

MINISTRY OF LAND

Land Reform Commission

ANNUAL REPORT

2014

From 01.01.2014 up to 31.12.2014

Information of the Land Reform Commission

Institution-	Land Reform Commission
Ministry -	Ministry of Land
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Bankers	Bank of Ceylon, Corporate Branch, Fort National Savings Bank, Borella State Mortgage and Investment bank, Kollupitiya

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 2014 where more than four decades has lapsed from the establishment of the Land Reforms 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 a 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 2014 Commission could achieve nearly 80% of its goals and further it could perform large number of important and various tasks such as awarding 3500 Land deeds, launching projects in four districts going beyond normal framework under the plans for income generating , identifying opportunities for new projects in other districts, ensuring job security, enhancing welfare , commencing the computerization of the register of lands under the supervision of Colombo University .

under the Guidance of Ministry of land , Land Reform Commission Implemented Duty and I would like to mention than the enthusiasm and attention Paid by Minister of Land and Secretary of Land Ministry has resulted in the success achieved so far by the commission. Whilst extending my gratitude for such guidance, I also make this an opportunity to Extend gratitude to all staff including Executive Director, Director General for their lavish cooperation for the performance of the activities of the Commission.

T.A. Sumanathissa Thabugala
Chairman,
Land Reform Commission

Message of Executive Director

I take this opportunity with much pleasure as the Executive Director of the Land Reform Commission to note few words reminding progress of year 2014 of the Land reform Commission which has been established under Land reform Act No 01 of 1972.

Hon, Minister Of Land , who joined with Late Mr. Hector Kobbekaduwa in 1972 to present Land Reform Commission to the nation, is now with us as our leader who shoulders the responsibility of guiding and supervising us in our effort.

When comparing with the previous year, the Institution has become a highly significant body in our national economy in 2014 and we are proud to be the partners of this progress.

We can say without any hesitation that the unique and historic role performed by Hon, Minister of Land making guidance directly to the Chairman in the utilization of lands belonging to the Commission in various development activities is the base of the achievements, which we have so far made.

Under the ongoing National Development Process , I clearly state that the most of tasks performed by the Commission during year 2014 with a view to utilize lands of the Commission in a productive way ended as fruitful efforts. I believe that the exemplary leadership of Hon Minister Of Land and Secretary of Land and the determination and dedication of our Chairman served as the base of our success during the year and therefore we could reap optimum results at the end.

At this moment my gratitude and respect should be extended to the whole staff of the Commission including Director General and the Board of Directors for their contribution as the partners of our journey.

I.H.Aberathana
Attorney at Law,
Executive Director,
Land Reform Commission.

Introduction

The Land Reforms 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 35 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.

Under the scheme for the delivery of one hundred thousand lots of land among the general public according to 100 Days policy manifesto for the Success of Present Sri Lankan Political Frame work , the Land Reform Commission has taken each and every step to make that program a total success.

Further, during this period, the program has also been launched to inculcate new spirit whilst establishing their employment security.

Especially the following priorities have been identified during year 2014.

- i. Identifying lands which are belonging to the Land Reform Commission, but have be not so far been identified.
- 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) *Ranaviru Seva* 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 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 future 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.

Land Reform Commission

VISION

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

Land Reform Commission

MISSION

Ensuring active contribution for the national development by way of implementing land reform process, improving productivity of lands in excess of ceiling, 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 future generations.

Objectives

1. Compilation of information in respect of lands.
 - i. Identification of lands which have been declared but so far not identified.
 - ii. Identification of lands belonging to Land Reform Commission based on information provided by general public.
 - iii. Taking over of lands alienated to other parties if such lands are not utilized for the purpose for which they have been alienated.

2. Performance of following activities in respect of lands vested in the Land Reform Commission
 - i. Release of statutory determination and legal obligations.
 - ii. Taking over of lands by the Land Reform Commission which are in excess of the ceiling.
 - iii. Payment of compensation in respect of lands which were taken over by the Land Reform Commission
 - iv. Return of lands to the owners which were declared but not falling under such requirements

3. 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.

4. 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.

Functions

- Regularization of the maximum extent of land which can be kept under private ownership in terms of the provisions of the Land Reform Act.
- Identification and taking over of lands in excess of the ceiling.
- Release of legal obligations in terms of the provisions of the acts.
- Payment of compensation to the declarant in respect of lands taken over by the Land Reform Commission.
- Taking actions to return the possession of lands which have been taken over but exempted from the encumbrances of the Land Reform Act.

- Updating land documents and collecting information on land in coordination with the field.
 - i. Lands which have been declared but so far not been identified.
 - ii. Non-declared lands which are in excess of the ceiling.
 - iii. Lands which have been alienated but not been utilized in productive investments.

- Making contribution to achieve the economic development of the country.
 - i. Providing lands for the projects approved by the Board of Investments.
 - ii. Providing lands for the agricultural projects and other cultivation purposes.
 - iii. Providing lands for industries.

Land Reform Commission

ROLE

The role has to be enhanced in broad areas in response to the policy decisions taken from time to time by the government in addition to the role entrusted in terms of the provisions of the Act

Land Reform Commission

Acts on Legal Authority and Role

- 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.

- | | |
|----------------------------|-----------------|
| 1. From Local Declarants | - 563,449 Acres |
| 2. From Sterling Companies | - 195,644 Acres |
| 3. 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.

Land Reform Commission

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

1. Chairman – Appointed by Hon. Minister in charge of the subject
2. 05 members – Appointed by Hon. Minister in charge of the subject
3. 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 31.12.2014 the Board of the Commission has conducted 663 meetings.

Chairman appointed under Section 45 (1) a of the Act

Serial No.	Name	Substantive Post	Date of Appointment and duration of holding office	Official Address	Telephone number
1.	Mr. Nimal G. Punchihewa, Attorney – at- law	Chairman, Land Reform Commission	From 12.03.2008 up to 2014.12.31	C/82, Hector Kobbekaduwa Mawatha, Colombo 07	0112-698798

Members appointed under Section 45 (1) b of the Act

Serial No.	Name	Substantive Post	Date of Appointment and duration of holding office	Official Address	Telephone number
1.	Mr. Hariguptha Rohanadheera, Attorney-at-law	Executive Director	From 04.06.2008 up- to - 31.12.2014	C/82, Hector Kobbekaduwa Mawatha, Colombo 07	0112-693967
2.	Mrs. M.Anoma Nandani	Director	From 23.11.2012 up- to - 31.12.2014	Department of National Budget, General Treasury, Colombo 01	0112-484500
	Mr. S.R.W.M.P. Sathkumara	Director	From 23.11.2012 up- to - 31.12.2014	Department of Management Services	071-5320029
3.	Mr. U.K.S.Mihindukulasuriya	Additional Secretary	From 01.09.2013 up- to - 25.08.2014	Ministry of Plantation Industries, 55/75, Vauxhall Street, Colombo 02	0112-438707
	M.A.L.S. N.K. Manthreenayaka	Additional Secretary	From 23.09.2014 up- to - 31.12.2014		
4.	Mr. P.D. Senarathna	Consultant	From 01.01.2007 up- to 31.12.2014	Miloda Institution, Olcott Mawatha, Colombo 11	071-4450080

Ex-officio Members under Section 45(1) c of the Act

Serial No.	Name	Substantive Post	Date of Appointment and duration of holding membership	Official Address	Telephone number
1	Mr. R.P.R. Rajapaksha	Commissioner General of Lands	From 19-08-2010 up-to-date	Department of Land Commissioner, Battaramulla	0112-866172
2.	Mr. M.A.S. Weerasingha	Commissioner General of Agrarian Development	From 24.05.2012 up-to-date	Department of Agrarian Development, No 42, Sir Marcus Fernando Mw, Colombo 07	0112-672712
3.	Mr. K.G. Sriyapala	Director General of Agriculture	From 25.06.2012 up-to-date	Department of Agriculture, Gannoruwa, Peradeniya	081-2388331

Management of Physical Resources

Serial No.	Type of Asset	Position at the commencement of the Year	Changes occur during the year		Position at the end of the Year
			Selling	Purchasing	
1.	Cabs	13	02	01	12
2.	Motor Cars	01		01	02
3.	Micro Kyron Jeep	02	-	-	02
4.	Van	01	01	01	01
5.	Motor Cycle	01	01	-	-
6.	Duplo machines	01	-	-	-
7.	Photo copy machines	06	-	-	06
8.	Computers	41		06	47
9.	Computer printers	31	-	-	31
10.	Laptops	01	-	-	01
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	02
17.	Roneo machines	02	-	-	02
18.	Speakers	01	-	-	01

Staff of the Land Reforms Commission

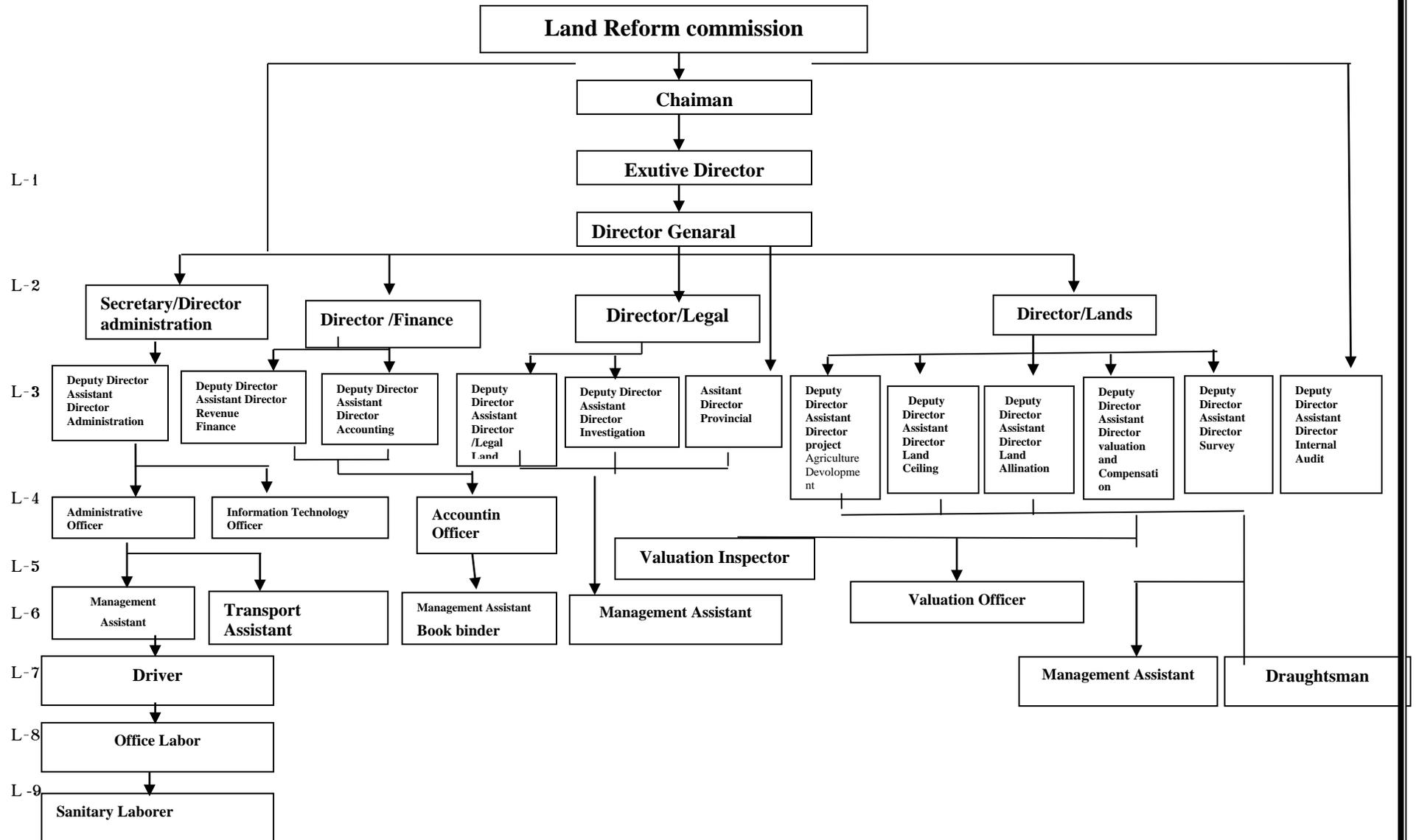
Determining to establish the Land Reform Commission as the leading institution in utilizing lands and physical resources alienated under Land Reforms Act for the prosperity of people and the country, the Chairman holds office as the Chief Executive Officer of the Land Reforms Commission and his staff consists of 370 including Executive Director, Director General, Directors of the Divisions and Assistant Directors. This staff performs the role of Land Reforms Commission.

This staff has been divided among 14 divisions of the head office and 20 district offices.

Composition of the staff up to 31.12.2014

Serial Number	Post	Approved cadre	Present staff	Number of vacancies
1.	Director General	1	~	1
2.	Director Administration/Secretary	1	1	-
3.	Director/Finance	1	1	~
4.	Director/Legal	1	~	1
5.	Director/Lands	1	1	~
6.	Director/Survey (Contract)	~	1	~
7.	Assistant Director(Administration)	1	1	-
8.	Assistant Director(Finance)	2	3	~
9.	Assistant Director(Legal)	3	4	~
10.	Assistant Director(Investigation)	1	1	~
11.	Assistant Director(Provincial)	20	20	~
12.	Assistant Director(Project Agriculture Development)	1	1	~
13.	Assistant Director(Land Ceiling)	1	1	~
14.	Assistant Director(Alienation of Lands)	1	1	~
15.	Assistant Director(Valuation and Compensation)	1	~	01
16.	Assistant Director(Survey)	1	~	01
17.	Internal Auditor	1	1	~
18.	Personal Assistant IV	~	1	~
19.	Accounting Officer	1	~	1
20.	Administrative Officer	1	1	~
21.	Information Technology Officer	1	1	~
22.	Valuation Officer	1	~	1
23.	Valuation Inspector	3	~	3
24.	Staff Assistant V	~	23	~
25.	Accounting Officer V	~	5	~
26.	Draughtsman	2	~	2
27.	Transport Assistant	1	1	~
28.	Management Assistant	215	241	~
29.	Driver	17	17	~
30.	Office Labor	44	43	~
31.	Total	354	370	11

Organization Structure



A brief report on the progress on the tasks perform from 01st January 2014 to 31.12.2014 and the tasks performed by each division of the Land Reforms Commission is as follows:-

1. Chairman's Division and Executive Director's Division

Tasks:

- I. Providing instructions and needed approvals regarding all the tasks of the Land Reforms Commission
- II. Taking actions to solve the problems of the public, who come to the office, at the maximum level
- III. Formalizing the tasks of the institution through coordinating with the Ministry
- IV. Coordinating with H.E the President and Hon. Ministers

2.The Management and Human Resource Development Division

Functions

- i. Examination of all papers of the Commission submitted by all the divisions of Head Office and submission of them to the Board of Directors
- ii. Calling of the minutes of the meetings of the Director Board and referring them to relevant divisions
- iii. Calling of project committees and keeping relevant records
- iv. All administration activities relevant to all officers of the Land Reforms Commission
- v. Activities related to recruitments, promotions, transfers and salary increments, personnel administration
- vi. Activities related to coordinating with the district office.
- vii. Performing welfare activities of the officers and Supervising the District Offices
- viii. Fulfilling office needs and requirements
- ix. Carrying out daily office maintenance activities
- x. Carrying out procurement activities
- xi. Organizing Public Day
- xii. Preparation of Corporate plan, Action plan, annual reports and other reports.
- xiii. Issuance of Administration circulars

- xiv. Taking action to release gratuities, contributions of EPF and ETF of officers who retired and resigned from the service of the Commission.
- xv. Organizing Common Festivals
- xvi. Maintaining the common system for management of vehicles
- xvii. Carrying out disciplinary activities of the staff of the institution.
- xviii. Maintaining audit reports and reporting to Public Accounts Committee regarding information on public enterprises
- xix. Submission of annual reports to the Cabinet of Ministers and Parliament.

Main tasks performed during the period from 01.01.2014 up to 31.12.2014

1. Up to 1994 the Land Reform Commission could manage to get the approval for a cadre which consisted of 190 employees. As a result of an attempt made over the years to ensure the job security of the employees, approval could be obtained from the Department of Management for a cadre of 307 employees.
2. Actions were taken to provide computers for office work in two phases. Actions have also been taken to provide office equipment for the offices to which the equipment was not provided earlier to carry out day to day activities.
3. Official vehicle facility has been provided for 14 days each in order to expedite official duties in districts and to increase income.
4. Actions have been taken to provide official vehicle facility on permanent basis for Kandy, Kurnegala ,Galle ,Matara and Puttalam district offices in order to expedite official duties and to increase income.
5. District Offices make contribution to achieve revenue targets of the Land Reform Commission. Action has already been taken, whilst launching a project in each district by the Commission to maintain that income level constantly, to commence a coconut cultivation project at Davulkurunduwaththa, Puttalam and to maintain Lindula Bungalow at Nuwaraeliya as a Tourist Holiday Resort.
6. The Head Office of the Land Reform Commission which has been established in year 1972 is still remaining at buildings No.C81 and C82 located at Hector Kobbekaduwa Mawatha, Colombo 07 that belong to the Ministry of Public Administration. Several discussions have been conducted with relevant parties regarding the problem arisen due to increasing the lease rent of the building with retrospective effect.
7. Organizing ceremonies for awarding grant deeds for landless families covering all over the island.

8. Organizing a ceremony to celebrate New Year on 01st January with the participation of the staff.
9. Conducting New Year festival with the participation of the staff on 22nd April to mark Sinhala and Hindu New Year.
10. An alms giving has been held on September 25th, 26th and 27th at Bogambara Bo maluwa Raja Maha Viharaya, Kandy with the participation of the staff for the 31st commemoration of Late Hon. Hector Kobbekaduwa, pioneer of Land Reform Commission.
11. Further with a view to enhance team spirit of the staff a get-together and a lunch were organized for the staff at Fisherman Willa hall , Wadduwa on 26th December.
12. A Public Day is held at Head office in every Wednesday from 9.00a.m to 4.00 p. m in order to redress the grievances of clients, to solve the land disputes, to identify problems, to discuss the problems, and to inquire complaints. Around 200-300 clients are participating from island wide, and general public will get an opportunity to talk about their problem directly with Chairman, Executive Director, Director General and Divisional Directors.

Training and Refer to Training Program

1. Refer Record room officer to Certificate courses of inventory control and stores Management on ten fridays since 21/02/2014
2. Conduct work shop and progress review meeting of Every District Directors and Directors of Head Office at for Tea Board Seminar hole on 03rd and 04th July 2014
3. Conduct a Training Program for All officers Related to Court Cases on 22/08/2014
4. Conduct a Training program to Field Officers on 12th September 2014
5. Refer Officer to Training Program on Administrative method and Human Resource Management Conducted by Construction Equipment Training Center ‘
6. Conduct a Training Program for all Officers Related to Accounting for Improvement of efficiency on 19th September 2014
7. Conduct a Progress Review Meeting For District Directors Rathnapura, Galle, Mathara, and Hambanthota District Directors on 03/10/2014
8. Refer Two Officers for Training Program of Inventory Control and Maintaining Conducted by Skill Development Fund on Two Days 17,18 of November 2014
9. Refer Ten Officers For The Course of Information Technology Conducted by Ministry Of Youth Affairs and Skill Development

District Offices

Action has been taken to establish and maintain 20 District Offices by December 2014, and preliminary activities to establish District Office at Trincomalee has also initiated.

District offices of Land Reform Commission have been established in every part of Sri Lanka and the addresses of the said district offices are as follows

Land Reform Commission – District Offices Network

01	Kalutara Director District Land Reform Board 220, Old Road, Kalutara T.P. 034-2223611	11	Kegalle Director District Land Reform Board Kachcheri building Kegalle T.P- 035-2222664
02	Galle Director District Land Reform Board Municipal Council Building Galle T.P. 091-2243930	12	Ampara Director District Land Reform Board Government Agents' Office Ampara T.P- 063-2224021
03	Matale Director District Land Reform Board Kachcheri Building Matale T.P. 066-2232357	13	Batticola Director District Land Reform Board Government Agent's Office Batticola T.P. 065-2222986
04	Matara Director District Land Reform Board 24, Sambodhi Mawatha Pallemulla Matara T.P.-041-22220	14	Rathnapura Director District Land Reform Board Secretariat Building New Town Rathnapura T.P- 045-2222492
05	Moneragala Director District Land Reform Board Janasavi Building Kachcheri Junction Moneragala T.P- 055-2277208	15	Embilipitiya Director District Land Reform Board No 12 B, Stores Road, New Town, Embilipitiya T.P -047-2261801
06	Kandy Director District Land Reform Board 4 th Floor, New Secretariat Kandy T.P- 0812222316	16	Madampe Director District Land Reform Board In front of Senanayaka Aranyaya Old Town Madampe T.P-032-2247183

07	Gampaha Director District Land Reform Board Rural Development Project Building Kachcheri Complex Gampaha T.P-033-2230134	17	Anuradhapura Director District Land Reform Board Kachcheri Complex Anuradhapura T.P- 025-2225890
08	Colombo Director District Land Reform Board Central Pharmacy Building Padukka T.P- 011-3154787	18	Kurunegala Director District Land Reform Board 16, Uthuru Wewa Road, Kurunegala T.P- 037-2222553
09	Badulla Director District Land Reform Board 10/1 A, Botanical Garden Road Badulla T.P- 055-2222308	19	Nuwaraeliya Director District Land Reform Board I.R.D.B. Building Udupussellawa Road Nuwaraeliya T.P- 052-2235385
10	Hambantota Director District Land Reform Board Divisional Secretariat Building Tangalle T.P- 047-2241766	20	Jaffna Director District Land Reform Board Government Agent's Office Jaffna T.P- 021-2219326

Role of District Offices

- Engaging in field work
- Participating in interviews for selecting allotments, and making them aware.
- Mediating when providing lands for institutions for purposes of the government, and for private institutions
- Implementing the process of releasing lands from government institutions, which are to be distributed under permission of head office.
- Checking and recommending A/ L form for distribution of applications for allottees.
- Under special instructions of Chairman and Executive Director, participating in special field inspections in necessary occasions.
- Holding “Public Day” in Wednesdays/ Mondays at office, and performing the duties related to it.
- Maintaining files providing information necessary to update Land Register.

- Participating in land cases of the district, in instances where participation of Directors is needed.
- Reporting to the Chairman, in order to take policy and important decisions.
- Collecting the particulars of the general public and the declarants who visit the office for official purposes and providing them necessary instructions under the supervision of the Chairman.
- Supervision of financial activities of District Offices
- Collecting Revenue.
- Supervising field activities of field officers and training.
- Searching for information about unidentified lands in declared fields, and lands more than 50 acres which were not declared.
- Taking action to improve the income, for future of the commission.
- Inspecting fields, with relevance to inspection reports submitted by Field Officers
- Making allottees informed, and participating in interviews for selection of them.
- Conducting investigations on land settlement.
- Organizing ceremonies for awarding deeds.

04.3 Internal Audit Division

Introduction and Role

- i. Performance of duties in terms of powers vested by sub section 01-03, Section 2 of Part II of the Financial Code of the Land Reform Commission prepared as per Land Reform Act No. 1 of 1972 and Finance Act No 38 of 1971.
- ii. Pre auditing of compensation and payment of interest for agricultural lands alienated to Land Reform Commission.
- iii. Verification of the availability of documents required for the preparation of deeds and the matters such as recovery of money on valuation reports and condition of persons.
- iv. Assisting to carry out future activities by minimizing the weaknesses shown in final accounts of the Land Reform Commission based on the reports of the Auditor General.

- v. Calling of information from relevant divisions regarding the audit queries made by the Auditor General and verification of the adequacy and further conducting inquiries regarding the complaints.

Main tasks performed during the period from 01.01.2014 up to 31.12.2014

01. Auditing of the activities of Financial Division:

- i. Examination on receipts and payments.

Auditing whether entries made under votes relevant to cash register, payment vouchers, receipt books, bank slips of deposits, Bank statement, bank reconciliation statement, money order reports, payment vouchers, and revenue and expenditure in connection to accounts No 193393 and 1443 and register for cancellation of cheques and counterfoils are correct., as the sample test of 2014

- ii. Examining whether transfers relevant to account no 1415 are correctly recorded.
- iii. Pre-auditing of 14 vouchers pertaining to payment of compensation
- iv. Auditing of salary slips of all employees due to their placement on initial salary steps since employees of Land Reform Commission were included in an absorption.
- v. Verification of books ,registers and cash of Shroff's division-At 02 instances
- vi. Inspection of main store-At one instance
- vii. Sample test on ledgers of disaster loan, one month loan, loan for school books
- viii. Auditing of vouchers pertaining to incentives in year 2014(With leave registers)

02. .Inspection of the activities Valuation and Compensation Division

- i. Pre-auditing of 16 files connecting to compensation and 08 files connecting to payment of interest.
- ii. Instances where payment of compensation and interest cannot be concluded
 - Failure to pay compensation due to non confirmation of rights of the Declarants of lands to Land Reform Commission
 - Making requests for lands instead of compensation
 - Unavailability of certificates for accepting the possession
 - Non receipt of approval for the letter of awarding compensation and not signing the vouchers.
 - Determining compensation by publishing Gazette notifications

To discuss with the Director, Valuation and Compensation regarding the information on the number of files to be published in gazette under section 29 of

the Act relevant to payment of compensation and referring this matter to Commission for suitable action after submission of the same to Audit and Management committee.

03. Land Alienation Division

Auditing of A/L forms and relevant documents with files under programs for granting of deeds for lands following circulars and guidelines of the Land Reform Commission

04. Inspection on activities of revenue division

- i. Inspection on the maintenance of ledgers
- ii. Inspection on the action taken for recovery of lease rent in arrears
- iii. Inspection on achieving targeted revenue level
- iv. Referring the matter to Audit and Management Committee to take suitable action for rectifying weaknesses in lease files by discussing with Director/Revenue and taking follow up action

05. Functions of Management and Human Resources Division

- i. Inspection of attendance registers of the employees of the Land Reform Commission, leave registers, and no pay leave particulars.
- ii. Sample tests on repairing vehicles belonging to Land Reform Commission and running charts
- iii. Inspection of tender board activities
- iv. Inspection of the process through which the whole staff of Land Reform Commission has been absorbed as per new procedure of recruitment and Management Services Circular no 30

06. Legal Division

With a view to minimize legal costs, it has been submitted to Audit and Management Committee after checking case files in Legal Division and discussing with Legal Officers and urgent series proposals were submitted based on decisions received.

07. Making answers for audit queries

- i. Calling necessary information from relevant divisions for 21 audit queries in relation to year 2014 and submission of answers accordingly.
- ii. Making answers to reports of Auditor General as per section 14(2) c of Finance Act no 58 of 1971.

08. Conducting the meetings of Audit and Management Committee

04 meetings of Audit and Management Committee have been conducted in year 2014 and the decision arrived at such meetings have been submitted to the Commission and then reported to relevant divisions and made follow up actions.

09. Audit inspections at District Offices

Inspection has been carried out on attendance register, leave register, accounts books and documents, inventories, work schedules of field officers, field investigations, relevant name list of farmers, land registers, tax registers and assignment of duties to staff at offices.

10. Follow up action on the implementation of the decisions taken by the Commission and technological committees of projects

Participation in urgent meetings, discussions and calling of the Chairman and Executive Director

05. Land ceiling division

Introduction and Role

1. Obtaining declarations from persons who have the ownership of agricultural lands in excess of ceiling, i.e. more than 50 acres
2. Reservation of 50 acres as statutory determination from the lands of the persons who made declarations; i.e. Declarants, on their consent and providing such lands after publishing the same in the Gazette
3. Provision of lands, on the request of Declarant, to the declarant's children below 18 years of age as at 26/08/1972 or parents under section 14 of the Land Reform Act subject to a ceiling of 50 acres for each person.
4. Provision of lands to the declarant's children who had ownership of lands even though they were below 18 years of age as at 26/08/1972 under section 22 e of the Land Reform Act subject to a ceiling of 50 acres for each person.
5. Sending information on the extent of lands, which have been alienated to the Land Reform Commission after providing lands for above legal obligations, to the Valuation and Compensation Division for the payment of compensation.

1. Progress of the Division from 01.01.2014 up to 31.12.2014

i.

i	Submission of reports to the Chairman, Executive Director, Director General	207
ii	Calling reports from District Offices and receiving	196
iii	Submitting answers and information to Divisions/Institutions/Individuals	364
iv	Sending letters to Ministries/Institutions/ Individuals	321
v	Calling valuation reports and receiving	43
vi	Making answers for inquiries made by H.E. the President	22
vii	Filing	190
viii	Preparation of Commission papers	81
ix	Participation at cases	128
x	Participation in discussions on legal cases	41
xi	Official Duties concluded	39

2. Preparation of Gazette

- Ga/30/Revocation(Lellawala Waththa)
- Ko/3365 22(1) E Gazette notification (Raigama Wattha)
- Male/85 Revocation

3. Alienation under section 22(1) a

- Ko/3440 22(1) a (statutory determination)Deeds 01
- Ga/125 22(1) a (statutory determination -Alternative) Deeds 01
- Nu/41 22(1) a (statutory determination- Alternative) Deeds 01
- Ko/3260 22(1) a (statutory determination -Alternative) Deeds 01
- KO/3417 22(1) a (statutory determination -Alternative) Deeds 01
- KO/3417 22(1) a (statutory determination -Alternative) Deeds 01
- KE/28 22(1) a (statutory determination -Alternative) Deed 01
- PU/205 22(1) a (statutory determination -Alternative) Deeds 01
- MA/35 22(1) a (statutory determination- Alternative) Deeds 01
- RA/131 22(1) a (Transfer within family - Alternative) Deeds 01
- Ke/15 22(1) a (Transfer within family) Deeds 01
- KU/33 22(1) a (Transfer within family) Deeds 01

4 Alienation under section 22(1)E

- KU/33 22(1) E (Transfer within family) Deeds 02
- KE/32 22(1) E (Transfer within family) Deeds 02
- KO/2073 22(1) E (Transfer within family) Deeds 01
- KO/2237 22(1) E (Transfer within family - Alternative) Deeds 01
- GA/159 22(1) E (Transfer within family) Deeds 03
- KO/1370 22(1) E (Transfer within family - Alternative) Deeds 01

5 Section 22(1) ae

- HAM/04 Section 22(1) ae Deeds 01

6 Section 14

- KO/2971 section 14- Deeds (alienation within family) 02
- KE/21 section 14- Deeds (alienation within family) 02
- KE/76 section 14- Deeds (alienation within family) 01
- KO/2770 section 14- Deeds (alienation within family) 01
- KE/18 section 14- Deeds (alienation within family) 01
- BA/105 section 14- Deeds (alienation within family) 01
- RA/104 section 14- Deeds (alienation within family) 02
- KO/1551 section 14- Deeds (alienation within family) 02
- KE/73 section 14- Deeds (alienation within family) 01
- BA/90 section 14- Deeds (alienation within family) 01

03. Other 08

Even though there are documents on lands alienated to the Land Reform Commission, lands released by the Land Reform Commission, the institute has no finalized and correct document. It has become a problem faced by the institution for a long time.

With a view to settle a long term problem, action has been commenced to perform works of land register by a separate reserve with the inclusion of land exclusions made so far from lands belonging to the Commission for the purpose of calculating correctly the lands, which were unable to provide for statutory determinations on statutory declarations, and confirming the fact that the ownership and possession of lands alienated to the Commission and at present progress of the process is nearly 90% .

05. Valuation and Compensation Division

Introduction and Activities

- i. Getting the accuracy of ownership of lands related to compensation, certified.
- ii. Examination on inheritance, distribution of compensation and testamentary cases (in connection to compensation)
- iii. Payment of compensation for lands alienated finally to the commission from declarants
- iv. Calling government valuation reports for alienation, sales, sale of lands etc.

Tasks of the Division

Tasks of this division has two components

01. Payment of compensation for lands alienated to the commission (compensation division)
02. Calling valuation reports from Chief Valuer for sale of lands and issuing land on lease.

Task 01

01. I. Taking action to pay compensation to lands alienated to commission out of declared lands.

For this purpose, legal provisions made from section 29 up to 42 of the Land Reform Act No. 1 of 1972 and guidelines made by amended Acts are applied.

Task 02

- i. Calling valuation reports from Chief Valuer of the government, to sale and lease lands approved by the commission, and reporting those valuation to Land Alienation, Land Ceiling and Project Divisions for future activities.
- ii. Apart from aforesaid task 2, taking action to revise lease as per Secretary to the President's Circular No: SEI/A/4/34
(Subjected to calling the valuation of the Chief Valuer)
- iii. Estimating Timber and preparation of draft valuation reports

Performance report from January to December 2014

Serial No	Activity	Physical				Payment of Compensation and Interest	Financial			Other emoluments Rs.	Payments Rs.
		Lease	Sale	Transfer within family	Sale of land		Lease Rs.	Sale under Exchange Rs.	Sale Rs.		
01	Calling Valuation	70	335	36							
02	Valuation Reports issued	66	419	14		27,832,085.00 Lease percentage 4% and 6%	32,723,549.47	569,139,069.30			
03	Revision of Lease rent								3,488,345.00		
04	Timber Estimation		194						1,390,636.73		
05	Metal and other						NO		8,480,000.00		
06	Earning on Service Charges								3,499,362.80		
07	Payment of compensation for declarants				20					4,667,689.47	

06. Land Alienation Division

Tasks

- i. Alienation of lands to persons for housing purposes
- ii. Sale and leasing of land to State Cooperation and Statutory Boards
- iii. Sale of land portions for agricultural purposes
- iv. Conducting land kachcheries and coordination for regularization of unauthorized occupations.
- v. Take action regarding survey orders
- vi. Giving instructions to issues related to surveying.
- vii. Obtaining field reports from District Offices
- viii. Coordination of activities related to survey plans
- ix. Updating and following up information on encroachers
- x. Unauthorized encroachers, taking actions in that behalf and carrying out investigation.
- xi. Obtaining land alienation application, supervision and follow up actions
- xii. Matters related to succession
- xiii. Matters related to land sale applications
- xiv. Coordination of District Offices.

Tasks performed during the period from 01.01.2014 to 31.12.2014

I. Sale

	Number of persons	Extent		
		A	R	P
i. Referring to prepare deeds in relation to the alienation of lands to people for housing purposes	2400	688	1	29.9
ii. Referring to prepare deeds in relation to sale of lands to state corporations and statutory boards	34	172	3	38.4
iii. Referring to prepare deeds in relation to sale of lands (paddy fields) to persons	25	27	2	06.08

07. Project Division

Introduction and tasks

- i. Leasing of Lands on proper procedure to be followed in providing lands on lease which are belonging to Land Reform Commission (for projects)
- ii. Referring the matter to the project committee before providing lands for projects on lease
- iii. Preparation of relevant reports for obtaining approval of the Board of Directors
- iv. Submission for the approval of the Minister in Charge of the subject
- v. Calling of valuation reports
- vi. Issuing a proper lease agreement after recovery of lease rent

	2014	2014 Progress
New Leasing of the land	33	68
Entering in to Lease Agreement with those Leases who Don t have Written lease Agreement	15	09
Release for land approved by the BOI project and Industries	20	06
submission of them to the committee of project	30	22
Economic Utilities relative the mineral Resources (silica, dolomite ,Gem, and sand)	44	12

01. Survey Orders were issued

For industries	26
For agriculture	49
Mineral resources	10
For other purposes	20

02. Submission for the Approval of the Commission

For industries	36
For agriculture	28
Mineral resources	12
For other purposes	07
Calling valuation report from chief valuer	12
Number of letters by which the valuations have been communicated	38
Estimated Amount	Rs. 122,936,473.07
Preparation of the leasing agreement	26
Number of cases forwarded to project committee	22

09. Deeds Division

Introduction and Activities

Objectives:-

Lands are excluded for selected persons and institutions on lease basis or on sale, for agricultural activities, Housing purposes, Non- agricultural activities. Such exclusion of lands is done through preparing deeds.

Role:-

Deeds have been issued for nearly 3500 beneficiaries within the year 2014, covering all the districts of the island. Accordingly, Land ownership has been provided by this division approximately to 55000 beneficiaries.

3. i. Number of the deeds awarded in year 201

District	Number of Deeds
Colombo	122
Gampaha	341
Kegalle	365
Kalutara	185
Matale	85
Badulla	251
Kurunegala	220
Puttalam	385
Kandy	385
Nuwaraeliya	218
Anuradhapura	60
Batticaloa	103
Ampara	102
Trincomalee	15
Matara	110
Hambanthota	45
Galle	218
Rathnapura	111
Monaragala	98
Embilipitiya	81
Total	3500

- iii. Income earned by issuance of Banking documents and letters of alienation after awarding deeds in year 2014

Month	Income (Rs)
January	124,000.00
February	112,000.00
March	118,500.00
April	103,500.00
May	222,500.00
June	128,500.00
July	119,500.00
August	126,000.00
September	120,500.00
October	129,500.00
November	216,500.00
December	214,500.00
Total	1,835,000.00

10. Survey and Demarcation Division

Role:-

The objectives of the surveying division are exclusion of land for Housing purposes, leasing lands for commercial and agricultural purposes, surveying the lands for statutory determination and coordination of related activities. A list of surveyors selected district vice is updated annually and their service is obtained. In addition, supervision of other government surveying activities including *Bim Saviya* Programme of the Department Survey is carried out by this division. Further, approximately 3384 acres of land has been excluded by this division in the year 2014.

- i. Supervising and giving instructions on surveying activities of all districts examining and approving plans of each land.
- ii. Leasing, selling, statutory determination and issuing plans approved for the transfer of land within families to relevant institutions.
- iii. Engage in field duties in order to identify lands and for activities related to boundaries of lands on requirement
- iv. Preparing deeds under land ceiling.

Progress of the Survey and Demarcation Division in year 2014

Month	Approved plan	Lots	Extent				Revisions	Number of copies issued	Charges recovered(Rs)	10 % Supervision Charges
			A	R	P	H				
January	44	2025	1103	1	25	406.0581	12	31	41,000.00	-
February	28	523	205	3	12	83.2933	09	33	36,000.00	-
March	50	412	491	2	36	198.9930	-	45	49,000.00	139,100.00
April	41	1135	1741	1	36	705.1398	-	18	26,000.00	414,324.00
May	23	167	143	1	30	58.0467	02	18	21,000.00	22,800.00
June	27	483	330	3	33	133.9309	02	25	25,000.00	62,750.00
July	40	756	743	0	31	300.7532	02	25	26,000.00	115,350.00
August	29	1165	993	1	36	402.0395	04	29	35,000.00	253,100.00
September	35	352	342	3	15	138.7420	08	82	93,000.00	130,517.00
October	37	854	526	3	37	213.2587	06	91	101,000.00	40,850.00
November	26	333	296	4	25	120.2542	02	45	50,000.00	84,350.00
December	43	1256	958	1	06	387.7986	-	16	22,000.00	330,680.00
Total	423	9461	7778	3	2	31483080	47	458	525,000.00	1,593,821.00

10. Legal Division

I. Introduction and Role:

Activities related to preparing files, presenting reports, engaging in activities related to proxies, appearing, providing legal instructions for various alienations, preparing deeds, preparing agreements on lease, and appearing for courts for 448 full legal cases filed against the Land Reforms Commission by the Supreme Court, Appeal Court, High Court, District Court, Magistrate Court, Labour Tribunal, Labour disputes, Human Rights Commission and Ombudsman and other and the cases filed by the Land Reforms Commission against individuals and institution.

The main objective of the legal division is to engage in the activities related to the cases filed against the Commission and the cases filed by the Commission.

II. Role

- Appearing before the court for cases
- Coordinating relevant lawyers for the cases of District offices
- Counseling on the laws of the institution

III. Actions taken to minimize the legal cases

- Following accurate methodologies in survey mapping
- Training the field officers
- Exchanging legal experience among divisions
- Discussing about the legal cases with the district offices

IV. Particulars of Cases

	Cases concluded/ settled during the year 2014	No. of cases filed during the year 2014	Cases pending as at 31-12- 2014
Supreme Court	07	-	24
Appeal Court	09	10	35
High Court	01	03	10
District Court	12	55	341
Magistrate Court	02	02	16
Civil Appeal Court	14	12	18
Primary Court	-	01	-
Labour Tribunal	01	01	02
Human Rights Commission	01	-	-
Department of Labour	-	-	02
Total	46	84	448

11. Investigation Division

I.Role

- i. Engaging in field examinations with regard to the land complaints made by individuals and institutions
- ii. Calling related parties for investigations, conducting investigations and proposing the most suitable solutions for such matters
- iii. Field inspections, site inspections and conducting investigations on issues.

2.Tasks performed in year 2014

- i. Total Number of inspections conducted 53
- ii. Cases referred to District Offices for future actions 13
- iii. Number of preliminary investigations held on vehicle accidents 03

12 Finance Division

Role

- I .. Payment of monthly salary and allowances of all officers in Land Reform Commission
- II. Depositing contributions relating to officers to Employees Service Fund and Employees Trust Fund on due date
- III Preparation of monthly accounts reports and submission of them to the Commission
- IV Preparation of relevant bank reconciliation reports and submission of them to relevant institutions on due date
- V .Sending monthly and annual statements of accounts to Auditor General and Ministry
- VI. Taking action to Spend revenue received by the Commission only for essential duties and invests the balance in more productive sources. Financial control of 20 district offices, supervision, making instructions, maintaining stock entry registers
- VII. Preparation of final accounts
- VIII Coordination with financial institutions such as Bank of Ceylon, General Treasury, Peoples Bank, National Savings Bank
- IX procurement activities

13. Revenue Division

I

- i. Collection of revenue from leasing of lands, sale of lands and taking action to recover the lease rent in arrears
- ii. Collection of revenue from mineral recourses and other income resources
- iii. Participation in the inspection for acquiring of lands and collecting revenue from that task
- iv. Finding lands which have not identified and collection revenue from such lands

2. Financial progress in year 2014

Statement of Income and Expenditure for the year ended as at 31.12.2014

	Description	2014 Rs	2013 Rs
Income			
Earnings	1	223,565,721.00	217,548,015.75
Other operational income	2	102,339,485.53	98,694,306.08
Total income		325,905,206.94	316,242,321.83
Expenditure			
Administrative Expenses	3	223,355,075.14	192,400,813.00
Supplies and required items	4	11,211,248.39	11,798,272.18
Other expenses	5	12,170,565.51	9,633,455.50
Financial expenses	6	5,193,735.10	5,313,742.73
Total Expenditure		251,930,624.14	219,146,283.93
Excess		73,974,582.80	97,096,037.90
Net excess relevant to the period		73,974,582.80	97,096,037.90
Opening net excess as at 01.01.2014		745,925,846.17	645,693,429.99
Reserve in Excess as at 31.12.2014		819,900,428.97	742,789,467.89

Balance sheet as at 31.12.2014

	Description	2014 Rs	2013 Rs
Assets			
Current Assets			
Cash and cash equivalents	7	91,409,002.82	76,304,934.92
Interest receivable	8	20,727,959.34	20,333,273.68
Income receivable		29,731,610.01	29,731,610.01
Trade and other receivable	9	2,218,345,567.95	2,218,646,521.95
Current Account			
Deposits and advances	10	59,677,971.85	53,778,155.89
Stationary stock	11	2,174,603.00	1,439,845.04
Non Current assets			
Investments	12	1,036,957,466.29	882,558,889.63
Properties and machineries	13	45,546,228.97	57,369,066.66
Lands		676,169,345.33	676,169,345.33
Total Assets		4,180,739,755.56	4,016,331,643.11
Liabilities			
Current Liabilities			
Trade and other payables	14	100,578,369.37	95,381,109.55
Leasing creditors	15	7,157,999.23	9,051,847.79
Non Current Liabilities			
Provisions for gratuities	16	58,131,775.50	37,749,580.00
Leasing Creditors	17	3,508,486.68	10,095,929.37
Suspense Account-compensation phase 1		113,276,122.66	119,139,914.66
Gratuity payment phase 11 (Suspense Account-compensation phase 11)		109,959,492.95	109,959,492.95
Net value			
Government contributions and treasury grants	18	1,964,075,000.00	1,964,075,000.00
Reserves	19	1,004,152,080.20	928,089,300.90
Total Excess		819,900,428.97	742,789,467.89
Net Assets and equity		4,180,739,755.56	4,016,331,643.11

Director/ Finance

Chairman

Exutive Director

Land Reform Commission

Land Reform Commission

Land Reform Commission



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கணக்காய்வாளர் தலைமை அறிபதி திணைக்களம்
AUDITOR GENERAL'S DEPARTMENT



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My No. }

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உமது இல. }
Your No. }

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திகதி }
Date }

30 July 2015

The Chairman,

Land Reform Commission.

Report of the Auditor General on the Financial Statements of the Land Reform Commission for the year ended 31 December 2014 in terms of 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 2014 comprising the statement of financial position as at 31 December 2014 and the statement of financial performance and 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 Land Reform Act, No. 01 of 1972. My comments and observations which I consider should be published with the Annual Report of the Commission in terms Section 14 (2) (c) of the Finance Act appear in this report. A detailed report in terms of Section 13 (7) (a) of the Finance Act will be issued to the Chairman of the Commission in due course.

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 audit conducted in accordance with Sri Lanka Auditing Standards consistent with International Standards of Supreme Audit Institutions (ISSAI-1000-1810).

1.4 Basis for Disclaimer of Opinion

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

The following observations are made.

- (a) The Commission had continuously followed the policy that out of the cash received from sale of lands belonging to the Commission, 40 per cent had been accounted as a reserve, whereas 60 per cent had been accounted as an income of the year. As adjustments had not been made by identifying the costs of the lands being sold, the financial position and the financial results had not been correctly shown. Sale proceeds of Rs. 1,052,746,966 and Rs. 131,194,166 had been shown as income from sale of lands from the year 2006 to 31 December 2013, and during the year under review respectively. In addition to this, action had not been taken to compute the profit by identifying the cost in connection with the motor vehicle sold during the year under review Rs. 1,226,950. The audit had been informed by the Chairman of the Commission that action had to

be taken in such a manner, owing to non-availability of a Land Register, and information regarding the old assets held in the possession of the Commission.

- (b) Even though it was revealed by the notes to accounts that financial statements had been prepared on accrued basis, accounts had been prepared without considering receivables of Rs. 49,845,316, receipts in advance amounting to Rs. 19,738,726, and payables of Rs. 28,567,470.

2.2.2 Accounting Deficiencies

The following observations are made.

- (a) Cash flow statements should be prepared to show cash in-flows and out-flows of the year. However, a sum of Rs. 3,488,850 received from sale of a motor vehicle, had not been included as a receipt of cash.
- (b) A compensation suspense fund had been established for the compensation payable for the lands taken over by the Commission, but a provision for the interest payable on the compensation, had not been made. However, instead of accounting the interest on compensation as an expense of the year, a sum of Rs. 42,483 had been deducted from the fund. Furthermore, action had not been taken to estimate the interest to be paid, in future and to make provisions accordingly.

2.2.3 Contingent Liabilities

The Court of Appeal had returned a verdict in the year 2009 that a sum of Rs. 148,715,363 be paid to the complainants who filed a case against the Commission claiming the ownership of a land. Even though the sum to be paid had exceeded Rs. 200 million as at 08 June 2015 inclusive of the interest, no provision for this liability had been made in the accounts.

2.2.4 Unexplained Differences

The following observations are made.

- (a) According to the financial statements of the year under review, compensation to be paid under compensation suspense stage I and II amounted to Rs. 223,235,616. However, according to the records of the Assessment and Compensation Division, the compensation to be paid by the Commission to the claimants amounted to Rs. 555,000,000 inclusive of interest . As a difference of Rs. 331,764,384 was observed accordingly, the accuracy thereof could not be verified in audit.
- (b) According to the financial statements, the rental receivable from 108 lessees amounted to Rs. 61,154,808, but according to the records of the Revenue Division it was Rs. 70,317,254. Accordingly, a difference of Rs. 9,162,446 was observed.
- (c) An income amounting to Rs. 26,760,244 in connection with 43 lessees stated in the rent receivable account had not been included in the records of the Revenue Division.

2.2.5 Non-availability of Evidence for Audit

As the documentary evidence stated against each item mentioned below, was not made been available to audit, the accuracy of those transactions could neither be vouched nor accepted.

<u>Item of Account</u>	<u>Balance</u> Rs.	<u>Evidence not made available</u>
<u>Fixed Assets</u>		
Lands	676,169,345	Schedules containing information on lands aquired Registry of Assets, and Board of Survey Reports
Buildings	4,586,223	
Computers and Accessories	7,185,162	
Furniture and fixings	857,543	
Motor Vehicles	68,673,071	
Office Equipment	20,310,316	
Welfare equipment	984,896	

5

Loans and Advances

Printing and Stationary	10,000	}	Confirmation of Balances
Fuel Advances	185,000		
Provisions for Bad Debts	8,270,356		Basis for the provision
Income Receivable	29,731,610		Confirmation of Balances , and Detailed Schedules
Sales of Timber	1,987,706		Documents with regard to Assessment of Timber
Compensation Suspense Account	223,235,616	}	Detailed Schedules
Acquisition of Lands	58,090,886		
Sales of Paddy Lands	271,896		
Demurrages receivable for Lands Rented out	9,689,132		Detailed Schedules

2.3 Accounts Receivable and Payable

The following observations are made .

- (a) In spite of a sum of Rs. 8,270,356 had been provided as doubtful debts for trade debtor balances totaling Rs. 2,135,747,805 remained outstanding for more than 12 years, and sundry debtor balances totaling Rs. 2,921,575 remained outstanding for more than 15 years, the Commission had not taken any actions what so ever even during the year under review to recover those debts.
- (b) Even though a sum of Rs. 2,135,625,366 had been shown in the financial statements of the Commission as receivables from 09 Public institutions, it was observed in audit that there had been no such balances in the financial statements of those institutions to be settled to the Commission.

- (c) Any amount had been recovered even by the end of the year under review from the total loan balance of Rs. 718,656 remained recoverable from 46 employees of the Commission since the year 2010.
- (d) The balance shown in the Land Lease Advance Account amounted to Rs. 13,840,850 as at the end of the year under review, and of that, a sum of Rs. 11,215,850 for more than 09 years , and a sum of Rs. 2,625,000 for a period of 03 - 08 years had been included in the account. The Commission had not taken any action what so ever to settle those balances.

2.4 Non – compliance with Laws, Rules and Regulations

The following non – compliances were observed.

<u>References to Laws, Rules and Regulations</u> <u>etc.</u>	<u>Non – compliance</u>
(a) Land Reform Act, No.01 of 1972 Sections 45 (i) (a) (iii)	A member representing the Line Ministry had not been appointed to the Board of Control of the commission.
(b) Finance Act, No. 38 of 1971 Section 11	Consent of the relevant Minister , and the Minister in charge of Finance in connection with a sum of Rs. 160,000,000 invested in fixed deposits had not been obtained.
(c) Value Added Tax Act No. 14 of 2002	As the Commission had not been registered under Value Added Tax Act, Government had lost the tax income amounting to Rs. 26,827,886 receivable during the year under review.

(d) Establishments Code of the Democratic Socialist Republic of Sri Lanka

Paragraph 13.3 of Chapter II

The post of Director (Finance) had remained vacant for a period of more than 07 years, but action had not been taken to fill the post even up to 15 June 2015.

(e) Financial Regulations of Democratic Socialist Republic of Sri Lanka

(i) Financial Regulation 134(3)

- Copies of the internal audit reports had not been sent to the Auditor General

(ii) Financial Regulation 371(2)

- Although sub- imprests should be settled immediately after the purpose for which it is granted , advances had been settled after a considerable delay in 34 instances.

(iii) Financial Regulation 371(4)

Advances had been obtained in 19 instances without properly forecasting the expenses to be incurred. The saving of the advances had been in the range of 27 – 92 per cent.

(iv) Financial Regulation 757

Board of Survey had not been conducted as at 31 December of the year under review, nor had the Board of Survey reports been presented to the audit.

(f) Treasury Circular No. 842 dated 19 December 1978.

Register of Fixed Assets had not been maintained in a proper and updated manner.

3. Financial Review

3.1 Financial Results

According to the financial statement presented, the financial result of the Commission had been a surplus of Rs. 87,130,484 as compared with the corresponding surplus of Rs. 97,096,038 for the preceding year, thus indicating a deterioration of Rs. 9,965,554 in the financial result for the year under review. The deterioration had mainly been caused by the decrease in the interest of land acquisition compensation income by a sum of Rs. 15,784,616, and the increase in the staff cost by a sum of Rs. 23,509,742 as the year under review is compared with the preceding year.

3.2 Analytical Financial Review

The following observations are made.

- (a) The current ratio of the year under review was 22:1. A sum of Rs. 2,158,312,885 or 90 per cent with regard to 24 items of the current assets by the end of the year under review consisted of loan balances of more than 12 years ,of which recovery had been doubtful , and this represented 54 per cent of the total assets. Accordingly, it was not possible to determine the real position of assets and liabilities, and the financial position of the Commission was shown in the statement of financial position.
- (b) The value of cash and cash equivalents had increased by a sum of Rs. 15,104,068 by the end of the year under review as compared with the preceding year, indicating an increase of 20 per cent.

3.3 Legal Cases Instituted by, or Against the Commission

The following observations are made.

- (a) The number of cases filed by , or against the Commission was 448, and the legal expenses incurred by the Commission in that connection amounted to Rs. 4,061,224.

(b) By the end of the year under review, 14 cases against the Commission in connection with rights on compensation, and 07 appeals made to Land Acquisition Review Board, were being proceeded.

4. Operating Review

4.1 Performance

Ten activities had not been implemented in accordance with the Action Plan for the year under review, and it was observed that the progress of 19 activities was as low as 1 – 50 per cent.

4.2 Management Inefficiencies

The following matters were observed in connection with the compensation to be paid by the Commission to the claimants.

- (a) Out of 110 files , of which ownerships had not been confirmed, and the gazette notification had been published on the payment of compensation under Section 29 of Land Reform Act, No. 01 of 1972, ownership had not been confirmed for 106 files. Furthermore, the number of files , on which action had not been taken due to deficiencies in taking over the tenure, amounted to 35.
- (b) It was observed that information should further be collected for about 575 files with regard to the ownership of lands vested with the Commission.
- (c) In an instance as per section 33 of the Land Reform Act, No. 01 of 1972, that either the ownership is not confirmed or paying compensation is not possible , the amount of compensation should be deposited in any court of civil jurisdiction to be paid to the person or persons entitled thereto. Nevertheless, action had not been taken to deposit money in the appropriate court with respect to nearly 60 files .

(d) A statement on how compensation had been paid from the compensation suspense account (i) during the previous 5 years , is given below.

<u>Year</u>	<u>Opening Balance of</u> <u>Compensation Suspense</u> <u>Account</u> Rs.	<u>Closing Balance of</u> <u>Compensation Suspense</u> <u>Account</u> Rs.	<u>Sum Paid</u> Rs.	<u>As a</u> <u>Percentage</u>
2010	140,769,719	138,136,888	2,632,831	1.87
2011	138,136,888	131,287,683	6,849,205	4.96
2012	131,287,683	126,561,891	4,725,793	3.6
2013	126,561,891	119,139,915	7,421,976	5.86
2014	119,139,915	113,276,123	5,863,792	4.92

Although the Commission should pay compensation for the lands vested in it in accordance with Section 28 of Land Reform Act, No. 01 of 1972, considering the performance of the Commission during the previous 05 years, it was observed that settlement of compensation within a period of 05 years from the compensation suspense account (i) , was as low as 1.87 per cent to 5.86 per cent. Furthermore, compensation had not been settled from the compensation suspense account (ii) ,and the balance of Rs. 109,959,493 had remained unchanged for several years.

4.3 Operating Inefficiencies

The following observations are made.

- Approval of the Commission had not been obtained to allocate 60 per cent and 40 per cent from the land sales income as operating expenses, and reserves respectively.
- An income of Rs. 300,653 had been earned during the year under review from 150,000 acres of coconut lands that were in direct control of the Commission in the districts such as, Colombo, Kurunegala, and Puttalam. The said income through coconuts was less than 0.09 per cent of the overall income.

- (c) Even though the balance of the survey fees advance account amounted to Rs. 23,361,248 by the end of the year under review, only a sum of Rs. 3,302,303 had been paid as survey fees.
- (d) Four districts of which monthly income limit does not exceed Rs.60,000 for the year under review had been reported, whereas no income had been reported for some months with respect to 04 other districts. Furthermore, a succession income of Rs. 300,000, and a tax income of Rs. 19,300 had been received from Trincomalee and Anuradhapura districts respectively. The Commission had not paid attention on the steps to be taken for the continuation of those offices.

4.4 Transactions of Contentious Nature

A sum of Rs. 4,888,492 for a period of 1-7 years , and a sum of Rs. 6,899,500 for a period of more than 8 years had been paid as advances for obtaining lands by 402 staff members of the Commission and external parties. Obtaining advances following an approval granted on a request made by the *Sri Lanka Nidahas Sevaka Sangamaya* to the Minister of Plantation Industries that lands be granted to the employees of the Commission at the assessed value, was a transaction of contentious nature. It was further observed that there had been 54 instances in which advances had been obtained from certain applicants in order to grant more than 01 plot of land.

4.5 Weaknesses in Contract Administration

The Commission, had awarded the contract to the District Secretary , Puttalam in November of the year under review for the construction of a building for an estimate of Rs. 5,282,197 for the Land Reform District Office in Puttalm district. The following matters were observed in that connection.

- (a) Provisions for this construction had not been made in the budget estimate for the year under review. Even though this construction had been included in the Action Plan, the expenses to be incurred thereon had not been forecasted.
- (b) The construction had been awarded to the District Secretary , Puttalam, only on the decision made by the Commission without an approval of the Line Ministry. Even though a sum of Rs. 2,112,879 had been paid as advance in November of the year under review, the construction work had not been commenced even as at the date of audit on 23 April 2015 .

4.6 Personnel Administration

The following observations are made.

- (a) Even though the information received by the audit from the administrative division stated that the number of approved cadre of the Commission had been 307, and the number of approved cadres as at 31 December 2014 had been 393 in accordance with the letter No. DMS / E2 / 01 / 7 /008/2 of the Department of Management Services dated 03 October 2012, it was observed that the approval required to increase the number of approved cadre, had been obtained on 18 March 2015. Further , the number of employees appointed in excess of the said number as at 31 December 2014, was 19.
- (b) The number of posts remained vacant by the end of the year under review, was 13 out of which, 04 vacancies were of staff grade. Furthermore, an officer had been appointed in a post which had not belonged to the approved cadre.

5. Accountability and Good Governance

5.1 Action Plan

The following observations are made.

- (a) Cost estimates for 06 activities included in the Action Plan for the year under review, had not been presented. Although a physical progress of 100 per cent had not been achieved with respect to 04 activities, it was observed according to the progress report that the entire provision had been utilized.
- (b) As differences had been observed in audit between the progress in collecting income for 04 activities in accordance with the progress report of the Commission, and the income generated through those activities as per the financial statements of the year under review, it could not be satisfied in audit with the accuracy of information stated in the progress report.

- (c) According to the Action Plan, an expense of Rs. 2,500,000 had been estimated in order to purchase 03 new vehicles (on lease). However, no vehicles had been purchased during the year under review.
- (d) According to the Action Plan for the year under review, the estimated income from sales and rentals of lands amounted to Rs. 113,350,000. However, according to the financial statement, the actual income was Rs. 192,294,300 , and income had been collected exceeding the estimated income by 70 per cent. Although an income estimate had not been presented to prepare plans by inspecting the lands in accordance with the Action Plan, the report on the progress had stated the income as Rs. 60,000,000. Hence, it was observed in audit that income had been estimated without a proper forecast.
- (e) Although the Commission had estimated a sum of Rs. 1,000,000 for the payment of compensations and interests, during the year under review payments amounting to Rs. 5,863,792 had been made. As such, expenses had been incurred in excess of the estimates by 486 per cent.

5.2 Internal Audit

According to the internal audit plan for the year 2014, it had been planned to carry out examinations on Finance Division, Land Transfer Division , and income and expenditure reports and monthly accounts details of all district offices. However, those areas had not been covered.

5.3 Budgetary Control

As significant variances from 13 per cent up to 129 per cent in income and 1 per cent to 2950 per cent in expenditure were revealed while comparing the budgeted income and expenditure and the actual income and expenditure in the year 2014, it was observed that the budget had not been made use of an effective instrument of management control.



5.4 Unsettled Audit Paragraphs

A sum of Rs. 17,000,000 paid to a private institution in the year 2002 for purchasing a computer software, had been accounted as an advance even by the end of the year under review. It was further observed in audit that an investigation in that connection had been in progress with the Criminal Investigations Department, and such an institution had not been in existence. Any information to that effect had not been disclosed in the financial statements.

6. Systems and Controls

Deficiencies in system and controls observed during the course of audit were brought to the notice of the Chairman of the Commission from time to time and special attention of the Commission is needed in respect of the following areas of control.

- (a) Legal Affairs
- (b) Debtors Control
- (c) Investment Property
- (d) Leasing of Lands
- (e) Operating Field Activities
- (f) Control of Vehicles
- (g) Receipts of Cash

W.P. C. Wickramaratne
Acting Auditor General

Auditor General,
Department of Auditor General,
Battaramulla.

Report of the Auditor General on financial statements of the Land Reform Commission for the year ended 31st December 2014 in terms of Section 14 (2) (C) of the Finance Act No. 38 of 1971.

2.2. Comments on financial policies

2.2.1. Accounting policies

(a) This issue has arisen since a register is not available with the Commission, which contains the particulars of the cost of the lands when such lands were taken over at the establishment of the Commission. At present a land register is being prepared as a basic remedial measure to the issue. Accordingly the extent of lands alienated to the Commission have been included accurately and it is expected to make relevant adjustments to lands considering the amount already paid or to be paid in relation to the lands alienated as the cost once the preparation of the land register is completed. Therefore it is hereby informed that action cannot be taken in this regard once the land register is updated.

The assets sold during the year are very old properties and therefore particulars relating to the cost of them are not available with the Commission. The sales value of the vehicles which were sold during year 2014 is Rs. 1,226,950/=.

No particular is available regarding the cost or accumulative depreciation and therefore it is impossible to calculate the profit or loss of the above. These are the old vehicles, which the Commission received from the in 1990s after using such vehicles by the same institution in lieu of the money to be received to the Commission. Accordingly the total amount received from the sale of above vehicle has been accounted as an income. Further it is stated that account entries have been correctly made in respect of the vehicle bearing number KH 9751 which has been sold during that year.

(b) (i) Since the Director of the Revenue Division serves in both revenue divisions of Head Office as well as Rathnapura office, it has become impossible to submit accounting reports on due date which were to be produced on income to be received as at 31.12.2014. Accordingly it couldn't make necessary adjustments in accounts reports. At present these reports have been prepared and therefore it is informed that required corrections would be made when revised accounts reports are prepared.

(ii) It was noted to account this amount of surcharge as an income receivable when accounts reports are revised.

2.2.2. Accounting deficiencies

(a) The rental for this building ,which is used by us from 1972 carrying out all maintenance works and necessary constructions, has been increased suddenly from a minimum rental such as Rs. 1,400, Rs.

14,000 up to a higher amount such as Rs. 280,000 and 330,000. Further the Commission has constructed new buildings spending more than Rs 10 million. It is impossible for the Commission to bear such a huge increase in the rental and therefore several rounds of discussions have been conducted with the Ministry of Public Administration to reduce the rental due to above reasons and further to make arrangement to pay the arrears of rental on installment basis during a period of concession. Still the discussions are in progress. Accordingly the amount increased before 2012 has not been adjusted in accounts and the rental is paid up to now on due date without making any arrears since 2012. It was noted to make adjustments in accounts when a decision is taken in due course in this regard.

(b) The reason for this difference is the non inclusion of Rs. 21,750/= received from Chamwin Natural Ceylon Pvt Limited in the note. It is informed that has already been rectified in accounts reports. This has caused not to make adjustments on revenue in relation to year 2014. This will be rectified in the revision of accounts.

(c) It is stated that it will be accounted when the revised accounts reports are prepared.

(d) Fixed deposits

(i) and (ii) It is hereby informed that necessary rectifications will be made as per the reply made to audit query no LP/F/LRC/02/2014/03.

(e) Treasury bills

This interest has been changed due to the change on a single date in the calculation of interest on investment to be received on this deposit.

(f) Fixed assets

(i) Since the assets sold during the year are very old and the particulars of the cost of such assets are not available, it has become impossible to calculate profit or loss adjusting the cost and accumulative depreciation. These are the vehicles, which the Commission received from the in 1990s after using such vehicles by the same institution. Their purchasing price is not available and it is not possible to find the same. Accordingly the total amount received from the sale of above vehicle has been accounted as an income.

(ii) Although the declining balance method should be applied for the depreciation of computers and appliances, the depreciation amount has been increased due to applying the method for depreciation on cost. It has been noted to rectify and further it is informed that the depreciation of office equipment is correct.

(iii) The building where the Rathnapura district office is maintained and Lindula Tourist bungalow should be assessed and the cost of these assets should be adjusted in accounts. Since the data cannot be accounted based on the present value and past cost, instructions were obtained from the external audit division. Accordingly those assets were not accounted and the relevant expenditure was also not capitalized. Since only this expenditure can be shown under relevant project, it was noted down to rectify it accordingly.

(iv) It was noted to rectify in accounts reports.

(g) The rental of December for Galle district office has been paid in December. It was noted to rectify the matter.

(h) Lease rent to be paid

(i) According to the accounts reports and confirmation letters of the banks this is correct. Based on the document prepared by us for previous works, Audit division has pointed out this as incorrect. However it is not correct.

(ii) It is hereby informed that accounts reports will be revised by deducting this difference from the capitalized value.

(iii) The decrease in the tax ration has caused for this difference and it was noted to rectify by adjusting in accounts

(i) The expense for refreshments and transport expense shown under expenses for urgencies have been born for the ceremonies for awarding deeds under urgent situations. Even though the expense born commonly by the institution is shown under refreshments expenses this expense for refreshments does not occur constantly. Therefore it was accounted in account for urgencies. Therefore it is hereby informed that the financial reports will be rectified with the inclusion in relevant account of expenses for refreshments, transport, building maintenance and office appliances maintenance, which are indicated in account for urgencies.

(j) This should be applied not for 11 employees but for 10. It has been correctly adjusted in accounts.

(k) Land valuation fees

(i) The error has been made when this amount was copied to the ledger. Instructions have been given to rectify it only in the ledger. (This balance has been correctly entered in the monthly trial balance and final trial balance and then it has been entered in final accounts.) Accordingly the final accounts are correct.

(ii) This has been accounted as a legal fee. It was noted to rectify the same.

(l) It was noted to rectify this at the time of submitting account again after making revisions.

(m) These are the salaries to be paid to employees who were recruited on casual basis. These amounts have already been paid and it was noted to rectify it at the time of submitting revised accounts reports.

(o) This amount has been doubled due to making the incorrect entry, which should be made to remove from Employees provident fund, salaries and wages account Rs. 48312.56 to be recovered by the institution for leave on no pay. It was noted to rectify the error.

(p) Galle November Rs. 18,600/=

This legal fee has been included inadvertently in valuation fees account. It was noted to rectify the error.

Gampaha November Rs. 10,500/= It was noted to rectify the error.

Lands, which have been alienated to Sri Lanka Plantation Corporation and Janatha Estate Development Board, have been provided by these institutions again to institutions such as National Livestock Development Board, Coconut Development Board and Cashew Corporation on lease. Therefore a discussion was held calling the Heads of these institutions. At the discussion the problems such as lack of provisions and unavailability of correct statistics were pointed out.

With a view to settle these issues, a request were made to conduct a discussion headed by the Secretary to H.E. the President calling relevant officers. The secretary has requested the amounts due from each institution. Therefore relevant particulars have been provided as per respective files. Accordingly various attempts were made to recover these due amounts. This is not a problem which can be solved only by the Commission. It should be solved with the intervention of General Treasury based on a policy decision.

We have been informed from time to time that Elections, Land Reforms, Cooperative societies, and Multi Purpose Societies have been liquidated.

Action is taken under this to provide the lands on lease which are to be developed and take over the lands which have not been developed. In addition to the above advances are released to the individuals and institutions who request to return their advances after obtaining the approval of the Commission. However it is not possible to settle this until a specific decision is received from the Cabinet of Ministers.

(e) (i) and (ii) –Majority of the persons who are indicated in the register of advance on lands as at 31.12.2014 are fallen under the period from 2002-2004. Transactions fallen under this period have been suspended by the Cabinet of Ministers. Therefore further action cannot be taken in response to the Cabinet paper if relevant persons do not request such advances. A new Cabinet paper has been submitted to change the above decision. Therefore it is possible to take necessary action to settle these advance if it is approved by the Cabinet. Until such time the Commission cannot any action in this regard.

(iii) The program for providing a portion of land to the employees of the Land Reform Commission for housing purpose had been commenced in 1982. Under this programme 351 employees serving in the Commission since 1982 have been granted portions of lands which were free in several districts.

During the second phase of the program for granting lands in 2005 the Commission was under the scope of the Ministry of Plantation Industries and the Minister in charge of the subject has granted approval for the written request made by Sri Lanka Freedom Works Association.

Based on the above approval clarifications have been made to the commission at several occasions from 2005 and further approval has been obtained to issue portions of lands to employees for housing purposes as per Section 22(1) (c) of the Land Reform Act. It is hereby informed that these decisions of Commission papers can be submitted at any instance for auditing.

Further it is hereby informed that a request has not been made again for obtaining approval of the Hon Minister in Charge of the Subject as the original of the note, which contains the approval of the Minister in Charge of the Plantation Industries to which the Land Reform Commission belonged in year 2005, is with the Commission.

(iv) Individuals and institutions were made aware to pay advance and action has been taken accordingly. It is observed that the individuals and institutions that have not the capability to pay the amount as a block payment have settled the outstanding amount on a date close to the date of first payment.

2.4. Non compliance to the laws, rules, regulations and management decisions

(a) Land Reform Act No 01 of 1972

Section 45(i) (a) (iii) – It is indicated in the said section of the Land Reform Act that a member should be appointed either in consultation with the Prime Minister or by the Minister in Charge of the Subject. However at present a member participates representing the Ministry of Plantation Industries.

(b) Finance Act No 38 of 1971

Section 11-Action has been taken on a common decision taken by the institution regarding the investments.

(c) VAT Act No 14 of 202.

Since the Commissioner of Inland Revenue has informed that our institution is required to register under these two acts, it is hereby informed that relevant registration will be made in June after informing the same to the meeting of the Commission held on 11.06.2015.

(d) Establishments code of the Democratic Socialist Republic of Sri Lanka

Section 13.3 of Chapter II-Notifications were published in News Papers for calling applications from the qualified applicants for the post of Director, Finance, which has fallen vacant for a long time in the Land Reform Commission and accordingly interviews were also conducted.

The applicants ,who submitted their applications as per news paper notifications, were called for interviews on 16.03.2007 and 30.03.2009 as per procedure of recruitment existed previously in Land Reform Commission and for interviews on 11.12.2012, 20.05.2013 and 02.12.2013 as per the new procedure of recruitment. Accordingly they interviewed.

However those, who were interviewed, had not possessed qualifications prescribed in procedure of recruitment and further the applicants were reluctant to accept the salary determined in the procedure of recruitment. Therefore it has become impossible to make recruitments to the said post.

However it is hereby informed that it was noted to take suitable action after discussing this matter at the meeting of the Commission to be held in due course.

(e) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

(i) Financial Regulations 502(2)

A register is maintained at the Finance Division regarding the fixed assets except lands. This register is maintained from 2009 mentioning the cost, date of acquisition and annual depreciation rate and making necessary updating.

(ii) Financial Regulations 134(3) Reports of the internal audits were not submitted to you during the past period. But it has commenced to send a copy of every internal audit report from this year.

(iii) Financial Regulations 371 (2) (a) – It was observed that the advances were not settled after receiving them. Therefore Director, Finance was informed to take necessary action making officers aware in this regard.

(iv) Financial Regulations 371(2) (b)-Only three instances, where advances have been obtained exceeding the limit, have been observed as per Schedule no 02. N. Murage is a staff assistant and he is also the supply officer. He has obtained advance within the limit.

There are instances where advances have to be paid on my approval exceeding the limit to settle urgent expenses such as urgent court cases, ceremonies held urgently to award deeds, official duties and opening of district offices. It is hereby informed that these expenses have to be born due to unavoidable situations depending on service exigencies.

(v) Financial Regulations 371(4)- The Director, Finance was instructed to inform officers to obtain relevant advances based on an estimate on expenditure depending on the exigency of the task to be performed and also to maintain in future the accounts minimizing such errors.

(vi) Financial Regulations 756- Nearly 90% of the stock verification has been concluded as at 31 December 2014. This lapse has occurred due to the lack of staff and the delay in transport facility. It is informed that the file would be handed over to Audit Division after conclusion of this task before 30 June 2015.

(f) Public Enterprises circular No PED/12 dated 02 June 2003

(i) Section 4.2.6

Annual Performance evaluation report has been referred to relevant Ministries. Since year 2014 quarterly financial reports have been referred on due date to Department of Public Enterprises. Report of the first quarter of year 2015 has also been submitted before 30th April.

(ii) Section 6.5.1

The draft of the annual report for year 2014 has been referred to relevant institutions along with the covering letter dated 02.03.2015.

3. Financial revive

3.1. Financial results

The income receivable as at 31.12.2014 has not been accrued and it is one of the main reasons for this difference. Once it is revised an income of more than Rs. 50 million is reported comparatively to the previous year. Therefore it is mentioned that is not a decline but an increase.

3.2. Analytical Financial Review

(i) This has ratio has been increased due to amounting the value of Trade and Other Debtors to Rs. 2158 million. Further this situation has arisen as the all assets shown in current assets are the liquid assets.

(ii) Quotations were called during December 2014 regarding the investment of money in excess. However the value has been increased comparatively to the previous year due to the delay occurred in making investment after obtaining approval for the same.

3.3. Legal cases which were filed against the institution and which were filed by the institution

Particulars in this regard have been submitted to you and it has been informed to submit again a copy of the same.

4. Operational review

4.1. Performance

(a) The income estimated for year 2014 from granting lands on lease and sale is 144,194,520/=. However the actual income as per financial statement is Rs. 175,194,301/=. Accordingly the difference is 21% but not 70%. Director, Financial was instructed to prepare budget estimate so as to minimize the variation.

(b) Since no final decisions has not been taken regarding the deposits to be made at the court in respect of compensation at the time of preparing budget estimates, provisions were not made in this regard. This has caused to this difference. It is stated that such variations will be minimized in future.

(c) It is observed even though it was discussed regarding the matters which would be included in the action plan at the beginning of the year, certain tasks couldn't be implemented due to lack of attention and due to other urgent tasks.

It is hereby noted that even though certain tasks were commenced according to the action plan it has become impossible to fulfill such tasks as expected since it has to occupy in certain urgent and essential duties fallen during the period.

However that many urgent and essential tasks included in the action plan have been avoided and therefore relevant officers were instructed to note to take action paying their attention to this situation.

(d) Relevant officers were informed to include tasks, which can be precisely performed, in the action plan calling suggestions and proposals and conducting discussions, whenever the action plan is prepared in future.

(e) Relevant officers were instructed to pay careful attention to avoid such weaknesses in future and further it was informed to indicate clearly the expenditure for all the tasks mentioned in the action plan.

4.2. Management inefficiencies

(a) (i) An amount in relation to the compensation and interest ,which was calculated approximately for lands taken over by the Commission from its establishment , has already been shown in accounts reports as Compensation suspension Account I and II. Since specific amount cannot be fixed up to now as compensation and interest on compensation, no adjustments were made in accounts in this respect.

(ii) Since the amounts allocated in performance report under phase I and II are for both compensation and interest, it is correct.

(iii) Compensations are still impossible for 106 files out of 110 files of which the claims were not confirmed. The reasons for such situation are the lack of interest of heirs and the impossibility in the part of the Commission to collect documents for confirmation of claims.

Even though action has taken during 2014 to inquire in this regard from District Offices, it has become impossible to obtain relevant documents. Such situation has occurred as some declarants have died, some heirs have left the Island and certain personas have given up the matter as the compensation is very low. Further it is hereby notified that final notifications have been sent to the declarants in connection to these 106 files.

District offices have been informed regarding the files where weaknesses are found in the documents for receiving the possession. It has stopped temporarily the works of these files since compensation cannot be paid without the possession.

(iv) Action is being taken further to collect particulars of nearly 575 files and the number of files, to which statutory determination was not granted, is included separately. These tasks are delayed due to unavailability of lands for statutory determination, delay in survey of lands, lack of interest of declarants etc.

(v) Action is being taken to deposit money at the court. The list of those 60 files is attached herewith as annex 01.

(vi) Even though the Commission has expedited the payment process for compensation, the payment has been delayed due to not making claims by the declarants, making requests for alternative lands and the problems arisen on the legal documents for confirmation of the claims of declarants. At present even a little amount is paid for the purpose of depositing them at the court on court orders so as to confirm the claims of declarants.

(viii) Even by the end of year 2014, 07 appeals were being heard at the Review Board for land acquisition, in respect of 14 cases filed on compensation at the Court against the Commission

4.3. Operational inefficiencies.

(a) Action has been taken depending on a common decision taken by the General Treasury. Since it is not possible to find a copy of the aforesaid decision, the matter was submitted to the Commission and then to Audit and Management Committee to renew the decision. The decision arrived was that again a decision should be obtained referring the matter to General Treasury. It is hereby mentioned that action would be taken accordingly.

(b) There are lands nearly in extent of 60-80 acres with coconut cultivation in Gampaha and Puttalam districts. At the time of taking over of these lands they were at a very under developed situation. Therefore the income from these lands was at a very lower level. Since it has to spend a huge amount to develop these lands it is expected to develop them phase by phase. Further it is informed that a decision would be taken in due course considering whether it is profitable to maintain them as our project or grant on lease.

(c) Advances received up to 31.12.2014 including estimated advance obtained for land sales and lease advances for 2002-2004 is hereby included. Since this is a document which should be prepared examining cash registers and receipts for nearly 14 years, it is expected to made a study for a considerable period and then to provide a document to accounts reports.

(d) Income of the three offices of Ampara , Anuradhapura and Jaffna does not exceed this limit. During year 2014 a higher income was recorded from other 17 district offices.

The income of these offices are at a lower level as they have not a large extent of lands and further the activities of the existing lands are also coming to the end.

(e) (i) The construction of the District office of the Land Reform Board has been included under 16.1 of the action plan 2014.

(ii) Since orders have been received to establish and maintain branches in order to expedite the functions of the Land Reform Commission established under Land Reform Act No 01 of 1972, the then Chairman had informed that instructions were received from the President's Secretariat, to which the Commission belonged at that time, that it was sufficient only to report that the action had been initiated to construct the building for district office. Therefore reporting of information to the President's Secretariat has only been made by the letter dated 05.11.2014 and it has been informed by the letter dated 13.11.2014 to the Land Reform Commission that attention has been made to these information.

Since the District Secretariat has agreed to carry out procurement activities and supervision on construction from the selection of a contractor for the construction of building, action was taken to issue 40% from the estimate for expenditure to the District Secretary for the commencement of relevant task.

The District Secretary, who held office at the time commencement of the project for construction of a building to District Office, has now been transferred and it is hereby stated that necessary action has been taken to expedite the construction of the building conducting discussions with the new District Secretary.

(f) No separate office has been established for Trincomalee district and the Director, Kurunegala covers the duties of the said district. These income and expenditure are not entered separately. If any income is reported it is included in the accounts of Kurunegala office.

(g) A charge is recovered normally from lands since there are no lands issued on lease in these districts

and further existing lands have also not been regularized by issuing lease agreements. Accordingly at some occasions there is an income on lease but there are some occasions where such income on lease is not available,

4.4. Identified weaknesses

This matter was referred to the meeting of the Audit and Management Committee held on 18.05.2015 in order to take a decision. The decision of the committee was to take action referring the matter to the Commission. Therefore it is hereby informed that further action would be taken accordingly whilst taking necessary adjustments.

4.5. Staff administration

(a) Approval has been granted by the letter of the Department of Management Services no DMS/1770/VOLL dated 18.03.2015 that the number of the cadre of Land Reform Commission should be 393.

Since a copy of the aforesaid approval has been sent to your institution by the Department of Management Services itself, Land reform has not taken action to send another copy.

It is hereby informed that the said letter is filed the file no 2/1/113(1) and therefore it can be produced for auditing at any occasion.

(b) Approval has been received for 17 posts of Driver within the approved cadre. However the total number of drivers has amounted to 18 as one driver has been engaged in service on contract basis in addition to the approved 17.

In future no recruitments will be made to the post of driver. Further it is hereby informed the contract period of the driver on contract basis will expire within a short period.

Further it is hereby informed that it is expected to recruit suitable persons to all vacant posts within the approved cadre either under several phases or under prescribed methodology.

5. Accountability and good governance

5.1 Action plan

(a) There are certain instances where the Land Reform Commission does not bear expenses in the implementation of certain tasks in action plan, which is prepared for the purposes of Land Reform Commission.

Therefore relevant officers were informed to put a brief note against such tasks when the action plan is prepared in future.

(b) Relevant division and officers were informed to pay special attention regarding the weaknesses pointed out at the auditing and further to pay much care on action plan in future.

(c) Since the income for the activity indicated in progress report has been shown as an approximate figure, it is observed that a certain change has occurred.

However relevant officers were informed to pay attention to all the matters pointed out specially and further to include accurate information conducting discussions with the divisions which carry out relevant tasks.

(c) Even though it has been proposed to obtain 03 vehicles on lease rent for year 2014, it could not achieve the result as the task was to be concluded by the end of the year.

Existing political culture can be considered as a cause for this and no vehicle was purchased in 2014 for the use of Land Reform Commission. Therefore no expenditure was made. Under such circumstance it is hereby observed that the inclusion of expenditure for this purpose should be a printing mistake.

5.2 Internal Auditing

For year 2014 examination on receipts and issuance of cash in the Finance Division has been carried out to a greater extent as per the internal audit plan. Further examination of files in land alienation division has been carried out under the process for the distribution of deeds.

At the auditing of district offices instructions were given to examine the report on income and expenditure of the office and to find reasons for the decrease in income at offices where such situation is found and further to take action to earn target income conducting discussions with relevant officers.

Further instructions were given that the monthly accounts reports should be prepared by a joint effort of Revenue division and Finance division and that the trend should also be informed to me accordingly.

5.3. Budget control

The budget report has been revised in September in 2014 but a copy of the revised budget report couldn't be submitted to the Audit Division. Accordingly these variances have been brought to the minimum level and it is hereby stated that in future also a sound budget control will be ensured minimizing such variances.

6. Systems and control

(a) Case register- Case register has been prepared as at 31.12.2014.

(b) Obtaining confirmation on balances – Letters containing confirmation of balances have been sent to reach directly the Auditor General.

(c) Land register- Preparation of land register has been commenced separately as per districts with the inclusion of particulars such as the extent of lands precisely alienated to Land Reform Commission, exclusions, lands which are free at present in the field . However it has become impossible to conclude this work as delays are occurred in making confirmation of certain particulars provided by district offices.

(d) Lease register- Lease register has been prepared and at present follow up action are in process.

(e) Future programmes- Internal Audit Division was informed to make follow up action to examine the awareness made to the District Directors and Field Officers to submit and get their future programmes approved before the lapse of 25th of the previous month and to implement properly the monthly programmes and revised programmes submitted in this way and further to submit particulars of programmes implemented.

(f) Daily running chart- Instructions were given to Drivers, Directors and officers who check running charts to verify whether they are maintained properly.

(g) Under utilization of vehicles- Relevant officers were made aware to take action in future to minimize the problems joining with Internal Audit Division, which are occurred in respect of vehicles in the pool of the Land Reform Commission.

(h) Internal control over receipt of money-The account for the collection of income relevant to 18 district offices is opened and the income of the respective month is credited in the account. Accordingly that amount is transferred to the Head Office on the 10th of the next month. It is checked in the accounting whether they are correctly transferred to relevant accounts. The receipt of money by the Head Office through PIV is entered daily in the Cash register. Accordingly it is stated that the internal control over the receipt of money is satisfactory comparing with the prevailed situation.

P.A.Sumanathissa Thambugala

Chairman

Land Reform Commission.

Report of the first meeting of the Audit Committee relating to year 2014,

which was held at the Head office of the Land Reform Commission at 2.30 p.m. on 02.06.2014

Participants

01. Mr.P.W. Senaratne-Chairman
02. Mr. M.A.S.Weerasinghe-Member
03. Mrs. M.Anoma Nandani- Member
04. Mrs.M.R.R.Mallawa-Observer
05. Dr. Mrs. M.M.S.jayatunga
06. Mr. T.Narendranathan
07. Mr. Senarath Wanigatunga-Secretary
08. Mrs. Shyamali Rathnayaka
09. Mr.J.W.Hapuarachchi
10. Mrs. Kusum Herath

At the beginning the Chairman presented the progress of the matters which were discussed at the previous meeting of the Management Committee.

Progress of the Audit and Management committee meeting held on 11.06.2013

01.

- I. Land Reform Commission couldn't pay the compensation since the claims of the declarants of lands have not been confirmed.

First recommendation has been implemented but no positive results were gained. Accordingly it has been decided to implement the decision of the legal advisor.

- II. Requesting lands instead of compensation

Director, Valuation and Compensation has states that it was possible to submit a commission paper in this regard. A decision has been taken by the Commission in this regard on 25.02.2014 under no 8773. Director, Valuation and Compensation has been informed to take action accordingly. It is due to implement this decision and further to take a decision referring the matter to the Chairman and calling District Directors.

IV.

- V. Other reasons- Number of files-26

Director ,Valuation and Compensation has been informed to study the specific reasons relating to 26 files mentioned under other reasons and accordingly to include them in the files from 1 to 7 which have already been categorized.

VI

VII. Number of files for which the Gazette Notifications are to be published under section 29 of the Act relating to the payment of pension- 670

Secretary has agreed to report the progress of at least 20 files.

02.

03. Discussion for increasing the income from various sources by District Offices

Director, Finance has agreed to issue an internal circular in this regard and Internal Auditor has also agreed to submit a progress report on the present situation of the lease register.

04. An amount of Rs 33,000 is to be paid monthly as the rental for the building where the Head Office of the Land Reform Commission is maintained. The discussion on the construction of the new building

At present a land has been found, which belongs to the Land Reform Commission, and the concurrence of the Commissioner General has also been received. Therefore action is now being taken to obtain approval for plans from the relevant institutions including Urban Development Authority.

iii. Unavailability of the certificates for the receipt of possession

05.

Department of Management Services has approved a cadre consists of 307 posts for Land reform Commission. It was decided to conduct a discussion to get the approval for the remaining staff. Action has been taken to prepare salaries of the staff after following the absorption process for all employees as per management services circular no 30.

Action is taken in this regard.

06. Discussion on the huge expenses which have to be borne for the vehicles in the pool of the Head Office of Land Reform Commission and vehicles provided to District Offices to increase income and further discussion on the vehicle accidents during the past period , parking facilities for vehicles and usage of vehicles on personal matters

Approval has been received for the commission paper submitted in this regard.

07. Discussion on the legal action to be taken against the debtors of Land Reform Commission and public and private institutions

Director, Finance submitted relevant documents. It is due to discuss at the next meeting after delivering them among the members. The document submitted by the Director, Finance in this regard was observed. Director , Finance was instructed to prepare a report on the money which are due or in arrears and their period(From which year they are to be recovered) and the action so far taken in this regard and to submit the report to the next meeting.

Progress on the Audit and Management committee meeting held on 17.09.2013

01. i. Calculation of the gratuity of the officers of the Commission

Instructions have been called from the Department of Labor in this regard.

Progress on the Audit and Management committee meeting held on 06.11.2013

01. Auditing of District Offices

Internal Auditor was instructed to send audit reports which have been concluded to the Auditor General.

02.

03. Minimizing legal expenses

Instructions were given to the secretary to discuss in this regard with the Director, Legal.

04. Corporate plan and action plan

05. Instructions were given to prepare corporate plan for three years i.e. year 2015,2016, and 2017. Accordingly Director, Management and Human Resources was instructed to action plan for 2015 at least before 30th November.

Progress on the Audit and Management committee meeting held on 20.06.2014

01. Discussion on the felling of trees without proper system since no census has been conducted on the valuable trees belonging to Land Reform Commission.

Such a situation is arisen since the permission is granted to fell the trees in lands provided by the Land Reform Commission. Therefore Director, Land Alienation was instructed to count the total number of trees in the whole land and grant approval for felling of trees. Further it was mentioned that the income collected in this way should be included in the revenue account of the respective year.

Chairman	Secretary	
Audit and Management Committee	Audit and Management Committee	
Name	Post	Signature
Mr.M.A.S.Weerasinghe	Member	
Mrs.M.R.R. Mallawa	Observer	
Mrs. M.Anoma Nandani	Member	
Dr. H.M.S.Jayatunge		

Mr. T.Narendranathan

Mrs. Kusum Herath

Mrs. Shyamali Rathnayaka

Report of the second meeting of the Audit Committee relating to year 2014, which was held at the Head office of the Land Reform Commission at 12.30 p.m. on 25.08.2014

Participants

01. Mr.P.W. Senaratne-Chairman
02. Mr. M.A.S.Weerasinghe-Member
03. Mrs. M.Anoma Nandani- Member
04. Mrs.M.R.R.Mallawa-Observer
05. Mr.Senarath Wanigatunge-Secretary/Director ,Administration
06. Dr. Mrs. M.M.S.jayatunga-Director General-Observer
07. Mr. T.Narendranathan-Internal Auditor
08. Mrs. Shyamali Rathnayaka-Director,Finance(G.I) Observer
09. Mr.J.W.Hapuarachchi- Director,Lands(G.I) Observer
10. MrsPushpa Karunaratne-Assistant Director(Projects) Observer

At the beginning the Chairman presented the progress of the matters which were discussed at the previous meeting of the Management Committee.

Progress on the Audit and Management committee meeting held on 02.06.2014

01. Discussion on the preparation of Assets register of Land Reform Commission as per F.R. 128(1) (e) , and the discussion on maintaining of lands after valuation of lands in a proper manner in the register for exclusion and taking over of lands, - Even though software has been introduced spending Rs. 17 million at the previous occasion, the process has not so far been concluded. This money has been recorded as advances. Discussion on the action to be taken in this regard

The matter relating to the preparation of computer software is being investigated by the Commission for investigation in to allegation on bribery and corruption, and therefore a decision cannot be taken in this regard. However since an Information Technology Officer has been appointed to the Commission permanently from 02.06.2014 he is now entering information relating to every district. Further the register relating to Golden Pound Estates is at the final stage of preparation. Secretary agrees to report the total progress at the next meeting. At present the lands which were alienated to the commission and which were excluded are

included in the register. In the meantime action would be taken to include the lands in to this register which were excluded at first and then revoked.

Since the amount of Rs. 17 million relating to computer software is included in the report of Auditor General every year, instructions were given to the Director General to obtain a report from Commission for investigation in to allegation on bribery and corruption on the present situation in order to consider the possibility to write off this amount from the accounts.

02. Discussion on the felling of trees without proper system since no census has been conducted on the valuable trees belonging to Land Reform Commission

It was decided that the Director, Valuation and Compensation and Internal Auditor should participate for conducting a field investigation representing the Head Office and should confirm the accuracy when the permission is granted for felling of trees.

Decisions of the meeting of the audit committee held on 25.08.2014

01. Minimizing the legal expenses

02. It was confirmed by the audit that the number of cases which are still in process in the Legal Division of the Land Reform Commission is 438. Majority of these cases are heard at District courts. The gross amount spent monthly for legal expenses is Rs. 300,000.00. Legal division is of the view that these cases can be concluded if the Directors make recommendations for such conclusion. Discussion on the appointment of a suitable officer in this regard and discussion on the possibility to arrive at settlements regarding these cases.

The Audit and Management Committee observes that the legal division should study the case and provide necessary instructions to those, who appear before courts on behalf of the Commission, at such occasions where new cases are filed against the Land Reform Commission. It is decided that the existing cases may be referred to the Legal Consultant to get his opinion after thorough study as to whether such cases should be maintained further or they should be concluded. This matter is coordinated by the Secretary under the supervision of the Director General.

Recovery of the money to be recovered by the Commission

An amount of Rs. 2218 million is shown as at 31.12.2013 as the amount due to be recovered by the Commission for number of years. Even though various attempts were made to recover such amounts it has become impossible to collect that money. Therefore this matter is submitted either to write off such amounts from accounts or to take any other suitable action, if any.

- (i) Rs. 111,538.90 which has been misplaced whilst under the custody of Shroff of the Commission

When this matter was studied instructions were obtained from the Department of Public Finance. However Land Reform Commission should get instructions from the Department of Public Enterprises. Accordingly it was decided to send a letter to the Department of Public Enterprises to obtain instructions.

(ii) Mr. T.A.M.Prasanna-Rs.9900.00

It was decided to send a letter by registered post to the relevant person demanding to pay the due amount.

(iii) Amount to be recovered from Mr. M.L.M.Sariff- Rs.1000.00

It was informed to the Secretary to look into this matter and to report on the officer who has made the over payment. In the meantime it was decided to obtain instructions from the Department of Public Finance to remove the amount from cash register.

(iv) Prepare a detailed list

Director, Finance was instructed to prepare a detailed list.

03. Preparation of commission papers. It was reported that there are weaknesses in the commission papers submitted to Land Reform Commission. Conducting a wide discussion for the preparation of such commission papers in a correct methodology.

These matters were discussed widely and accordingly the Secretary stated that only the new divisions in the structure of Commission should be indicated when commission papers are submitted and further the designations of the officers who submit commission papers should be the relevant designations which were absorbed.

Mrs Mallawa, the Audit Superintendant has emphasized that procedure should be followed not only in the submission of commission papers but in all correspondence. Accordingly Director General was informed to issue an Internal Circular taking into consideration all these matters.

Other matters

The post of Director, Finance has fallen vacant for a long time and at present a female officer performs the duties of the post on acting basis. It is not suitable to prevail such a situation for a long time and therefore it was discussed that it is suitable to make requests for consideration of the qualifications prescribed for the post again if applicants who possess required qualifications do not apply for the post. Accordingly it was decided to take a suitable action communicating with the Director General of Management Services.

The tax register of Land Reform Commission which was submitted by the internal audit division was examined and instructions were given to submit a comprehensive report to the next meeting of the Committee.

It was decided to conduct the next management committee meeting at 2.30 p.m. on 07.10.2014.

Chairman	Secretary	
Audit and Management Committee	Audit and Management Committee	
Name	Post	Signature
Mr.M.A.S.Weerasinghe	Member	
Mrs.M.R.R. Mallawa	Observer	
Mrs. M.Anoma Nandani	Member	
Dr. Mrs. H.M.S.Jayatunge		
Mr. T.Narendranathan		
Mrs. Shyamali Rathnayaka		
Mr. J.W.Hapuarachchi		

Third Meeting of the Audit and Management Committee held in year 2014

Place- Land Reform Commission

Date- 10.10.2014

Time- 9.30 a.m. up to 1.00 p.m.

Participation of the members of the committee

01. Mr. P.W.Senaratne- Chairman
02. Mr.M.A.S.Weerasinghe- Member
03. Mrs. M. Anoma Nandani-Member
04. Mrs.M.R.Mallawa-Observer

Participation of the officers of Land Reform Commission

05. Mrs. H.M.S.Jayatunge-Director General

06. Mr.Senarath Wanigatunge- Secretary of the Committee(Secretary/Director, Administration)
07. Mr.T.Narendranathan-Chief Internal Auditor
08. Mrs.Shyamali Rathnayaka-Director, Finance
09. Mrs. Nandani Thissa-Assistant Director,Finance
10. Mr. Pradeep Nanayakkara-Staff Assistant(Revenue)

At the beginning the Chairman presented the progress of the matters which were discussed at the previous meeting of the Management Committee.

Staff Assistant of Revenue Division states that Register of lands which have been provided by Land Reform Commission on lease has been prepared and relevant documents have been sent to district offices on 30.07.2014 to get their accuracy confirmed and the tax register can be updated once the replies are received. Instructions were given to report the progress of the process at the next meeting.

Register of lands has been prepared.

Every year an amount of Rs. 2154 million is brought forward as arrears from debtors. The institutions which should pay such arrears are Janatha Estate Development Board, Stetae Plantation Corporation, Livestock Development Board, Election, Cooperative Societies, and Hadabima Authority.

According to the matters which are revealed most of these have been provided to the Estates Management Companies on long term lease agreements and the annual lease rent is recovered from these institutions by the General Treasury. The fact proved by such situation is that the full ownership of these lands have been excluded from the Land Reform Commission once they were provided to above institutions. Audit and Management Committee recommends that a final decision should be arrived in this regard making an inquiry from the Secretary to H.E. the President.

Further action would be taken in this regard by the Secretary and Director General.

Instruction were given to the Director General to submit a commission paper containing the proposal as to whether the procedure of recruitment for the post of Director, Finance is revised, approval is obtained after such revision and whether the vacancy is filled in any other proper way.

This report was approved by the officers of the committee.

Progress of the meeting of the Audit and Management Committee held on 10.10.2014.

Commission paper No 01

Submission of the decision of the Land reform Commission to allocate 60% and 40% of the income from the sale of lands of the Commission as operational expenses and reserves respectively

A lengthy discussion was held in this regard and Internal Auditor informed that the decision of the commission cannot be found. Accordingly the Director, Finance was instructed to prepare and submit a comprehensive commission paper to Land Reform Commission which contains the total income from sales during past 05 years and to include the amount of 60% separately and further to indicate actual operational expenses borne every year .

Commission paper No 02

Discussion on the fuel provided to the vehicles attached to district offices and the usage of such vehicles

It is observed that this is an administrative decision. Therefore Audit and Management Committee pointed out to take a decision either after discussing the matter at the monthly progress review meeting or after supervising it by the director General and further to submit a commission paper if it is deviated from the existing system to a considerable extent.

Commission paper No 03

Discussion on action to be taken against the officers serving in the Commission who have neglected to settle the loans obtained by them under the loan scheme

Director, Finance was informed to submit relevant document to the next meeting of the Committee.

Commission paper No 06

Discussion on the participation of a representative from the President's Secretariat, which is the ministry in charge of the Commission and Audit and Management Committee

Secretary was informed to communicate in this regard with the President's Secretariat by a letter.

This report was approved by the officers of the Committee.

Progress of the meeting of the Audit and Management Committee held on 30.12.2014

Commission paper No 01

1. Ampara district office

Instructions were given to conduct an investigation on the financial activities of the Ampa a office from year 2000 up to date and to submit a report.

Audit and Management Committee states this is a financial fraud. Accordingly Director General was instructed to take legal action in this regard.

Commission paper No 06

Discussion on the participation of a representative from the President's Secretariat, which is the ministry in charge of the Commission and Audit and Management Committee

President's Secretariat should be informed regarding the next meeting of the Audit and Management committee. It is informed that the participation of an observed is highly appreciated. Action in this regard should be taken by the Secretary.

It was decided to hold next meeting of Audit and Management Committee at 2.00 p.m. on 30.12.2014.

Audit and Management Committee	Audit and Management Committee	
Name	Post	Signature
Mr.M.A.S.Weerasinghe	Member	
Mrs. M.Anoma Nandani	Member	
Mrs.M.R.R. Mallawa	Observer	
Dr. Mrs. H.M.S.Jayatunge	Director General	
Mr. T.Narendranathan	Chief Internal Auditor	
Mrs. Shyamali Rathnayaka	Director, Finance	

Fourth Meeting of the Audit and Management Committee held in year 2014

Place- Land Reform Commission

Date- 30.12.2014

Time- 2.30 p.m up to 1.00 p.m.

Participation of the members of the committee

01. Mr. P.W.Senaratne- Chairman
02. Mr.M.A.S.Weerasinghe- Member

03. Mrs. M. Anoma Nandani-Member

04. Mrs.M.R.Mallawa-Observer

Participation of the officers of Land Reform Commission

05. Mr.Senarath Wanigatunge- Secretary of the Committee(Secretary/Director, Administration)

06. Mr.T.Narendranathan-Chief Internal Auditor

07. Mrs.Shyamali Rathnayaka-Director, Finance

At the beginning the Chairman presented the progress of the matters which were discussed at the previous meeting of the Management Committee

Progress of the meeting of the Audit and Management Committee held on 25.08.2014

Register of lease rent

It was decided that a complete report should strictly be submitted to the next meeting of the Committee by the Staff Assistant of Revenue Division after verifying the accuracy of the register of lease rent from lands. Secretary was instructed to look in to this matter and take necessary action.

Register of exclusions

It was instructed that the progress up to now in this regard should be submitted by the Secretary and Director General.

Post of Director, Finance

A commission paper in this regard has been submitted to the previous meeting of the Committee. According to the decision taken, Mr. Sathkumara of the Commission was entrusted to examine the qualifications of the post of Director, Finance in similar institutions. It is expected to take further action on receipt of the report from the above officer.

Progress of the meeting of the Audit and Management Committee held on 10.10.2014

Commission paper No 01

Submission on the decision taken by the Commission allocate 60% and 40% of the income from the sale of lands of the Commission as operational expenses and reserves respectively

Draft of the Commission in this regard was submitted to the Director, Finance and instructions were given to submit a commission paper accordingly.

Commission paper No 03

Discussion on action to be taken against the officers serving in the Commission who have neglected to settle the loans obtained by them under the loan scheme

In order to take proper decision in this regard it is necessary to obtain particulars such as the date of appointment of relevant officers, date of granting the loan, names of guarantors, if any and action so far taken to recover arrears from them etc. Director, Finance was instructed to prepare a comprehensive report after obtaining every particular on submission of the document prepared by Director ,Finance on 24.06.2014 to the Administrative Division.

Commission Paper No 04

Discussion on the application of procurement guidelines and tender procedure for the activities of the Land reform Commission

Instructions were given to the effect that the tender procedure should be followed as per the regulations of the procurement guidelines issued by the General Treasury and the decision taken by the Procurement Board based on the decision taken by the persons authorized according to the value of each tender should be the final. However it was instructed to submit the decision for the information of the Commission.

Commission Paper No 05

Discussion on the payment of officers in Land Reform Commission

E.g. Translation fees, travelling expenses and expenses for general travelling

This is an administrative decision. However if it is necessary to make a wide change in the present situation it is suitable to submit a commission paper.

II Kurunegala District Office

Internal Auditor was instructed to prepare a document on the files at Kurunegala Office referring the files at Head office and to prepare a report comparing with the files at Kurunegala office and also to submit it to the next meeting of the Committee.

III Kegalle District office

Even though it has been mentioned that an inquiry has been made from Kegalle district office in this regard the committee states that disciplinary action should be taken calling replies within a prescribed period.

Secretary was instructed to report on the progress at the next meeting of the committee.

It was decided to audit all district offices in year 2015 and to submit the reports of auditing of the district offices which are audited, to Audit and Management committee.

Commission paper no 02

Future Programme for year 2014, progress of year 2014 and future programme of year 2015

Audit Superintendent stated, at the discussion held on internal audit programme, that at present the accounting process of the Commission is carried out manually and therefore it is necessary to introduce software for the purpose. This was approved by the Management Committee.

The fact observed at the study made on internal audit programme in year 2015 is that a progress could be achieved if it was possible to complete it by 100%.

However it has become possible to complete only 75% in 2014. Accordingly the progress of first quarter should be reported to the next committee meeting.

The Committee observes that the investigations conducted in future should be included in the internal audit programme in addition to the investigations conducted against the financial frauds which have already been reported.

Commission paper No 03

Corporate plan for 2015-2019 and action plan for 2015

Having studied the corporate plan for 2015-2019, the Management Committee has decided that a plan containing the basic tasks, which are expected to be carried out during the relevant period, should be included in the corporate plan before the strategic plan.

It was decided to submit the same after inclusion of these facts.

It was decided to conduct the next meeting of the Management Committee on 24.02.2015 at 2.00 p.m.

Audit and Management Committee		Audit and Management Committee	
Name		Post	Signature
Mr.M.A.S.Weerasinghe		Member	
Mrs. M.Anoma Nandani		Member	
Mrs.M.R.R. Mallawa		Observer	
Mr. T.Narendranathan		Chief Internal Auditor	
Mrs. Shyamali Rathnayaka		Director, Finance	