

Head 254 – Registrar General’s Department

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Registrar General’s Department for the year ended 31 December 2020 comprising the statement of financial position as at 31 December 2020 and the statement of financial performance, and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. The Summary Report containing my comments and observations on the financial statements of the Registrar General’s Department was issued to the Accounting Officer on 23 June 2021 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Department was issued to the Accounting Officer on 30 September 2021 in terms of Section 11 (2) of the Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 which is read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements prepared give a true and fair view of the Registrar General’s Department as at 31 December 2020 and its financial performance and cash flow for the year then ended, in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

My opinion is qualified based on the matters appear in Paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements are further described in the Auditor’s Responsibilities Section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Responsibilities of Chief Accounting Officer and the Accounting Officer on Financial Statements

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Section 16(1) of the National Audit Act, No.19 of 2018, the Department is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

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

1.4 Auditor's Responsibility for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's summary report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

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

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, among other matters significant audit findings, including any significant deficiencies in internal control that I identify during my audit

1.5 Report on Other Legal Requirements

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

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

1.6 Comments on Financial Statements

1.6.1 Revenue Receipts

Audit Observation -----	Comments of the Accountng Officer -----	Recommendation -----
(a) A difference of Rs.801,944 was observed in between the total revenue as per the Treasury Books and the total revenue as per the financial statements.	This difference is the refunds made by other Departments.	Accurately reconcile the values consisted in the financial statements with the Treasury Books.
(b) Even though the registration fee income collected by the Department in the year 2020 was mentioned as Rs.858,103,568 in the ACA-1 Format, that figure was Rs.749,731,548 as per the monthly summary income report of the Department.	The fee income on the date of preparation of revenue records by the Department was Rs.749,731,548 . The value was Rs.858,103,568 as per the Treasury printouts. These values cannot be reconciled due to the deficiencies in recording of revenue.	Obtaining the revenue records and reconciling them properly.

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| (c) | As the monthly income summary reports of 26 Land Registrar's Offices and 65 Divisional Secretariats pertaining to the year 2020 had not been submitted, the revenue from the registration fee amounting to Rs.1,399,877,263 could not be ascertained at the audit . | Since the revenue reports are not received from the regional offices on the due date, discussions are going on to develop a revenue reporting system by using computer software . | Obtaining the revenue records and reconciling them properly. |
| (d) | The revenue from issuance of High Court Certificates to Notaries in the year under review was Rs.4,813,771 as per the Treasury computer printout and financial statements and although that value consisting of Rs.672,000 collected by the Department and Rs.4,141,771 collected by the High Courts, since the Department had not set up a proper system to identify the information reports on the certificates issued by the High Courts that income could not be ascertained at the audit. | This situation has arisen due to the non-receipt of relevant income reports properly . Appropriate steps have been taken to rectify this in future. | Maintaining of revenue records properly. |
| (e) | Although the registration income as per the financial statements as at the end of the year under review was Rs.858,103,568, the required information had not been submitted to the audit to identify the title registration income, copy fee, power of attorney fee and other registration income included in it separately. | The information required to identify the revenue separately is submitted to the audit and the reports are being updated from time to time as received. | Maintaining of revenue records properly. |

1.6.2 Non-revenue Receipts

Audit Observation	Comments of the Accounting Officer	Recommendation
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Although the value of other receipts mentioned in the consolidated trial balance was Rs.74,296,750, since it was stated in the financial statement as Rs.74,721,885, other receipts had been overcalculated by Rs.425,135 .

Refunds have not been reduced by a mistake.

To account for other receipts accurately.

1.6.3 Reconciliation Statement of Advances to Public Officers' Account

The following deficiencies were observed.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) Although the actual value of receipts was Rs.54,346,605 as per the Treasury Computer Printout, thus the actual receipts of the year as per the Department Books was Rs.54,107,804, a difference of Rs.238,801 was observed in between the Departmental Books and Treasury Printouts.

Correction of the error occurred due to the settlement of debt balances of two retired officers in twice .

Preparation of accounts accurately reconciling the Treasury computer printouts notes and Department Books.

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| <p>(b) A difference of Rs. 1,417,401 was observed in debits made by cross entries as per the Departmental Books and Treasury Computer Printouts during the year under review.</p> | <p>This difference has occurred in making corrections of the error in the Treasury documents when settling and transferring of debts through the cross entries.</p> | <p>-do-</p> |
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1.6.4 Property Plant and Equipment

The following deficiencies were observed.

Audit Observation	Comments of the Accountng Officer	Recommendation
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<p>(a) Although the value of the lands owned by the Department as at 31 December 2020 was Rs.1,558,895,000, the value of the land was not included in the financial statements.</p>	<p>Instructions have been given to Officers to correct the financial statements.</p>	<p>Inclusion of assets in the financial statements accurately.</p>
<p>(b) There was a difference of Rs .270,015,439 in between the closing balance of non-financial assets and non-financial assets summary (Bos Summary) of the Treasury as per the financial statements at the end of the year under review.</p>	<p>Because it was an error occurred in the classification, steps will be taken to correct.</p>	<p>To account for the assets accurately.</p>

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| (c) | A difference of Rs. 53,598,949 was observed in the opening balance of non-financial assets in financial statements for the year 2020 and the opening balance of the non-financial assets summary (Bos Summary) of the Treasury for the year 2020 . | There is the difference even after adjusting the values of the assets purchased under the provisions of other Ministries. | To find the reasons for the difference and correct. |
| (d) | Even though the "other machinery and equipment and intangible assets" valued at Rs.95,538,470 had been taken over through purchases and transfers during the year under review as per the financial statements, that amount had been stated as Rs.7,983,402 in the non-financial assets summary (Bos Summary) . | The non-financial assets could not be updated to the web interface on the due date. | Accounting for the assets accurately. |

1.6.5 Cash Flow Statement

The following deficiencies were observed.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Even though the total value of income included in the cash flow generated from the operational activities of the cash flow statement was Rs.1,754,184,688, since that amount was Rs.1,827,802,708 as per the consolidated trial balance, the cash flow generated from the operating activities had been understated by Rs.73,618,020.	Only the transactions done in cash have been recorded in the cash flow statement.	Preparation of accounts in accordance with the State Accounts Circular.

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| (b) | Although the value of the recovery of advances as per the cash flow statement was Rs.3,216,396 , thus that value was Rs. 54,346,605 as per the consolidated trial balance the recovery of advance had been understated by Rs. 51,130,209 in the cash flow statement. | When the value of the cross entries is adjusted, it matches with the value of the trial balance. | -do- |
| (c) | Even though a sum of Rs.3,901,600 had been accounted for as deposit receipts in the cash flow generated from the financial activities, the amount was Rs. 7,992,203 in the consolidated trial balance. | -do- | -do- |

2. Financial Review

2.1 Revenue Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The estimated revenue of the Department of the Registrar General for the year ended 31 December 2020 was Rs.1,605,000,000 and the actual income was Rs. 1,404,691,034 or 88 per cent of the revenue. Accordingly, the difference in between the estimated income and the actual income was Rs.200,308,966 or 12 per cent.	Collection of revenue has declined due to the Covid 19 epidemic.	Estimation and revision of revenue accurately.

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| <p>(b) Out of the total arrears income amounted to Rs.28,034,403 as Rs. 24,896,693 of the arrears at the beginning of the year under review and Rs.3,137,710 of arrears during the year, the arrears revenue as at the end of the year was Rs.26,723,078 because of the recoveries during the year was Rs.1,311,326 or 4.7 per cent only .</p> | <p>Arrears income records have been incorrectly prepared and sent by the Registrar Offices. After having the corrected figure, it will be entered into the account.</p> | <p>Accounting for the arrears income accurately.</p> |
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2.2 Expenditure Management

The following observations are made.

Audit Observation -----	Comments of the Accountng Officer -----	Recommendation -----
<p>(a) Although the excess expenditure cannot be incurred on any expenditure object until the transfer of provisions by receiving the approval of the relevant authority under Financial Regulation 66/69, the expenditure of 03 expenditure objects which did not have sufficient provisions totalled to Rs.1,962,196 had been incurred from the remaining expenditure objects by the Department and after the transferring of provisions to those expenditure objects at the end of the year those</p>	<p>The relevant expenses have been incurred due to lack of provisions to cover the essential expenses.</p>	<p>Being Compliance with provisions in Regulations.</p>

expenses had been stated in the correct expenditure objects marked as surcharges and corrections.

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| (b) | The total net provision made for the 02 capital expenditure objects of the Department of the Registrar General for the year 2020 was Rs.7,037,000 and the net expenditure for the December 2020 was Rs.4,987,379. Accordingly, 71 per cent of the net provision had been spent in December 2020 . | Failure to make proper procurement due to the bad situation in the country. | Utilization of provisions efficiently and effectively. |
| (c) | The net provision for 05 recurrent expenditure objects and 04 capital expenditure objects out of the provisions made to the Department for the year 2020 was Rs.43,035,000 and the actual expenditure was Rs.26,014,829. Accordingly, the savings had ranged from 26 per cent to 89 per cent. | Inability to obtain sufficient imprests due to the Covid 19 epidemic. | -do- |
| (d) | Only 59 per cent of the total provision that could be incurred in the year 2020, had been spent. | Although a sum of Rs. 12 Million has been spent from the Rs. 37 Million that had been approved at first, a sum of Rs. 13.9 Million out of the secondly approved Rs. 14 Million and entire provision of Rs. 10 Million which was finally approved have been spent. | -do- |

2.3 Entered into Liabilities and Commitments

Audit Observation	Comments of the Accounting Officer	Recommendation
Although the value of liabilities as at 31 December 2020 was Rs.50,596,314 as per the financial statements, the amount of liabilities settled up to 31 March 2021 was Rs.30,394,918 .	Vouchers on registrar allowances paying by the Department have not been entered in the Register of Liabilities.	Formalization of accounting for and the settlement of liabilities.

2.4 Non-compliance with Laws, Rules, Regulations

The following observations are made.

Reference to Laws, Rules and Regulations	Observation	Comments of the Accounting Officer	Recommendation
(a) Section 16 (2) of the National Audit Act No. 19 of 2018 and Paragraph 10.2 of Public Finance Circular No. 02/2020 dated 28 August 2020	Non- compliance of the Annual Performance Report that should be furnished to the Auditor General with the Financial Statements for the year 2020.	Actions are being taken to submit the Annual Performance Report .	To be complied with the relevant circular provisions.

<p>(b) Stamp Duty (Special Provisions) Act No. 12 of 2006 and No. 10 of 2008</p>	<p>Although it should be credited when charging fees from notaries for issuing annual High Court certificates and stamp duty on first time issuance of licenses to work as a notary to the account of the Commissioner General of Inland Revenue before the 15th of the following month ending the relevant quarter, actions had not been so taken accordingly. Similarly, the information required to identify the value of this stamp duty had also not been submitted to the audit.</p>	<p>The works had delayed because of the officers did not report for duties. Steps have been taken to rectify this in future.</p>	<p>Accounting for the income and expenditure accurately and timely. Providing the information required for the audit without delay.</p>
<p>(c) Financial Regulations 94 (1) and State Accounts Circular No. 255/2017 dated 27 April 2017</p>	<p>Although it should not enter into any expenditure or liability exceeding the approved provisions, commitments amounting to Rs.38,881, had been entered into exceeding the approved provision limits on acquisition of machinery and equipment of the Department. Further, the overtime & holiday salary (1002) and "Other Allowances" (1003) amounting to Rs. 1,035,772 and Rs.1,564,595</p>	<p>This has happened due to insufficient imprests. Steps have been taken to prevent such incidents from happening again. Despite the provisions had saved, non-receipt of imprests from the Treasury.</p>	<p>Being Compliance with the provisions in Regulations</p>

respectively had been identified as commitments.

(d) Paragraph 07 of the Asset Management Circular No. 01/2017 dated 28 June 2017

The information on non-financial assets which were purchased totalling to Rs.29,893,331 and received through transfers amounting to Rs.65,645,139 in the year 2020 had not been submitted to the Comptroller General.

Although the assets obtained from the provisions of other Departments were adjusted in accounts, those were not sent to Comptroller General. Corrections will be done and relevant reports will be sent.

Taking actions in accordance with circular instructions.

(e) Paragraph 07 of Guideline No. 6 of Public Finance Circular No. 02/2020 dated 28 August 2020

Although an imprest adjustment account should be prepared to reconcile the value to be paid to the Treasury or the amount to be received from the Treasury as per the statement of financial performance with the amount as per the cash book, instead, the Department had prepared two accounts namely the imprest account and the imprest balance account. Even though this was also pointed out in the Summary Report 2019, the relevant adjustment account had also not been prepared for this year .

Because there was not a clear understanding of the imprest adjustment account , actions will be taken to prepare and present accurately.

Being Compliance with the provisions in Circulars.

2.5 Issuances and Settlements Advance

Audit Observation

The total balance of arrears from 51 officers from 1 year to 29 years on deaths, retirements, suspensions, terminations and dismissals at the end of the year under review was Rs. 3,239,780 as per the advances to public officers' account 'B' in the year 2020 .

Comments of the Accounting Officer

Necessary steps are being taken to recover and to write off the remaining debt balances.

Recommendation

Taking necessary actions to recover the debts as per the provisions of the Establishments Code.

3. Operating Review

3.1 Management Inefficiencies

The following observations are made.

Audit Observation

- (a) There are 41 vehicles in the vehicle fleet of the Registrar General's Department and out of that, 23 vehicles had been purchased by the Department. Although 17 vehicles were handed over by the Attorney General's Department in the year 2020, of these, only 06 vehicles were being used for running in 2020.

Comments of the Accounting Officer

Answers have not been given.

Recommendation

Formalization of vehicle administration.

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| <p>(b) Even though the van No. 254 – 1061 which was not used from 2018 cost at Rs.2.3 Million was at a level that can be repaired and used, the repair works had not been carried out even by now.</p> | <p>Answers have not been given.</p> | <p>-do-</p> |
| <p>(c) Although a fuel test should be done again at the first opportunity arisen out of the facts such as after a period of 12 months just after each fuel test or after covering a distance of 25,000 km or after a major repair of the engine, in terms of Public Administration Circular No.30/2016 dated 29 December 2016 the fuel tests vehicles had not been done since 2019.</p> | <p>Answers have not been given.</p> | <p>-do-</p> |
| <p>(d) The two vehicles numbered PB 4896 and PB 4888 purchased in 2006 had not been used since 2018 and although it was stated that the vehicles were not in a running condition as per the reports of the Department, actions had not been taken to dispose of the vehicles until the end of the year under review.</p> | <p>Answers have not been given.</p> | <p>-do-</p> |
| <p>(e) The two micro cabs numbered PB 4897 and PB 4899 purchased in the year 2006 cost at Rs. 3.2 Million per each were being in idle since 2019 stating that there were no spare parts for repairs and no proper action whatsoever had been taken against those vehicles.</p> | <p>Answers have not been given.</p> | <p>-do-</p> |

4. Human Resources Management

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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<p>(a) The 26 vacancies in 6 major posts of Senior Management in the approved staff of the Department had been in vacant for a long period in accordance with the letter of the Department of Management Services DMS / C / 5/30/02 dated 04 April 2011. The post of Registrar General has also been in vacant since 2017 and as the appointments were made from time to time on the basis of acting and duty coverage, it was observed that this could adversely affect the performance of the Department. A Registrar General had been permanently appointed in February 2021 .</p>	<p>Answers have not been given.</p>	<p>Formalization of Human Resource Management.</p>
<p>(b) A number of 241 posts at the tertiary, secondary and primary levels of the Department were in vacant at the end of the year under review. Thirty vacancies for Land Registrars which are directly related to the main functions of the Department had also included in it.</p>	<p>-do-</p>	<p>-do-</p>