Head 327 – Land Use Policy Planning Department

1. Financial Statements

1.1 Opinion

Head 327 - The audit of the financial statements of the Land Use Policy Planning Department for the year ended 31 December 2025 comprising the statement of financial position as at 31 December 2025 and the statement of financial performance and cash flow statement for the year then ended ,and notes to the financial statements, including material accounting policy 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 provisions of the National Audit Act, No.19 of 2018. The summary report including my comments and observations on the financial statements of the Land Use Policy Planning Department was issued to the Accounting Officer on 13 May 2026 in terms of Section 11 (1) of the National Audit Act, No. 19 of 2018 and the Detailed Annual Management Audit Report in terms of Section 11 (2) of the National Audit Act was issued to the Accounting Officer on 30 June 2026. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act, No. 19 of 2018.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Land Use Policy Planning Department as at 31 December 2025 and of its financial performance and its cash flows for the year then ended in accordance with the basis of preparation of the financial statements set out in Note 1 to the financial statements.

1.2 Basis for opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility, under those standards is further described in the Auditor’s Responsibility for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Emphasis of Matter - Basis of Preparation of Financial Statements

The attention is drawn to Note 1 to the financial statements, which describes the basis of preparation of these financial statements. The financial statements have been prepared for the requirement of the Land Use Policy Planning Department, the Treasury and the Parliament in accordance with Government Financial Regulations 150 and 151 and State Accounting Guidelines No. 02/2025 dated 17 December 2025. My report is intended only for the use of the Land Use Policy Planning Department, the Treasury and the Parliament of Sri Lanka. My opinion in this regard is not modified.

1.4 Responsibility of the Accounting Officer for the Financial Statement

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with public Finance Regulations 150 and 151 and State Accounts Guideline No. 02/2025 dated 17 December 2025 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.

1.5 Auditor's Responsibility for the Audit of 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 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of its internal control.

- Evaluate that the underlying transactions and events are appropriately and fairly included in the financial statements for the structure and content of the financial statements that include disclosures.

- Evaluate the overall presentation, 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.

The Accounting Officer is made aware of important audit findings, key internal control deficiencies and other matters identified in my audit.

2. Report on Other Legal Requirements

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

(a) The financial statements are consistent with the preceding year,

(b) The recommendations made by me on the financial statements of the preceding year had been implemented.

3. Financial Review

3.1 Entering into Liabilities and Commitments

Audit Observation	Comments of the Accounting Officer	Recommendation
In examining the payment vouchers of the Land Use Policy Planning Department in January and February of the year 2026 alone, the total expenditure relating to the year 2025 amounted to Rs. 369,442 had been incurred from the provisions of the year 2026. However, those expenses had not been identified as liabilities in the financial statements of the year 2025. As a result, the liabilities of Rs. 369,442 had been understated in the financial statements.	The register of liabilities was corrected by including the liabilities that were not included.	Liabilities should be disclosed correctly.

4. Operational Review

4.1 Vision and Mission

Audit Observation	Comments of the Accounting Officer	Recommendation
Approval for the Land Use Act, which is required for the purpose of establishing sustainable land use in the country through the systematic management of limited land resources, had not been obtained.	The Secretary to the Ministry of Agriculture, Livestock, Lands and Irrigation has forwarded the relevant Concept Paper No. 5/1/From /Lupp Act for drafting the Act to the Legal Draftsman by letter dated 11.02.2025.	Approval for the Land Use Act should be obtained.

4.2 Assets Management

Audit Observation	Comments of the Accounting Officer	Recommendation
The receipts and issues of goods received under the cultivation project in the year 2025 had been included in the inventory book and according to the physical inspection carried out on 12 February 2026, there had been a shortage of 50 Power Banks, 49 Pen Drives, 06 Rain Coats, 09 Backpacks, 12 Asus Laptops and 6 books from the Land Use Data and Map Compendium.	Action was taken to rectify the stores register as per the issuance orders.	The receipts and issues of goods should be correctly entered in the inventory book.

4.3 Management weaknesses

Audit Observation	Comments of the Accounting Officer	Recommendation
In November 2024, an amount of Rs. 1,038,978 had been spent on printing 600 copies of the Land Use Data and Map Compendium at Rs. 1732 each. From the year 2024 to the date of audit, 12 February 2026, 516 books of the Land Use Data and Map Compendium had been left in the warehouse. This book, which was printed at a cost of Rs. 1,732 per copy, had sold only 15 copies in 15 months, excluding the number of books issued free of charge, and books had been printed in excess of the requirement.	The main objective of printing the Land Use Data and Map Compendium is to provide necessary information to various Government institutions and parties conducting research on the subject. The Land Use Data and Map Compendium is issued free of charge to Government institutions and is sold to external parties upon request. This data compendium is not a book printed for the sole purpose of sale.	Estimates should be prepared as per the requirement and expenses should be incurred accordingly

5. Human Resource Management

The following observations are made.

	Audit Observation	Comments of the Accounting Officer	Recommendation
(a)	The approved cadre in the year 2025 was 673 and the actual cadre was 564. Accordingly, there were 13 senior level vacancies, 83 secondary level vacancies and 13 primary level vacancies, making a total of 109 vacancies.	Despite the existence of vacancies in the posts, it has been possible to maintain the performance index of the Head Office and District Land Use Planning Offices at a high level by appointing officers on an acting/attend to duties or covering up duties.	Vacancies should be filled in a timely manner as per the necessity.
(b)	Even though the post of Legal Officer included in the above vacancies was approved in the year 2024, no officer had been appointed for that post up to date.	It is informed that further action is underway in this regard.	Action should be taken to appoint an officer to the post of Legal Officer.