



Land Reforms Commission

Ministry of Lands

Annual report and Accounts 2021



Annual Performance Report 2021

**Land Reforms Commission
Number 475
Kaduwela Road
Battaramulla**

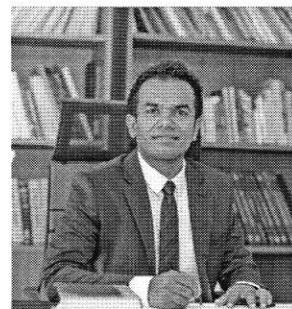
Phone :0112144795

Fax : 0112878052

Email :chairman@lrc.gov.lk

Web: www.lrc.gov.lk

Chairman's message



Instead of enjoying the land resource which is the most powerful resource that helps to achieve the development objectives and goals of Sri Lanka in an optimal way, instead of being enjoyed by a minority. The Land Reform Commission was established by the late Mr. Hector Kobbekaduwa in accordance with the Land Reform Commission Act No. 01 of 1972 of the National Assembly with the aim of appointing the people who are the true heirs of the country.

At this time, almost 05 decades since the establishment of the Land Reforms Commission, termination of further legal obligations, giving deeds to the people residing in the lands, giving deeds to sacred places, legalizing the lands enjoyed by the government institutions as well as promoting conservation and building the local agricultural economy through the generation of state income to achieve the objectives of the Act. The effective use of the land owned by the Reform Commission, as well as the identification of the land that has been disposed of through illegal means, must be further implemented to achieve the objectives of the Act.

In order to fulfill the work assigned to the Land Reforms Commission under the vision policy statement of His Excellency the President's Vision of Prosperity, on the advice of the Honorable Minister of Lands Mr. SM Chandrasena, the necessary plans are already being prepared and implemented to provide the necessary solutions to the above problems as soon as possible.

Accordingly, I hereby submit the commission's performance report for the year 2021 for submission to the Cabinet and Parliament.

Lawyer Nilantha Wijesinghe
Chairman
Land Reforms 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	Role and Organizational Plan	3
1.3.1	Activities	3
1.3.2	Organization Plan	4
1.4	Divisional and District Land Reform Commissions	5
1.4.1	Main Divisions	5
1.4.2	District Land Reform Board	5
2.	Land Reform Commission	5
2.1	Establishment of Office	5
2.2	Composition of the Commission	5
2.3	Acts on Legal Powers and Functions	5
3.	Divisional Performances	6
3.1	Division of Management and Human Resource Development	6
3.1.1	Staff composition	6
3.1.2	Institutional Activities	7
3.1.3	Physical Resource Management	8
3.2	Land Division	9
3.2.1	Land Transfer Division	9
3.2.2	Land Maximum Limit Section	9
3.2.3	Assessment and Compensation Section	9
3.3	Legal Division	10
3.3	Activities of Legal Division	10
3.4	Finance Division	11
3.4.1	Introduction of accounting policies	
3.4.1.1	Corporate information	
3.4.1.2	Significant Accounting Policies	

3.4.2	Final Accounts Report-2021	
3.5	Internal Audit Division	14
3.5.1	Power to audit	14
3.5.2	Duties performed during the year	14
3.6	District Land Reforms Commission	15
	Annexure	17
	A. Auditor General's Report on the Financial Statements of the Land Reforms Commission for the year ended 31 December 2021	

1. Overview

1.1 Introduction

The Land Reforms Commission, established by the Land Reforms Act No. 01 of 1972, has a history stretching back to 1972.

For 44 years, the role of the commission was guided by the provisions received from the Land Reforms Act as well as the policy decisions taken by the government from time to time. Providing legal obligations to land owners as well as paying compensation to them, investing the land that has been taken over for investment, collection of revenue and land protection, staff training and welfare are the main priorities of the commission.

Arrangements have been made to direct the work of the commission under the program of distributing more plots of land among the public in accordance with the goals and policies of the current Sri Lanka's revolutionary political process.

Furthermore, during this year, arrangements are being made to launch a program to give new life to the employees of the institution by creating job security.

In the year 2021, the following priorities have been specifically identified.

- i. Identification of unrecognized lands owned by the Commission
- ii. Withdrawal of lands assigned to unprofitable investments
- iii. Under the program of distribution of 100,000 plots of land, preparing an urgent program to distribute the land that can be distributed by the commission, as well as implementing the program of distribution of land deeds as a formal task in a new face, the program that the residents had prescribed for the land that had been distributed so far.
- iv. Income Enhancement Programs
 - a) War Heroes Service Authority
 - b) Receipt of compensation for land acquired by the Government
 - c) Collection of revenue on behalf of lands assigned to government agencies
 - d) Prepare a systematic program to recover tax money that has not yet been recovered for land transferred to individuals on tax basis.
 - e) Leasing of granite and collection of revenue thereon
 - f) Revenue collection by imposing new regulations related to gem lands
 - g) Derivation of revenue from lands having minerals like silica, dolomite, sand etc

In order to inform the staff about this role of the institution and to get the opinions and suggestions of the officers, the appointment of committees for each function consisting of all the officers of the institution and conducting workshops were also started. Staff training programs were also conducted.

Considering that it is a very timely step to lead the role of the Land Reform Commission in relation to the government's policies and implement them promptly. Necessary decisions have been made through constant discussions and follow-up has also been done after the implementation of those decisions. Furthermore, the committees appointed by them have held direct discussions and taken quick decisions regarding the various problems of the public.

Apart from this, on the advice of the Honorable Minister to identify profitable investments and provide land for it, action has also been started on the recommendation of the advisory committee with expert knowledge.

Furthermore, on the advice and guidance of the Hon'ble Minister of Lands and the Secretary of the Ministry, not only the progress of the institution has been made but also the contribution to the economic and social development of the country has been made with the resources that have been lost from the land taken over from the Land Reform Commission.

1.2 Vision, Mission and Objectives

1.2.1 Vision

To make the land and physical resources assigned under the Land Reforms Act the leading agency for the prosperity of the people and the land.

1.2.2 Mission

By increasing the productivity of the land reform process and surplus land for the benefit of the nation, securing and controlling the right to the physical resource, artfully enforcing the land quota, paying compensation in accordance with the law and investing in economic activities, to actively contribute to the development of the population by maintaining a reserve of land that can be used for the betterment of future generations.

1.2.3 Objectives

- i. Collection of information on land.
 - a) Identification of declared but unrecognized lands
 - b) Identification of lands owned by the Land Reforms Commission based on information received from the public
 - c) If the assignment is not completed, the Commission will take possession of the said land
- ii. Regarding lands transferred to the Commission,
 - a) Exemption from express statutory provisions and legal obligations
 - d) Transfer of maximum land to the Commission
 - e) Payment of compensation for expropriated lands
 - f) To do the work of returning the lands of declared but not declared

- iii. For the economic and social development of the country, the policy decisions taken by the government and the appropriated land in accordance with the provisions of the Act will be used in investment activities.
- iv. Collecting the revenue due from the lands owned by the commission and contributing to the economic development process of the country.

1.3 Role and Organizational Plan

1.3.1 Activities

- i. Legalizing the maximum amount of land an individual can hold under the provisions of the Land Reforms Act.
- ii. To identify maximum land and acquire the commission.
- iii. Exemption from legal obligations as per the provisions made in the Acts.
- iv. Payment of compensation to publishers for lands acquired by the Commission.
- v. Proceedings for the return of lands which have been appropriated but deviate from the Act.
- vi. Collating information about land by contacting the Kshatriya by updating the land register.
 - a) Lands declared but not identified
 - b) Undeclared land up to max
 - c) Lands which have been transferred but no investment has been made
- ii. Contributing to the economic development of the country.
 - a) Allotment of land for Board of Investment approved projects
 - b) Allotment of land for agricultural projects and cultivation activities
 - c) Allotment of land for industries
- iii. Contribution to the social development of the country.
 - a) Allotment of land for housing purposes to landless people
 - b) Land for special projects taken on the basis of government policy decisions Providing
 - c) Allotment of land for religious shrines
 - d) Provision of land for public works for the people
 - e) Allotment of land on behalf of government institutions
- iv. Implementation of revenue raising projects.
 - a) Collection of revenue from resources available in the land
 - b) Transfer of land on tax basis and collection of tax revenue

- c) Collection of dues of Government, Non-Government and Individuals
- v. Structuring the organizational structure of the organization.
 - a) To have trained and efficient staff
 - b) Making a formal assignment of duties
 - c) Decentralization of powers and assignment of duties
 - d) Conducting staff for discussions, workshops, training
- vi. Physical resources and necessary facilities have been provided to create efficient productivity in the institution.

1.4 Divisional and District Land Reform Commissions

1.4.1 Main Divisions

- i. Division of Management and Human Resource Development
- ii. Land Division
- iii. Finance Division
- iv. Legal Division

1.4.2 District Land Reform Boards

The Land Reform Commission consists of 20 district offices across the island.

2. Land Reform Commission

2.1 Establishment of Office

Established by the Land Reforms Commission Act No. 01 of 1972.

2.2 Composition of the Commission

The composition of the Land Reforms Commission established under the Land Reforms Act No. 01 of 1972 is as follows.

- i. Appointed by Hon'ble Minister-in-Charge - Chairman
- ii. Members to be appointed by Hon'ble Minister-in-charge - 05
- iii. Ex officio members - 03

The decisions and approvals taken by this commission board are used to implement the functions of the commission, and the approval of the commission board is obtained for each task. From the year 1972 to 31.12.2021, 766 commission board meetings have been held.

2.3 Acts on Legal Powers and Functions

- i. Land Reforms Act No. 01 of 1972
- ii. The Land Reforms (Amendment) Act No. 39 of 1975
- iii. The Land Reforms (Amendment) Act No. 14 of 1981
- iv. The Land Reforms (Special Provisions) Act No. 39 of 1981
- v. The Land Reforms (Special Provisions) Act No. 14 of 1986
- vi. The Land Reforms (Special Provisions) (Amendment) Act No. 18 of 1986

In relation to Acts Nos. (i) and (ii) above, according to Acts Nos. (i) and (ii), 1,048,208 acres of land 2 roods per 01 from native publishers, gold pound companies and rupee companies have been transferred to the Land Reforms Commission.

- i. Amendments - Also from Acts Nos. iii and vi
- ii. Provisions - Act Nos. iv, v and vi are also made.

3. Divisional Performances

3.1 Division of Management and Human Resource Development

3.1.1 Staff composition

Table 3.1: Information on Institutional activities in 2021				
Serial No.	Name of the Post	Approved Cadre	Number of people in the year of conversion (2021)	Excess/deficiency
1.	Director General	01	01 (Acting.)	(01)
2.	Secretary/Director (Administration)	01	01(Acting.)	(01)
3.	Director (Finance)	01	01	-
4.	Director (Lands)	01	01	-
5.	Director (Legal)	01	01	-
6.	Director (Projects and Investigations)	-	16	16
7.	Internal Auditor	01	01	-
8.	Assistant Director (Administration)	01	01	-
9.	Assistant Director (Finance)	02	02	-
10.	Assistant Director (Legal)	03	06	03
11.	Assistant Director (Investigations)	01	01	-
12.	Assistant Director (Regional)	20	16	(04)
13.	Assistant Director (Projects)	01	02	01
14.	Assistant Director (Land Acquisition Limited)	01	01	-
15.	Assistant Director (Land Transfers)	01	03	02
16.	Deputy Director (Assessment and Compensation)	01	01	-
17.	Assistant Director (Measurement)	01	01	-
18.	Accounts Officer	01	-	01
19.	Administrative Officer	01	01	-
20.	Information Technology Officer	01	01	-
21.	Personal Assistant	01(As if it were personal)	01	-
22.	Assessing Officer	03	03	-
23.	Staff Asst	23(As if it were personal)	18	-
24.	Accounts Officer	05 (As if it were personal)	04	-
25.	Designer	02	-	(02)
26.	Transport Asst	01	01	-

27.	Management Assistant	215	396	181
		40(As if it were personal)		-
28.	Driver	17	16	01
29.	Office Assistant	44	56	12
	Total	392	516	

3.1.2 Institutional Activities

In comparison with the year 2021 of the Land Reforms Commission, the organizational performance of this year is presented in Table 3.2.

Table 3.2: Information on corporate activities in 2021

Serial No.	Description	Previous Year (2020)			Existing year (2021)		
		Number of requests	Approved amount	Balance Amount	requested amount	Approved amount	Balance Amount
1.	Recruitment	31	31	-	191	66	-
2.	Examinations	-	-	-	-	-	-
3.	Conducting interviews	01	01	-	08	08	-
4.	Service confirmations	-	-	-	-	02	-
5.	Promotions	-	-	-	05	05	-
6.	Incremental payments	205	205	-	-	287	-
7.	Extensions of service	03	03	-	-	-	-
8.	Preparation of recruitment procedures	-	-	-	01	-	01
9.	Defections	05	05	-	10	10	-
10.	Suspensions	01	01	-	-	-	-
11.	Re-employment	-	-	-	04	02	-
12.	Disciplinary examination	01	01	-	04	02	-
13.	Foreign holiday endorsements	-	-	-	-	-	-
14.	Trainings	07	07	-	-	01	-
15.	Cabinet Memoranda	-	-	-	-	-	-
16.	Bail initiations	-	-	-	-	-	-
17.	Bail Exemptions	06	-	-	01	07	-
18.	Loan approvals						
	I. Property	-	-	-	-	-	-
	II. Vehicles	-	-	-	-	-	-
	III. Other	86	86	-	129	128	-

3.1.3 Physical Resource Management

Table 3.3 provides information on acquisition and disposal of physical resources to the Commission in 2021.

Table 3.3 :Information on Physical Resource Management					
Serial No.	Property Category	Situation at the beginning of the year	Changes during the year		Situation at the end of the year
			Sales	Purchases	
1.	Cabs	12	-	-	12
2.	Cars	02	-	-	02
3.	Micro Kyron Jeeps	01	-	-	01
4.	Van	01	-	-	01
5.	Banknote counting machines	01	-	01	02
6.	Duplo machines	01	-	-	01
7.	Photocopiers	30	-	-	28
8.	Computers	129	-	01	130
9.	Computer printers	95	-	15	110
10.	Laptop computers	06	-	53	59
11.	Fax machines	24	-	-	24
12.	Safes	07	-	-	07
13.	Cameras	-	-	02	02
14.	Television sets	07	-	-	07
15.	Winterization	05	-	-	05
16.	Loudspeakers	01	-	-	01
17.	Tablet computers	-	-	09	09

3.2 Land Division

3.2.1 Land Transfer Division

Table 3.4 shows the performance of the land transfer sector from 01.01.2021 to 31.12.2021.

Table 3.4 : Performance of Land Transfer Section in 2021			
Serial No.	Projects	Annual target	No. of Completion
1.	Allotment of land for approved agricultural or industrial development projects. (Presentation to project committees.)	50	10
2.	Sale and lease of land for housing and livelihood purposes. (Ranbima Deed Grant, Shasanabhivandana, Land Problem Solving Mobile Service)	6000	4348
3.	Economic projects related to mineral resources and shrimp farming projects (sand, black stone, silica, gem, dolomite)	70	40

In addition, lease/sale of land for public purposes to various government agencies - 15

3.2.2 Land Maximum Limit Section

Table 3.5 shows the performance of the land maximum limit sector from 01.01.2021 to 31.12.2021.

Table 3.5 : Performance of Land Maximum Limit Section in 2021			
S. No.	Details	Targets	No of completed
1.	Allotment of land for statutory settlement under section 19.	02	01
2.	Allotment of land under section 14.	04	-
3.	Allotment of land under section 22.	09	05
4.	Exemption of lands of non-declarants.	03	-

3.2.3 Assessment and Compensation Section

Table 3.6 shows the performance of the assessment and compensation department from 01.01.2021 to 31.12.2021.

Table 3.6: Performance of Assessment and Compensation Sector in 2021			
S. No.	Description	No of Publishers	Amount paid (Rs.)
1.	Compensation payments and Interest payments	-	Publishing in Gazettee for Court deposits.
2.	Calling estimates from Chief Appraiser and calling repots 01” Sale of Land / Lease of Land	76	-
3.	Calling estimates from Chief Appraiser and reporting	77	Rs. 43,374,320.00

3.3 Legal Division

Table 3.7 presents information about the proceedings conducted by the Land Reform Commission from 01.01.2021 to 31.12.2021.

Table 3.7: Statistical data on litigation in 2021					
S.No.	Description	Cases pending as on 31.12.2020	Settled cases completed in the year 2021	Number of cases assigned during the year 2021	Cases pending as on 31.12.2021
1.	Supreme Court	43	06	09	46
2.	Court of Appeal	43	04	26	65
3.	High Court	25	00	07	32
4.	District Court	530	12	56	574
5.	Magistrate's Court	212	-	06	218
6.	Labor Tribunal	04	03	-	01
7.	Human Rights Commission	01	-	07	08
8.	High Court of Civil Appeals	31	10	10	31
	Total	889	35	121	975

3.4 Finance Division

3.4.1 Introduction to Accounting Policies

3.4.1.1 Corporate Information

Land Reform Commission (LRC) was established under Land Reform Act of No. 01 of 1972.

To take over agricultural land 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.

As per the Public Enterprises Circular No.PED/3/02015 dated 17th June 2015, LRC is categorized under “C” sub-category of State Own Enterprises.

Principal Activities and Nature of Operation of the LRC

The Principal Activities of the Commission is the 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.

The number of employees of the Commission at the end of the year 2021 was 560.

Date of authorization for issue

The LRC’s financial statements for the year 2021 were certified by the commission on 21st February 2022.

Going Concern Basis

The LRC’s Financial Statements have been prepared on going concern basis.

Financial Period

Financial period of the Commission represents a twelve months period from 01st January 2021 to 31st December, 2021.

Basis of preparation of financial statements

Statement of compliance

The financial statements of the LRC have been prepared in accordance with Sri Lanka Public Sector Accounting Standards (SLPSAS) 1 to 20 issued by the Public Sector Accounting Standards Committee of the Institute of Chartered Accountants of Sri Lanka. The LRC financial statements are comprised with the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and note to the financial statements in according to SLPSAS -1.

The principal accounting policies which applied in the preparation of financial statements are set out below. These policies have been consistently applied to all periods presented in the financial statements unless otherwise stated.

Basis of measurement

The financial statements have been prepared on accrual basis and under the historical cost basis, except where appropriate disclosure are made with regard to fair value under relevant notes.

Comparative information

Comparative information including quantitative, narrative, and descriptive information is disclosed in respect of the previous period in order to enhance the understanding of the financial statements of the current period and immediate pass period to improve comparability, where necessary, comparative figures have been rearranged to conform to the current year's presentation.

Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately, unless they are immaterial.

Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees, which is the commission's functional and presentation currency, in the primary economic environment in which the commission operates.

3.4.1.2 Summary of Significant Accounting Policies

Property, Plant and Equipment

Property, plant and equipment of the Commission presented in the financial statements according to SLPSAS -07. The Land Reform commission revalued all the fixed assets except land vested to the LRC under Land Reform Act of No. 01 of 1972 as at 01st January, 2019 by the Valuation Department of Sri Lanka. These financial statements property, plant and equipments value are stated in revalued basis prior to purchased 2019 and purchased assets from the year 2019 to present stated in purchased cost basis. Surplus or deficit of the fixed assets revaluation process stated as revalue reserve in the Statement in financial position. Property, plant and equipment have been categorized four categories in schedule no. 03 according to instruction and guild line given by the Comptroller General office in the General Treasury of Sri Lanka.

Basis of recognition and measurement

Property, plant and equipment are recognized, if those are probable of future economic benefits associated with the asset flow to the Commission and the value of asset that can be measured reliably. Repair and maintenance costs are recognized in the statement of comprehensive income as incurred. The carrying value of property, plant, and equipment are reviewed for impairment when events or changes in circumstances indicate that carrying value is not recoverable.

Depreciation

The LRC property, plant, and equipment depreciation policy has been changed from reducing balance method to Straight line method from the year 2018 onward and subsequent to revaluation process of the property, plant, and equipment in the commission. According to new depreciation policy, acquired assets and revalue assets are depreciating until one rupee value from the total acquired cost at the date of purchased or revalued amount of the asset. Remaining value of the assets allocate simultaneously by using useful lifetime of the asset.

The estimated depreciation rates of the property, plant, and equipment of the commission are shown below;

<u>Asset category</u>	<u>Rate of Depreciation</u>
Buildings	5%
Computer Equipments	20%
Furniture & Fitting	10%
Motor Vehicle	10%
Office Equipments	20%
Plant & Machinery	20%
Welfare Equipments	20%
Bicycle	20%

De-recognition

An item of property, plant, and equipment was derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is calculated as the difference between the net disposal proceeds and the carrying amount and included in the Statement of Comprehensive Income in the year of the asset was derecognized.

Investment Property

Land vested to the commission under Land Reform Act of No. 01 of 1972 is shown in the statement of financial position as investment property under SLPSAS -13. This is because vested land was used for income generating process of the commission through the long term lease basis.

Inventories

Inventories of the Commission are recorded in the statement of financial position according to SLPSAS -09 issued and valued on First in First Out (FIFO) method. At the end of year inventories are stated at the latest purchase cost/price of the inventories. The inventories of the commission include various forms of application stationeries, and consumables.

Financial assets – Initial recognition and measurement

Financial assets within the scope of the Sri Lanka Accounting Standard 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments. The Commission recognizes loans and receivables and deposits on the date that they are originated.

The financial assets of the commission include receivables, loans and advances to staff, Held-to-Maturity Financial Assets, and cash and cash equivalent. Loans and receivables are recognized on the date that they are originated. Loans and receivables are stated at their cost. Loans and receivables comprise trade receivables, employee loans and advances, deposits, and other receivables.

Held-to-maturity financial assets (HTM)

Reserve for compensation payment and interest receivable from the term deposits and treasury bills invested in government bank for short period were classified under HTM investments.

Cash and cash equivalents

The Commission cash in hand consisted three checking accounts and two saving accounts available bank balances with an integral part of the commission's cash management were included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents comprise cash in hand, cash at bank, deposits at bank

Liabilities and Provisions

A liability was classified as current when it is expected to be settled in the normal operating cycle; held primarily for the purpose of day today operating, due to be settled within twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The commission classified all other liabilities as non-current.

Contingent liabilities

The Commission has estimated with some of past and present legal actions against commission in future, the commission will have to pay estimated contingent liability around Rs. 750 Million to outsiders. Financial statements will make provision once received all the relevant written evidence and confirmation from the relevant authorities and parties.

Contingent assets

The Commission has estimated with some past and present legal actions taken by the commission, in future the commission will receive an estimated amount of Rs. 1,242 Million from outsiders. Also, due to the commission land acquisition related activities the commission will receive Rs. 249 Million from the outsiders.

Provisions

A provision is recognized in the statement of financial position, when the commission has a legal or statutory obligation as a result of a past event as it is probable that an outflow of assets will be required to settle the obligation and the obligation can be measured reliably.

Employee benefits

Employee Defined Benefit Plan – Gratuity

Post employment benefits (gratuity) of the commission has calculated using **Projected Unit Credit Method** stated in the SLPSAS -19 and particular excel format has been given by the Institute of Chartered Accountants of Sri Lanka. As per the SLPSAS -19 an employee who has completed one year service in commission has made gratuity provision on last drawing his/her basic salary and cost of living allowance per month. At the yearly gratuity provision made on this policy of the commission.

Defined Contribution Plans- Employees ‘Provident Fund and Employees’ Trust Fund

Employees are eligible for Employees ‘Provident Fund Contributions and Employees’ Trust Fund Contributions, in line with respective statutes and regulations. These are recognized as an expense in the statement of comprehensive income as incurred. The commission contributes 15% and 3% of basic with cost of living allowance of the employees to “Employees Provident Fund and Employees” Trust Fund respectively.

Taxation

Income tax

The surplus and income of the commission, other than interest earned from the short term deposit and fund management, are exempt from income tax under Section 7 (b) (ii) of the Inland Revenue Act No. 10 of 2006.

Other taxes

VAT, NBT and WHT are paid in respect of lease land rent and other service charges received by the commission. Therefore, no provision was made for any other taxes.

Deferred taxation

Provision has not been made for deferred tax, as surplus and income of the commission are exempt from income tax under section 7 (b),(ii) of the Inland Revenue Act No. 10 of 2006.

Government Grants

Initially, Sri Lankan treasury was provided LKR 15,000,000/- as a government contribution to LRC establishment stage and later general treasury has granted LKR 1,949,075,000/- to bear the land Reform Commission operational activities. Except above two treasury contributions LRC run by utilizing the commission itself generated fund without taking government fund. During the year 2021 Land Reform Commission subsequently made LKR 350,000,000 and LKR 750,000,000 as direct remittance to general treasury on 16th July, 2021 and December, 2021.

3.4.1 Final Accounts Report

Table 3.8 : Comprehensive Income Statement for the year ended 31.12.2021

Description	Notes	31.12.2021 Rs.	31.12.2020 Rs.
Income	14	445,038,619.25	453,242,112.37
Other operating income	15	163,586,773.18	93,451,176.39
Administrative expenses	16	(513,487,668.86)	(398,902,668.03)
Supplies and necessary expenses	17	(26,894,095.02)	(11,339,514.68)
Other operating expenses	18	(33,875,670.83)	(18,532,978.72)
Operational redundancy		34,367,957.72	117,918,127.33
Financial income	19	117,588,493.27	167,584,554.14
Financial expenses	20	(217,886.91)	(266,380.94)
Net surplus for the year		151,738,564.08	285,236,300.53
Opening Net Surplus as on 01.01.2021		1,698,730,729.77	1,288,398,311.77
Other comprehensive income			
Adjustments for previous year	21	239,979,798.22	(9,279,968.55)
Gratuity (Excess Provision)			187,905,904.47
Other Transactions (Writing off Rent and Surcharges)	22		(53,529,818.45)
Total comprehensive income for the year ending 31.12.2021		2,090,449,092.07	1,698,730,729.77

Table 3.9 : Statement of Financial Position as on 31.12.2021

Description	Notes	2021.12.31 Rs.	2020.12.31 Rs.
assets			
Non-current assets			
Property plant and equipment	3	102,346,547.79	98,233,545.37
Lidula Bungalow			
Farmgarden			
Daulkuruduvatta			
Non-wholesale assets		102,346,547.79	98,233,545.37
Lands assigned under Act No. 01 of 1972		676,169,345.33	676,169,345.33
current assets			
Stock - Stationery	4	3,496,750.30	2,773,135.72
Other trade receivables	5	2,979,483,250.41	2,600,956,706.15
Interest receivable	6	28,803,687.36	59,793,839.17
Deposits and Advances	7	88,413,622.47	87,760,888.75
Short term bank deposits and treasury bills	8	1,334,716,556.69	2,157,818,643.98
Cash and Cash equilent	9	56,312,541.03	60,448,752.08
Total current assets		4,491,226,408.26	4,969,551,965.85
Total assets		5,269,742,301.38	5,743,954,856.55
Liabilities			
Accumulated funds and reserves			
Reserves	10	1,739,372,755.01	1,580,826,465.28
Fixed asset recovery reserve		57,286,312.88	56,667,562.88
Fixed Assets (Endowment Reserves)		1,032,667.20	1,210,637.66
Accumulated surplus		2,090,449,092.07	1,698,730,729.77
Total accumulated funds and reserves		3,888,140,827.16	3,337,435,395.59
Funds and Grants			
Government contribution and treasury Grants	11	864,075,000.00	1,964,075,000.00
Total funds and principal		864,075,000.00	1,964,075,000.00
Non-current liabilities			

Reservations for gratuities		147,668,229.58	95,454,406.71
Compensation Contingency Account – Phase I		105,955,026.51	105,955,026.50
Compensation Contingency Account – Phase II		109,959,492.95	109,959,492.95
Total non-current liabilities		363,582,749.04	311,368,926.16
Current Responsibilities			
Trade and other payables	13	151,743,310.79	130,186,651.11
Value added tax payable		2,200,414.38	888,883.67
Nation building taxes payable		-	-
Withholding tax payable			
Total Current liability		153,943,725.17	131,075,534.78
Total liability		517,526,474.21	442,444,460.94
Total liabilities and reserves		5,269,742,301.38	5,743,954,856.55

Table 3.10 : Cash Flow Statement as on 31.12.2021

Description	Notes	31.12.2021 Rs.	31.12.2020 Rs.
Cash flow from operating activities			
Surplus from operating activities		151,738,564.08	285,236,300.53
Adjustment			
Depreciation		16,612,319.67	14,410,437.77
Provision for Gratuity		54,666,970.68	95,454,406.71
Investment income		(116,404,154.35)	-
Financial income		(1,184,338.92)	(167,584,554.14)
Financial expenses		217,886.91	266,380.94
Disposal of fixed assets		6,612.67	26,583.59
Recovery for missing fixed assets		(15,516.43)	-
Adjustments for previous year		241,055,025.93	
Operating profit before changes in working capital		346,693,370.24	227,809,555.40
Changes in working capital			
Decrease or increase in trade and other payables		22,868,190.39	(11,399,775.99)
Decrease in shares		(723,614.58)	(2,838,729.16)
Decrease or increase in trade and other receivables		(378,526,544.26)	37,194,054.74
Decrease or increase in interest receivable		30,990,151.81	(142,701,448.98)
Decrease or increase in deposits and advances		(652,733.72)	1,466,566.22
Cash flow generated from operating activities		20,648,819.88	109,530,222.24
Payment of gratuity		(3,586,102.50)	(5,973,920.00)
Compensation		-	673,010.90
Net cash flow from operating activities		17,062,717.38	104,229,313.14
Cash flow from investing activities			
Purchase of plant and equipment		(20,277,569.72)	(5,592,817.56)
Withdrawal of fixed deposits		-	-
Investments in Fixed Deposits and Treasury Bills		(709,898,023.50)	(238,950,875.01)
Closing of Fixed Deposits and Treasury Bills		1,533,000,110.79	

Financial income		116,437,979.35	201,216,399.71
Remittance to Treasury		(1,100,000,000.00)	-
Funds received from treasury for fertilizer project		350,000,000.00	-
Transfer of funds to Ministries of Lands for Organic Fertilizer Project		(350,000,000.00)	-
Recovery of cash received for missing fixed assets		10,422.41	-
Cash received—auction sales		15,410.50	(26,583.59)
Net cash flow from investing activities		(180,711,670.17)	(43,353,876.45)
Cash flow from financing activities			
Net sales value of land		1,184,338.92	120,131,999.89
Financial cost		(217,886.91)	(266,380.94)
40% reserve		158,546,289.73	(180,741,055.64)
Net cash flow from financing activities		159,512,741.74	(60,875,436.69)
Net change in cash and cash equivalents		(4,136,211.05)	(1,522,958.65)
Cash and cash equivalents at the beginning of the year		60,448,752.08	61,971,710.73
Cash and cash equivalent dowry at the end of the year		56,312,541.03	60,448,752.08

Table 3.11 : Equity Change Statement as on 31.12.2021

Description	Government contribution Rs.	Treasury Grants Rs.	Capital reserves Rs.	Accumulated surplus Rs.	Collection Rs.
Opening balance as on 01.01.2020	15,000,000.00	1,949,075,000.00	1,517,761,028.26	1,288,398,311.77	4,770,234,340.03
Surplus for the year	-	-	-	419,612,386.55	419,612,386.55
Other comprehensive income					
Total comprehensive income					
Net sale value of land (40%)			120,131,999.89		120,131,999.89
Audit of Fixed Assets			811,637.67		811,637.67
Adjustments for the previous year				(9,279,968.55)	(9,279,968.55)
Degradation Adjustments					
Balance as on 31.12.2020	15,000,000.00	1,949,075,000.00	1,638,704,665.82	1,698,730,729.77	5,301,510,395.59
Fair value adjustment					
Surplus for the year				151,738,564.08	151,738,564.08
Other comprehensive income					
Total comprehensive income					
Net sale value of land (40%)			158,546,289.73		158,546,289.73
Audit of Fixed Assets			440,779.54		440,779.54
Remittance to the Treasury		(1,100,000,000.00)			(1,100,000,000.00)

Adjustments for previous year				239,979,798.22	239,979,798.22
Provisions of Gratuity					
Other Transactions (Writing off Rent and Surcharges)					
Balance as on 31.12.2021	15,000,000.00	849,075,000.00	1,797,691,735.09	2,090,449,092.07	4,752,215,827.16

3.5 Internal Audit Division

3.5.1 Power to audit

According to the Land Reforms Commission Act No. 01 of 1972 and the Finance Act No. 38 of 1971 of the Land Reforms Commission Finance Code, Part 11, Section 02, Sub-sections 01 – 03, audits have been authorized.

3.5.2 Duties performed during the year

- I. Internal audit inquiries referred – 32
- II. Number of files scrutinized and handed over to revenue division – 156
- III. District offices audited – 07
- IV. Conducted corporate audit and management committee training - 03
- V. Investigations relating to payment of gratitude - 06
- VI. Answers to auditor general's audit queries - 10 queries
- VII. Compensation and interest payment checks - 12 files
- VIII. Audit inspection related to organic fertilizer project - 03
- IX. Vouchers relating to bonuses, adjustments and auditing of leave without pay.
- X. Salary verification of all new appointments.
- XI. Providing necessary information for the meeting of the committee on public business.
- XII. Conducting necessary activities to provide necessary information for the 2021 ministerial audit and management committee meeting.

3.6 District Land Reforms Commission

The council consists of 20 district offices of the Land Reform Commission spread across the island. The following activities are carried out by the District Land Reform Board Offices.

- District office administration and supervision.
- Participating in discussions and conferences held at the Ministry and Head Office.
- Participating in mobile services held in the district on behalf of the Land Reform Commission.
- Conducting contractor selection tests.
- Allotment of land to institutions and private institutions for government purposes.
- Updating of district land records and related duties.
- Updating the district's land register, excluded land register and unauthorized register.
- Prepare monthly physical and financial progress reports and submit to head office.
- Dealing with the instructions given in consultation with the head office regarding the audit inquiries and letters related to the district.
- Appearing in court for land cases related to the district.
- Timely submission of relevant information to the Head Office Information Officer regarding requests received under the Freedom of Information Act.
- Organization of deed giving ceremonies held at district level.
- Proceedings related to the return of lands that have been appropriated but deviated from the Act.
- Coordination and follow-up of land allocation for government development projects.
- Making necessary coordination for acquisition of unacquired land.

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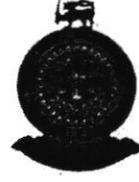
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Annexure

A. Auditor General's Report on the Financial Statements of the Land Reforms Commission for the year ended 31 December 2021



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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE



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எனது இல. }
My No. }

PAL/A/LRC/1/2021/21

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Your No. }

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Date }

2022 ජනවාරි 20 දින

Chairman,
Land Reforms Commission

Auditor General's Report in terms of Section 12 of the National Audit Act No. 19 of 2018 on the financial statements and other legal and regulatory requirements of the Land Reform Commission for the year ending 31 December 2021

1. financial Statement

1.1 Statement of Opinion

Statement of Financial Position of the Land Reform Commission as at 31 December 2021, and Statement of Comprehensive Income for the year then ended, Statement of Changes of equity, Cash Flow Statement for the year as at 31 December 2021 and Notes to the Financial Statements, for the year ended 31 December 2021 containing a summary of significant accounting policies. The financial statements were audited under my direction in accordance with the provisions of the National Audit Act No. 19 of 2018 and the Finance Act No. 38 of 1971 to be read in conjunction with Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. In accordance with Article 154(6) of the Constitution, my report will be tabled in Parliament in due course.

I do not express an opinion on the financial statements of the Commission. Due to the significance of the matters discussed in the Basis for Opinion section, I was unable to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

1.2 Basis for Statement of Opinion

- (a) Although revenue and expenditure shall not be offset against each other except when required or permitted by the standards in terms of paragraph 48 of the Public Sector Accounting Standards of Sri Lanka 01, Legal fees incurred during the year were settled against Rs 24,137,438 by an amount of Rs 2,717,462 collected from the buyer during the sale of land owned by the Commission.

- (b) As indicated by paragraph 99 of Public Sector Accounting Standards of Sri Lanka 01, the value of Rs 158,546,289 which was 40 per cent of the revenue from sale of land in the year under review should be included in the statement of comprehensive income unless otherwise stated had been credited directly to the capital reserve without being recorded in the statement of comprehensive income.
- (c) Although short-term investments maturing in 3 months or less are to be recognized as cash and cash equivalents in accordance with paragraph 9 of Sri Lanka Public Sector Accounting Standards 02, as of December 31 of the year under review, the total amount of Rs 1,334,716,557 was included in the value of short-term deposits and treasury bills, and short-term investments of Rs 209,963,420 maturing within three months or less were not included in the balance as at the end of the year under review. The investment value of bank short term deposits and treasury bills was overstated and cash and cash equivalents were understated.
- (d) In accordance with paragraphs 100 and 105 of Sri Lanka Public Sector Accounting Standards 08, a summary of contingent liabilities and assets as at 31 December of the year under review should be disclosed in the financial statements; as on the last date of the year under review, the provision of Rs 750 million in doubtful debts and Rs 1491 billion in doubtful assets had not been dealt with in the estimated accounting policies.
- (e) Relating to the lands acquired since the establishment of the Commission in the year 1972, the number of acres of land, the areas where each land is located, from whom it was acquired, the details of the current titled assignments and the relevant gazette notifications and all the details related to disposal of land, a register containing complete information was not maintained by the institution. The institution has also failed to explain it through useful documents. Accordingly, the audit could not be satisfied about the existence and correctness of the valuation of the acquired land amounting to Rs 676,169,345 in the financial statements.
- (f) In terms of the Land Reforms Act No. 01 of 1972, the total balance of Rs 215,914,519 in the Compensation Contingent Account (Phase - 1 & 11) for land acquired from estate companies and individuals remained unsettled at the end of the year under review, the notes also did not disclose a concise description of the nature of the liability.
- (g) Although accounting policy no. 1.6.2 states that financial statements are prepared on accrual basis, apart from investment income, land tax rent, surcharges and granade tax income, land acquisition compensation, land use fees, land sale income, tree sale income, land sale income, etc., total income of Rs 440,135.525 is collected under 19 types of income had been accounted for on cash basis.

- (h) A tax rent income of 13,307,625 rupees related to 9 institutions and 03 persons included in the land tax rent register maintained by the Commission's revenue division was missing from the accounts.
- (i) In the year under review, out of the arrears of Rs. 61,957,870 which should have been received at the beginning of the year consisting of 19 grenade buyers, the tax amount received was Rs. 58,222,670 should be, it had been recorded as Rs 13,237,050 through the financial statements. Due to this, the grenade tax revenue due was reduced by Rs 44,985,620, but the reasons were not given.
- (j) Although the sum of Rs 136,773,278 due from 12 black stone lessees, which had been leased by the Commission before the year reviewed but not recorded in the accounts, should be included in the income of the year, due to the fact that Rs 116,694,834 were shown in the financial statements as the total income for the year under review, the black stone tax income was understated by Rs 20,078,444.
- (k) The outstanding tax balance of Rs 101,255,194 due from 12 land lessees was not disclosed in the financial statements submitted as on 31st December of the year under review.
- (l) There was a difference of 2,827,941 rupees between the balance maintained by the Revenue Division of the Commission and the balances included in the financial statements presented at the end of the year under review in relation to 09 land lessees.
- (m) Land lease amount of Rs.1,851,852 unrecognized in previous years as receivable from Amrita Apparel (Private) Company in Kalutara District, it was received in the year under review, and due to recording it as an income of the year under review instead of adjusting it to the profit of the previous year, the land tax income was overstated by that value.
- (n) To verify the correctness of the granite tax receivable, land tax, trade and other receivable balances and trade and other payable balances amounting to Rs 2,886,619,681 in the financial statements, ledger accounts, balance confirmation letters etc were not submitted for audit.

As described above, I have not been able to confirm or verify by alternative means the quantitative items included in the statement of financial position, statement of comprehensive income, statement of changes in ownership and statement of cash flows. As a result, I was unable to determine whether any adjustments needed to be made to the recorded or unrecorded values or transactions of the values or items that make up the Statement of Financial Position, Statement of Comprehensive Income, Statement of Change of Title and Statement of Cash Flows.

1.3 Management's and Governing Parties' Responsibility for 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 determining the internal controls necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, it is management's responsibility to determine the going concern of the corporation unless management intends to liquidate the corporation or, in the absence of any other alternative, cease operations. It is the responsibility of the management to keep accounts on a going concern basis and to disclose matters related to the continuity of the council.

Responsibility for examining the Council's financial reporting process, held by controlling parties.

In terms of sub-section 16(1) of the National Audit Act No. 19 of 2018, to be able to prepare annual and periodic financial statements of the council, it should maintain proper books and records of its income, expenses, assets and liabilities.

1.4 Auditor's Responsibility in Auditing Financial Statements

It is my responsibility to issue the auditor's report on the financial statements of the council based on the audit conducted in accordance with the Sri Lanka Auditing Standards. Basis for Disclaimer of Opinion, however, due to the matters described below, I was unable to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

2. Report on other legal and regulatory requirements

2.1 The National Audit Act No. 19 of 2018 includes special provisions regarding the following requirements.

2.1.1 Pursuant to the requirements of Section 12(a) of the National Audit Act No. 19 of 2018, I have not obtained all the information and explanations deemed necessary for the audit and I am unable to determine whether proper accounting records have been kept by the Council.

2.1.2 According to the requirement mentioned in section 6(1) (d) (iii) of the National Audit Act No. 19 of 2018, the financial statements of the council are consistent with the previous year.

2.1.3 Basis for disclaimer of opinion in my report as required by section 6(1) (d) (iv) of the National Audit Act No. 19 of 2018 except the observations set out in paragraphs 1.2(e), (e), (e) The recommendations made by me during the year are included in the financial statements presented.

2.2 On the basis of the proceedings followed and the evidence obtained and confined to material facts, nothing has come to my notice to the extent of making the following statements.

2.2.1 According to the requirement mentioned in section 12 (d) of the National Audit Act No. 19 of 2018, any member of the governing body of the council has a relationship, directly or otherwise, out of the ordinary course of business in connection with the council.

2.2.2 In accordance with the requirement mentioned in Section 12(e) of the National Audit Act No. 19 of 2018, except for the following observations, that they have not acted in accordance with any relevant written law or other general or special directives issued by the governing body of the House.

	Reference to Rules / Directive	observation
(a)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka	
	(i) F.R. 371 (5)	Although an interim advance must be settled within 10 days of completion of the relevant work, in 19 cases, there was a delay of 55 days to 263 days in settling the interim advances worth Rs 709,275.
	(ii) F.R. 751	Although all goods receipts and issues must be recorded, in relation to the establishment of a telephone system for the Commission, 05 digital telephones and 40 ordinary telephones purchased at a cost of Rs 245,700 in the year under review were not entered in the inventory and a list of officers using or in charge of these devices was not filed.
(b)	Section 13.3 of Chapter II of the establishment Code of Institutions of the Democratic Socialist Republic of Sri Lanka	Although a acting appointment should be made as a temporary remedy until a regular appointment is made, a period of 05 to 12 months should pass after appointing officers on acting basis for the three posts of Director General, Director (Lands) and Director (Administration and Secretary) of the Commission. Although there had been, no arrangements to appoint officers to the respective posts on a permanent basis.

(c)	Public Enterprises Circulars Section 8.2.2 of Public Enterprises Circular No. PED/12 dated June 02, 2003. and Section 11 of the Finance Act No. 38 of 1971	Although the approval of the relevant Minister and the concurrence of the Finance Minister should be obtained before investing the excess funds in the institution, the relevant approval was not obtained for the investment of Rs 2,060,662,047 made during the year under review.
(d)	Section (b) of Management Services Circular No. 28 dated 10 April 2006	As per the circular, approval of the Department of Management Services should be obtained for creation of new posts. Otherwise, by the end of the year under review, an officer had been recruited for the post of tourist bungalow caretaker.
(e)	Recommendations of the Committee on Public Enterprises dated 17 November 2021	Preparation of an acceptable document on acquired lands, tabling of annual reports in Parliament, conducting a formal internal investigation regarding the additional staff hired in 2018 without the approval of the Department of Management Services and proceeding accordingly, further work on the lands assigned without formal approval during 2002-2004 Although the assessment of land owned by the Commission should be done within 06 months after solving the problems revealed by the audit reports, this was not done.

2.2.3 According to the requirement mentioned in Section 12(g) of the National Audit Act No. 19 of 2018, that the powers, duties and functions of the House have not been acted upon.

2.2.2 According to the requirement mentioned in Section 12 (h) of the National Audit Act No. 19 of 2018, apart from the following observations, the resources of the Council have not been procured and utilized in a frugal, efficient and effective manner in accordance with the relevant rules within the periods.

- (a) The amount of Rs 2,127,271,837 over 30 years and Rs 8,354,409 over 10 years due from 07 government institutions included in the balance of trade and other receivables which was Rs 2,987,753,606 as on December 31 of the year under review had not been collected by the end of the year under review.

- (b) Rs 2,311,017 due from people who leased 08 plots of land located in the two districts of Kalutara and Gampaha remained outstanding for more than 22 years, but the relevant tax money was not collected.
- (c) Although the advance amount of Rs. 11,215,815 received from 269 persons included in the land rent advance account balance which was Rs. 14,080,850 as on December 31 of the year under review had been retained for more than 16 years, the Commission had not taken steps to properly lease the respective lands or to settle the advances.
- (d) The land sale advance balance of Rs 11,392,992 as on December 31 of the year under review included the balance of Rs 10,377,992 which had been maintained for more than 10 years, but the Commission had not taken steps to settle them.
- (e) Although the land sale advance balance of Rs 11,392,992 as on December 31 of the year under review included the balance of Rs 10,377,992 maintained for more than 10 years, the Commission had not worked to settle them.
- f) Since Kali Amman Temple has illegally enjoyed 04 acres 02 roods from the land called Glen Alpine Estate located in Haliela Divisional Secretariat Division of Badulla District for 31 years from the year 1978 to the year 2009, although the council had informed the administration of the temple that it had decided to charge administrative fees in the year 2009, the relevant fees had not been calculated and notified to the temple by the end of the year under review. Furthermore, in the year 2009, a part of 2 acres where the temple premises is located was sold and handed over and 4.2 acres were given to the tax base. In relation to that, the council had not taken steps to collect the land tax of Rs 6,043,499 due from 2009 to the end of the reviewed year.
- (g) 75 acres of land called Kotagalawatta located in Mawanella Divisional Secretariat Division of Kegalle District without a valid agreement, Pritipura Children's Home was leased for a period of 30 years, and although the relevant lease period had ended in the year 2009, the Commission had given the opportunity to use the land in question without entering into a valid agreement from the year 2009. Furthermore, by the end of the year under review, the outstanding tax revenue of Rs 15,272,260 had been reduced to Rs 6,581,479 without taking action to collect the outstanding tax amount.

- (h) 04 acres of the land called Kirimuttiwatta located in Batticaloa district was leased to a private company for a period of 30 years in the year 2011, due to difficulties in running the project, the company had informed the council through letters on 2 occasions in 2016 that the land should be repossessed, but the commission had not taken steps to hand over the relevant land to the commission or collect the arrears of Rs 2,139,879.
- (i) Lease for the construction of a stadium to the Pallepola Regional Council for a period of 30 years from the year 2007 to the land of 02 roods 03 perches 37.13 acres and 03 perches 37.13 acres shown in Pimbure Lot No. 2011/133 belonging to the land named Akurambada Watta located in Pallepola Divisional Secretary Division of Matale District. While given to the foundation, the Commission had not taken action to collect the outstanding tax amount of Rs 2,242,000 due on December 31 of the year under review.
- (j) The area of 9.94 Rood 02 perches of Kalavilawatta land in Kalutara district was leased to Sandalu International (Private) Company by Lease Agreement No. 8502 on 19 September 2001 for the construction of a tourist resort. 11 or earlier, but the concerned company had defaulted in payment since the year 2002. Accordingly, when the lessee has violated the terms of the lease agreement, the lessee must be notified in writing 6 months in advance to cancel the lease agreement, and the Commission had not proceeded to collect the arrears of Rs 27,945,900 at the end of the year under review.
- (k) At the end of the year under review, the Council had not taken steps to recover the sum of Rs 17,000,000 paid to a private company in 2002 for the creation, development and implementation of a fully integrated computer system for the Commission or to establish the relevant computer system.
- (l) At the time of surveying and regularization of the council's lands subject to reimbursement from the plotters, the total amount of Rs 33,229,487 paid to the authorized surveyors for the years 2019, 2020 and 2021 due to the fact that the land was not handed over to the plotters, only Rs 1,140,337 was reimbursed in the year under review. .
- (m) In terms of Chapter V 1.1 of the Code of Institutions of the Democratic Socialist Republic of Sri Lanka, although an officer holding a position in the public service must be released from the position he holds in order to accept the service of a position in the public service, without that, lawyer P. it. While Mr. Hasitha Kumara was serving as the Project Director of the Land Reform Commission from 23 October 2020 to 31 March 2002, from January 01, 2021, for the post of Deputy General Manager (Management) of Maganaguma

Road Construction Machinery Company on permanent basis subject to one year probationary period. During the same period, the value of salaries and allowances received from the 02 institutions was Rs 4,347,460. Accordingly, the Commission had paid the salaries and allowances without considering the attendance and performance of the concerned officer.

- (n) Although an integrated accounting software system of the Land Reform Commission was purchased on 22 May 2019 for Rs 8,500,000, as of December 31 of the year under review, the commission had not taken steps to obtain the land tax money due through the information system.
- (o) While meeting software (such as ZOOM) can be downloaded for free from the Internet, without doing so, on October 21 of the year under review, the 'Board Pac' software which had been purchased for conducting meetings by paying Rs 1,160,000, due to not being used for those activities, the amount that had been paid for it had become an idle cost.
- (p) Information about 09 tablet computers purchased in March of the year under review, totaling Rs 1,218,834, was not included in the goods survey report submitted on December 31 of the year under review, information about the officials who issued and received the goods in question was not filed.
- (q) Although the Fixed Asset Register states that there are 59 laptops as on December 31 of the year under review, including 53 laptops which were purchased by the Commission at a cost of Rs 11,777,501 during the year under review, according to the goods survey report submitted on that day, the commission had reported that the number of laptops was 27. Accordingly, there was a shortage of 30 laptops.
- (r) Due to the need to prepare a land register for the Land Reform Commission, during the year under review, 10 taxi cabs were used at a cost of rent and fuel of Rs 19,793,965, but the land register had not been completed by the end of the year under review.
- (s) For maintaining the head office of the Commission, although a building belonging to a private company located in Battaramulla area was acquired on rental basis for a period of one year from December 1, 2016 to November 30, 2017, the head office of the commission was maintained in the same building without extending the agreement, and the government had paid 29,937,867 rupees more than the assessed value.
- (t) Under the provisions of the Land Reforms Act No. 1 of 1972, the land of persons owning more than 50 acres of land shall be taken over by the Government, for 260 publications submitted during the period 1972-1974, at

the end of the year under review, more than 48 years had passed but the statutory determination could not be given.

- (u) 10 acres of Hegalle Watta land in Kalutara district for a tea cultivation project. B. According to the commission paper decision No. 8383 and dated 30.04.2013 to be given to Mr. Ariyaratne on tax basis, the council had done. Since the year 2011, the concerned lessee has not paid any tax related to this land, a valid agreement had not been reached. According to the statement of financial position submitted on December 31 of the year under review, the Commission had not taken steps to collect the amount of Rs. 2,560,000 due or to take over the land.
- (v) in terms of section 22(1) (b) of the Land Reforms Act, 08 acres of land named Lechchami B Vatta located in Akmeemana Divisional Secretariat Division of Galle District for a period of 30 years with tax review for 5 out of 5 years, 2005 on the assessed value, Since 2005, it had been arranged to give to the 'Sahana Children's Development Foundation' on tax basis in 2014. It had been reported to the audit that the enjoyment of the land had been handed over to the Unilateral Commission in the year 2021 saying that there was a problematic situation regarding the land in question. Furthermore, the commission had not taken steps to collect the outstanding sum of Rs 6,509,200 as on 31st December of the year under review.
- (w) In the year under review, the Commission had hired 14 people to perform the duties of project and investigation director, project coordinator, investigation officer, legal advisor and lawyer, on the basis of service contracts, but at the end of the year under review, related services The Commission did not proceed to reach agreements. Accordingly, an amount of Rs. 14,853,725 had been paid as of December 31 of the year under review without having performed a specific assigned duty..
- (x) Although the posts of Chairman and Executive Director are not entitled to housing and catering allowances, contrary to this the Council had paid Rs.1,200,000 as accommodation and catering allowances during the year under review.

2.3 Other Matters

- (a) In terms of Section 5.1.3 of Public Enterprises Circular No. PED 12 dated June 02, 2003, although a copy of the consolidated plan relating to the year under review, with the approval of the Board of Directors should be given to the Auditor General 15 days before the commencement of the next financial year, the Commission had not acted accordingly.

- (b) As mentioned in 4.2.6 of State Business Circular No. PED 12 dated June 02, 2003, although the quarterly performance reports should be submitted to the line ministry, public enterprises department and treasury within 30 days after the end of the quarter, the quarterly performance reports related to the reviewed year were not submitted as per the circular.
- (c) As per Cabinet decision No. AMP/18/1126/829/002 dated 27 June 2018, the Commission had received approval to hire 214 employees on contract basis to extend their service annually. Accordingly, 180 of the recruited employees were working at the end of the year under review. Further, the approval of the Department of Management Services was not obtained for the recruitment in question.
- (d) Although 02 middle management level officers, 07 management assistant posts and one primary level post included in the approved number of employees by the management department were vacant, the commission had not taken steps to revise the approved number of employees or to fill the vacancies as required.

W.P.C. Wickramarathna
Auditor General