioration of Rs.14,829,018 in the year 2015 and an improvement of Rs.95,018,964 in the year 2016.

3.2 Legal Actions Instituted against the Commission or by the Commission

The number of cases filed against the Commission and filed by the Commission as at 31 December 2016 had been shown as 562. The number of cases filed against the Commission during the year under review had been 68 whilst the number of cases filed by the Commission had been 22. Judgements had been declared on 35 cases.

4. Operating Review

4.1 Performance

In terms of Section 2 of the Land Reform Law, No.1 of 1972 the primary objective of the Commission is to ensure that no person shall own agricultural land in excess of the ceiling and to take over agricultural lands owned by any person in excess of the ceiling and to utilize such land in a manner which will result in an increase in its productivity and in the employment generated from such land.

(a) Award of Statutory Decisions

- (i) The number of persons out of those who had produced declaration on lands during the year 1972 to 1974, who had not been given the statutory decisions up to date, that is, even after the elapse of more than 40 years, had been 235. Out of those, statutory decisions could not be given to 25 per cent declarants due to the failure to produce plans and to 53 per cent as the declarants had not appeared themselves before the Commission.
- (ii) Even though producing the plans should be done through the declarant by the intervention of the District Land Reform Authority, action had not been taken over a period exceeding 40 years to obtain the plans.



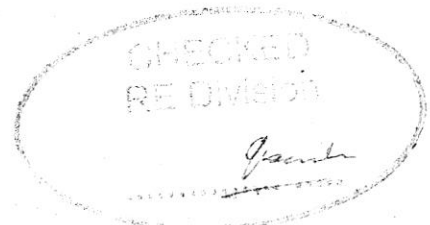
(iii) Even though the statutory decisions are delayed the tenure of the land rests with the declarants. As such the opportunities for the useful utilization of the lands taken over by the Commission and earning income had been limited.

(b) Payment of Compensation

- (i) There were 104 files as at the beginning of the year of which the titles had not been established according to the Gazette Notifications on the payment of compensation published in terms of Section 29 of the Land Reform Law, No.1 of 1972. Out of that compensation had been paid only for 3 during the year 2016.
- (ii) According to Section 33 of the Law, where any compensation payable to any person under this Law is not accepted by them when it is tendered to him, or where such person is dead or not in existence or is not known, it shall be paid to any appropriate Court of civil jurisdiction to be drawn by the person or persons entitled thereto. But the money relating to 127 files had not been deposited in the Courts.

(c) Progress in the Achievement of the Targets of the Action Plan

- (i) None of the activities included in the Action Plan such as the disclosure of lands exceeding the maximum limit, the registration of lands transferred to the Commission, and the registration of titles and records, the conduct of training programmes on the subject of lands to the Executive Officers and the Field Officers, providing computer training for the special posts, commencement of a formal Performance Process, Conservation of Records, the establishment of a proper Record Room, disposal of unnecessary files, computerization of the files in the Record Room etc., had not been executed.
- (ii) The progress achieved in connection with 16 activities included in the Action Plan had been less than 50 per cent.
- (iii) The overall position is that the progress of 50 per cent of the activities in the Action Plan had been at the low level of 35 per cent.





4.2 Management Activities

The following observations are made.

- (a) The approval for leasing 20 perches of the land of the Aberfoil Estate situated in the Division of the Kolonna Divisional Secretariat, of the Ratnapura District for a period of 30 years in connection with a project for the construction of a transmission tower had been granted in the year 2014. Nevertheless, the lease rental and the valuation and service charges payable in that connection amounting to Rs.2,707,711 had not been paid up to the date of the audit report.
- (b) The Commission had not formulated written guidelines of the specified procedures for the lease of project lands.
- (c) In the issue of the Statutory Decisions after taking over of lands exceeding 50 acres in extent in terms of the provision in the Land Reform Law, No.1 of 1972, a land 89 acres 27 perches in extent of the Declaration No.KU/121 of the Kurunegala District had been taken over by the Commission. The issue of the statutory decisions relating to that takeover had been delayed for more than 40 years.
- (d) An extent of 175 acres 36.66 perches of the Declaration No.C/2962 had been declared to the Commission in the years 1975 and 1981. Even though the approval of the Cabinet Standing Committee had been obtained for providing 50 acres as exchange lands under the statutory decisions from the Ratnapura, Kegalla and Colombo Districts, 40 acres out of that only had been released.
- (e) Land 5 acres in extent from the land of the Danawkanda Estate Managed by the Kurugegala Plantation Company had been leased to a person under Section 22(1)(b) of the Land Reform Law, No.1 of 1972. The concurrence of the Kurunegala Plantation Company had not been obtained for breaking rocks. Further erroneous information had been furnished by the lessee.
- (f) A sum of Rs.6,591,676 had been spent on the construction of the Puttlam District Office of the Commission and the work had been completed on 29 July 2016. Nevertheless, the office work had not been commenced even by 23 March 2017, the date of audit.



4.3 Operating Activities

Even though 50 acres of the land of the Thorawetiya Estate had been transferred to the declarant as the Statutory Decision and the declarant had possessed additional 108 acres as the boundaries had not been correctly identified. The Commission had incurred a loss as no action had been taken to recover the possession of 108 acres of additional land possessed contrary to the law or for leasing the land.

4.4 Transactions of Contentious Nature

The following observations are made.

- (a) Lands 319 acres in extent out of the Meddegedara Estate of 593 acres situated in the Kalutara District had been leased to 6 persons in the year 2016 without a decision of the Cabinet of Ministers. The lease had been granted on a rough valuation of Rs.4,546,000 without obtaining a Government Valuation.
- (b) An extent of 100 acres from the Pettiyakanda Estate had been leased on 30 years lease to a private Company in the year 2014. That lease had been cancelled in accordance with the decision of the Cabinet of Ministers dated 12 August 2004. The approval of the Commission had not been obtained for the transfers. Further, instead of following the methodology for the transfer of lands in use, and lease rental advance of Rs.100,000 only had been obtained. According to the reply of the Chairman sent in this connection the Chairman had decided to transfer again to the lessee the extent of the land for which the lessee had the tenure on 20 March 2017.
- (c) The tenure of an extent of 49 acres 03 roods 30 perches from the land called Ethhondagala Nindagama situated in the Division of Embilipitiya Divisional Secretariat of the Ratnapura District had been given to a private company on 22 August 2003 by obtaining a lease advance of Rs.100,000. Even though the arrears of lease rental and the surcharge of 10 per cent amounting to Rs.2,527,224 was recoverable as at 21 August 2016, action had not been taken even by the end of the year under review for the recovery of the arrears of lease rental.

4.5 Identified Losses

The following observations are made.

- (a) An extent of 98 acres out of the land called Muthuwanawatta at Nikapotha in the Badulla District had been given on a 30-year lease in the year 2004 to a private company. As the transfer was irregular it had been cancelled by the decision of the Cabinet of Ministers dated 12 August 2004. Irrespective of the decision of the Cabinet of Ministers, the Commission had taken a decision on 26 August 2008 to lease the land to that company for a period of 30 years. Further, the Commission had not received any income from this land about 100 acres in extent.
- (b) An extent of 05 acres from the land of the Ambalamana Estate had been transferred by sale in the year 1985 to a private company for a white quartz project and that transfer as well had been cancelled by the decision of the Cabinet of Ministers dated 12 August 2004. Even though the company is excavating silica from the year 2002 up to date, the management had not taken action to institute legal action in that connection. Similarly, the Commission had been deprived of the occasion for earning a substantial income.
- (c) An extent of 660 acres of the Pitagoda Valley Estate in the Galle District had been leased out on 27 February 2004 to a Private Company for a Compost Fertilizer Production Project. This lease was prohibited by the decision of the decision of the Cabinet of Ministers dated 12 August 2004. Further, that Company had deviated from the implementation of a compost project, used the land for another activity. The management had not taken action for the recovery of the land whilst no action had been taken for the recovery of lease rent whatsoever up to the date of audit.
- (d) An extent of 48 acres from the Batagolla and Renagala Estate in the Gampaha District had been leased out to a Private Company in the year 2004 and a lease rent of Rs.224,000 had been specified as the initial assessment. Even though the lease rent should have been revised every five years by obtaining the Government Valuations the lease rent had not been revised though 2 valuations were due as 12 years had elapsed by 31 December 2016. Instead, lease rent had been recovered by making a provincial revision by adding 50 per cent of the amount.

4.6 **Staff Administration**

The Secretary to the Ministry of Lands had appointed the Executive Director of the Commission with effect from 01 February 2015 contrary to the provisions in Section 45(1)(b) of the Land Reform Act, No.1 of 1972. Even though an Annual Budget and an Annual Programme with the main performance indicators should have been brought under his assignment, it had not been so done.

5. **Accountability and Good Governance**

5.1 **Internal Audit**

The following observations are made.

- (a) The Commission had not taken action on the Internal Audit Queries issued during the year under review by the Internal Audit Division of the Commission,
- (b) An adequate internal audit to cover the sections included in the Internal Audit Plan had not been carried out and the half yearly Internal Audit Reports had not been furnished to the Auditor General in terms of Section 13(5)(d) of the Finance Act, No.38 of 1971.

5.2 **Procurement Plan**

A Procurement Plan in terms of the Public Finance Circular No.01/2014 dated 17 February 2014 had not been prepared.

5.3 **Budgetary Variation**

An examination of the actual and the budgeted income and expenditure for the year under review revealed significant variances ranging from 39 per cent to 53 per cent in respect of 02 items of income and variances ranging from 38 per cent to 167 per cent in respect of 16 items of expenditure, thus indicating that the budget had not been made use of as an effective instrument management control.

5.4 **Audit Committee**

Even though the Audit Committee should meet at least 4 times per year in terms of the Public Enterprises Circular No.PED/55 dated 14 December 2010, only 03 meetings had been held during the year 2016.

5.4 **Unresolved Audit Paragraphs**

The following observations are made.

- (a) Even though the sum of Rs.17,000,000 paid for the purchase of the computer software package in the year 2002 had been shown in the financial statements as a computer advances during a period of 15 years, the Commission had failed to settle this entry even by 25 March 2017, the date of audit.

- (b) The sum of Rs.2,135,625,366 recoverable from 08 Institutions of the Government existing from periods beyond 11 years, remained unchanged even during the year under review and the Commission had failed even during this year to take appropriate action in that connection. Even though the reply furnished to the Committee on Public Enterprises at the meeting held on 23 March 2016, it was stated that a decision should be taken by calling all the parties concerned through the intervention of the Secretary to the Ministry, the Chairman and the Treasury, no such decision had been taken up to date.

6. **Systems and Controls**

The deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Commission from time to time. Special attention is needed in respect of the following areas of control.

CHECKED
RE Division
[Signature]



Areas of Systems and Controls

Observation

(a) Accounting

- (i) The registers on the arrears of income are not updated.
- (ii) There is no Co-ordination between the Income Division, the Land Transfer Division, the Projects and all other parties with the Accounts Division

(b) Debtors Control

- (i) It had not been possible to account for the money recoverable from certain institutions in the Government Sector as the relevant Divisions had not communicated the information.
- (ii) Age analysis of the lease rental recoverable had not been prepared.
- (iii) Confirmation of debtors balances had not been obtained.

(c) Lease of Lands for Projects

- (i) There is no methodology for the selection of lessees for leasing lands for projects.
- (ii) The Commission had not considered up to date the matters regarding the criteria required and for evaluation of such criteria and as certain whether such are projects actually.

CHECKED
RE Division
[Signature]



(d) Collection of Income

- (i) The District Boards had not recorded in detail in registers, the different kinds income recoverable by each office.
- (ii) Action had not been taken for the recovery of arrears of income.

(e) Stores Control

- (i) Stock Books had not been updated
- (ii) The Annual Verification of Stocks had not been carried out.
- (iii) The Stores premises had not been properly maintained.

Sgd./ H.M. GAMINI WIJESINGHE
Auditor General

H.M. Gamini Wijesinghe

Auditor General

