

Head 130 - Ministry of Public Administration and Disaster Management

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Ministry of Public Administration and Disaster Management for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 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 Ministry of Public Administration and Disaster Management was issued to the Chief Accounting Officer on 27 May 2019 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report of the Ministry was issued to the Chief Accounting Officer on 31 May 2019 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 give a true and fair view of the Ministry of Public Administration and Disaster Management as at 31 December 2019 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

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities 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 opinion.

1.3 Responsibilities of Chief Accounting Officer on Financial Statements

Preparation of financial statements in a manner that reflects a true and reasonable position and determines the internal control required to enable financial statements to be prepared without inadequate false statements that may result from fraud and error in accordance with Generally Accepted Accounting Principles and the provisions of Section 38 of the National Audit Act, No. 19 of 2018 is the responsibility of the Chief Accounting Officer.

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

The Chief Accounting Officer shall ensure that an effective internal control system is maintained for the financial control of the Ministry in terms of Sub-section 38 (1) (c) of the National Audit Act and it should be periodically reviewed the effectiveness of the system and make any necessary changes to keep the system running efficiently.

1.4 Auditor's Responsibility on 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 exercise 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.
- It is not intended to express an opinion on the effectiveness of internal control of the Ministry to plan appropriate audit procedures in a timely manner.
- Evaluate structure of financial statements including disclosures and content-based transactions and events the structure that the financial statements are appropriate and reasonable.
- That the transactions and events underlying the structure and content of the financial statements are appropriately and fairly when submitting financial statements as a whole.

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

1.5 Report on Other Legal Requirements

I declare the following matters in terms of Section 6 (1) (d) and Section 38 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 furnished for the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Receipts of Revenue

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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<p>The Preliminary Revenue Estimate of Government Building and House Rent had been shown as Rs.1,400 million as per the Revenue Code 20.02.01.01 in Non Tax Revenue -3.2.2 Government Revenue of the Annual Estimate for 2019. But the Preliminary Estimate had been shown as Rs.925 million in the income statement of the financial statements. Accordingly, the Revenue Estimate had been understated Rs.475 million or 51.35 per cent.</p>	<p>Accurate values should be stated in financial statements</p>	<p>Department of Fiscal Policy had increased the Revenue Estimate for more than 50 per cent without informing the Ministry.</p>

1.6.2 Exceeding Limits

The following observation is made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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The maximum limit of expenditure had exceeded by Rs.16,989,178 and the maximum debit balance limit had also exceeded by Rs.50,402,471 in the year under review. Further, the minimum limit of receipts had increased by Rs.25,106,021. Approval of the Minister of Finance had not been obtained by the Department of National Budget.	Actions should be taken in accordance with Financial Regulations 503	Disaster Management Division had not been included while computing the limits of Advance 'B' Account for the year 2019 by the Department of National Budget. The relevant Cabinet Memorandum for increasing the limits had been sent to Department of National Budget with the signature of the Minister of Public Administration and the actions have been taken to amend the limits of Advanced 'B' Account as per the letter of Director General of the Department of National Budget BD/AA/130/13001/2019 dated on 28 August 2019.

1.6.3 Non- Maintenance of Registers and Books

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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Register of Security ----- Register of Security Deposits had not been prepared with the details of officers and employees who had to keep security deposits in terms of the Financial Regulation 891. (1)	Register of Security Deposits should be maintained in terms of the Financial Regulations	Register of Security Deposits had not been updated due to the practical issues remained regarding charges of security deposits according to Financial Regulation 891 and actions will be taken after obtaining necessary advices from Treasury in future.

1.6.4 Non –compliance with Laws, Rules and Regulations

Instances of non- compliances with provisions in Laws, Rules and Regulations observed during the course of audit test checks are analysed below.

Audit Observations	Recommendation	Comments of the Chief Accounting Officer
Reference to Laws, Rules and Regulations	Non-compliance	
(a) Section 151 (2) and 151(3) of the Motor Vehicles Ordinance of No.14 of 1951	Six vehicle accidents out of 8 had occurred at the ministry in 2019 due to the careless and high speed driving of the vehicles given to Minister’s office and his staff. The total of the loss was Rs.3,550,083 .	Comments had not been given.
(b) Chapter XIX of Establishment Code of the Democratic Socialist Republic of Sri Lanka		
(i) Section 4.1	Despite a long waiting list exists, one house from 27 years and another house since 2001 had been given to Sri Lanka Administrative Service Association For a monthly rental of Rs.275 and Rs.1,000 respectively.	Provisions should be followed when allocating common houses and scheduled houses. The approval has been received to charge a nominal rent of Rs.275 from 23C summit house by the Decision of Cabinet of Ministers’ අමුණ/1991/116(70) of 16 October 1991. Considering the above same Cabinet Decision, the 26C summit house has been

allocated to Sri Lanka Administrative Service Association to charge nominal rent of Rs.1000 with effect from 02 February 2001 by the then Secretary of the Ministry.

- (ii) Section 5.2.1 Arrangements had not been made to recover the rent due from the government quarters amounting to Rs.64,653,051 for the period from 2012 to 2019. Actions should be taken to recover the arrears rent to be recovered as 12.5 per cent from the monthly salary of a married officer and 7.5 per cent from the salary of an unmarried officer. It was agreed to pay the arrears amount that had computed based on the records sent assessing with effect from the past amounting to Rs.13,614,000 promptly out of the rent of Rs.36,042,000 receivable for two bungalows which were allocated to Land Reform Commission. The balance amounting to Rs.22,428,000 will be recovered as soon as possible. Frequent notifications have also been made to recover the arrears rent. The value of Rs.8,755,182.56 out of the arrears house rent income relating to the houses in Jayawadanagama housing scheme was sent to the Department of Public Finance to obtain the approval for the write off.
- (ii) Section 6.1 It was observed that, 14 Ministers and 14 Government Officers had resided without required permission in The provisions in the Establishments Code should be followed. The legal actions have been initiated against 6 officers and letters have been issued to 7 more officers to

Government houses until 22 July 2020 the date of audit.

handover the houses. Notices of Evacuation have been sent to one officer. Notices of Evacuation have been sent to 8 more Ministers and letters have been issued informing to handover houses for 6 ministers.

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| <p>(c) Public Administration Circular No. 02/2018 dated 24 January 2018</p> | <p>Although it should assure a minimum training hours not less than 12 hours per annum for each member of the staff as per the Human Resource Development Plan, such a Human Resource Development Plan had not been prepared for the year 2019.</p> | <p>Actions should be taken in terms of the Circular.</p> | <p>A Human Resource Development Plan has been prepared for both years 2018/2019 and the Human Resource Development Plan for the year 2020 is being prepared with special focus on the points stated out.</p> |
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2. Financial Review

2.1 Revenue Management

The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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<p>(a) Arrears Revenue</p> <p>-----</p> <p>The annual recovery of the arrears revenue of five years from the year 2015 to 2019 was less than 22 per cent. Similarly, a sum of Rs.146,803,677 out of this arrears revenue was the balance remained before 31 December 2016 and it was 59</p>	<p>Immediate actions should be taken to recover the arrears revenue.</p>	<p>Even though a significant amount of arrears reported after 01 January 2017 has been recovered, the rent could not be recovered as expected due to various reasons. The balance remained prior to 31 December 2016 relevant to 14 institutions amounting to</p>

per cent out of the total arrears revenue.

Rs.146,803,677 has become difficult to recover. Relevant institutions have already been informed and it is expected to recover the arrears revenue in future.

(b) The balance of arrears revenue had increased by Rs.54,437,902 or 29 per cent as at 01 January 2019 when compared to 01 January 2018.

Immediate actions should be taken to recover the arrears revenue.

Recoverable revenue has decreased as compared to the reported arrears revenue for the year 2018. Further, the arrears revenue that was not reported the years before 2018 amounted to Rs.28,550,028 has been included within the arrears revenue balance as at 01 January 2019 and actions will be taken to recover this arrears revenue promptly.

(c) Even though a sum of Rs.93,379,479 had to be recovered from the Food Commissioner's Department at the end of the year 2019, the action had not been taken to recover these arrears.

Actions should be taken to make aware the institutions and recover the balance.

A sum of Rs.20,361,820 had been recovered out of Rs.84,815,474 of arrears revenue in the year 2019.

The reason for the remaining of an arrears of Rs.93,379,479 as at the 31 December 2019 was the failure to pay rent as per the agreement and necessary actions have already been taken to recover the balance of the arrears.

(d) Although it was ascertained that the arrears rent of Rs.33,465,869 for the buildings belonging to the Department of Pensions for the period from 2009 to 2011 could not be recovered, the actions had not been taken to obtain the necessary approval and to write off.

Actions should be taken to write off as it is not being recovered for a long period.

Requests have been made to obtain the approval of Treasury to write off the total arrears that was unable to recover amounting to Rs.33,465,869 from the books in connection with four institutions and even though the approval of the Treasury has not been received yet, actions will be taken to obtain the approval of treasury and

write off it from the books in future.

(e) The arrears revenue balance of the Government House which had been provided to the Chronic Kidney Prevention and Research Secretariat as at 31 December 2017 was Rs.6,450,000 and an arrears balance had not been shown as at 31 December 2018. However, only the arrears up to the year 2017 and the rent for the year under review amounted to Rs.9,510,000 had been brought to account as the arrears balance as at 31 December 2019.

The receivable revenue should be accurately accounted.

Even though, it has been informed several times in writing to settle the arrears rent since 2015, actions had not been taken to settle the arrears rent up to now.

2.2 Expenditure Management

The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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(a) The provision of Rs.10,140,000 made available a for recurrent expenditure object in the Annual Estimates and under Financial Regulation 66 transfers had been entirely saved without utilizing for the relevant task.	Accurate Expenditure Estimates should be prepared in accordance with the provisions of the Financial Regulations 50.	Agree with the observation.
(b) The total net provision relating to 15 recurrent expenditure objects was Rs.118,335,000 and as the total expenditure was	do	Agree with the observation.

Rs.93,786,592 thus the total saving was Rs.24,548,408. That saving had ranged from 15 per cent to 60 per cent of the total provision.

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| <p>(c) Although the provisions can be transferred in terms of F.R. 66 at the event of the Chief Accounting Officer satisfied that there is inadequate provisions remained to spend during the financial year and the possibility to be exceeded the provisions only, the savings were observed ranging from 35 per cent to 100 per cent by transferring provisions from other expenditure objects at 14 instances.</p> | <p>Accurate Expenditure Estimates should be prepared in accordance with the provisions of the Financial Regulations 50.</p> | <p>Agree with the observation.</p> |
| <p>(d) Even though it had been informed to make 25 per cent compulsory saving from the capital expenditure as per the National Budget Circular 05/2019 dated 24 September 2019, only 10 per cent savings had been made for 31 expenditure objects.</p> | <p>Actions should be taken in terms of the Circular.</p> | <p>Agree with the observation.</p> |

2.3 Entered in to Liabilities and Commitments

The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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(a) Even though the value of liabilities in 34 recurrent expenditure objects as per the Treasury printouts was Rs.30,604,603, as the value stated in the financial statements of the year 2019 was Rs.17,685,619 , there was a difference of Rs.16,779,208 in between Treasury print outs and the Financial Statements .	Actions should be taken to make corrections as per the Treasury print out.	This difference has occurred due to a technical error in the CIGAS Programme and actions will be taken to resolve by the Department of State Accounts in June 2020.
(b) The value of liabilities relating to 8 capital expenditure objects as per the Treasury printouts was Rs.318,763,582 and as the value stated in financial statements 2019 was Rs.191,540,521, a difference of Rs.127,223,061 was observed in between the Treasury printout and financial statements.	Actions should be taken to make corrections as per the Treasury print out.	This difference has occurred due to a technical error in the CIGAS Programme and actions will be taken to resolve by the Department of State Accounts in June 2020.
(c) It had been entered in to liabilities amounted to Rs.1,635,300 in the year under review exceeding the net provisions in contrary to the terms of Financial Regulation 216 (a).	Actions should be taken in terms of Regulation.	The amount entered in to liabilities exceeding the net provision under 8 expenditure objects pertaining to Public Administration division was only Rs.1,338,749. The amount entered in to liabilities exceeding net provisions under 4 expenditure objects pertaining to National Productivity

Secretariat was Rs.322, 710. The payments have been made without considering the adequacy of the balance provision for the year 2019 for the vouchers submitted in 2020 relating to the year 2019 and necessary measures have been made to prevent such payments in future.

(d) Particulars of 12 liabilities which were revealed at the audit test check carried out pertaining to the year 2019 in respect of payment of the year 2020 amounted to Rs.52,794,951 had not been disclosed in the Financial Statements.

All the liabilities should be disclosed in the Financial Statements accurately.

Some of payment vouchers for the year 2019 were presented after preparing of the Register of Liabilities. Since those payments could not be defaulted, it had to be paid and the actions will be taken to avoid such mistakes by making aware of the relevant sections in future.

2.4 Advance Account Balances

Audit Observation

A debt balance receivable from the officers who had left the service, retired and released on a secondment basis amounted to Rs.1,293,671 as at the end of the year under review was in arrears for a period from 1 to 4 years.

Recommendation

The loan balances recoverable should be recovered in timely manner.

Comments of the Chief Accounting Officer

The files have been opened in the Department of Attorney General to take legal actions against 4 officers. Letters have been sent to 4 officers informing to settle the balances. Debt balances are being recovered monthly from two officers and the actions are being taken to recover the debt balance from the death gratuity of a deceased officer and also to recover a debt balance of an officer from

the guarantor. Debt balances of the officers who have been released on secondment are being charged as monthly installments and actions are being taken to recover the debt balance of Rs.392,775 for more than 4 years.

2.5 Surcharges

----- Audit Observation -----	Recommendation -----	Comments of the Chief Accounting Officer -----
<p>It had been stated that the expenditure on the dinner was included in the course fee paid to 30 officers of All Island Services for the participation of a foreign training course from 20 to 25 February 2019. Although it should be recovered a sum of Rs.2,033,450 which had been paid as dinner expenses in contrary to Section 4(b) (1) of the Public Finance Circular No. MF/01/2015/01 dated on 15 May 2015, only Rs.326,250 was recovered.</p>	<p>Actions should be taken according to the Circular of Ministry of Finance.</p>	<p>Arrangements will be made to recover the additional amount paid from relevant officers.</p>

3. Operating Review

3.1 Not achieving Desired Output Level

The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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(a) Although it had been planned to construct Nila Piyasa Houses in 05 Districts which were scheduled to be commenced in 2017 and to be completed in 2019, the works had not been completed even by August 2020.	Actions should be taken to complete the constructions as planned.	Comments have not been given.
(b) Even though it had been planned a capacity building programme for 360 Grade III officers of the Sri Lanka Accountants' Service for the year under review, only 67 officers had participated for that. That was a less percentage of 19 per cent.	The tasks should be achieved to receive an optimum performance as planned.	Comments have not been given
(c) Although 6 recruitment examinations and 30 Efficiency Bar Examinations had been planned to hold by the Combined Services Division during the year, actions had not been taken to conduct those examination.	do	Comments have not been given

3.2 Procurement

The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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(a) Master Procurement Plan had not been prepared for next 3 years in accordance with Section 4.2.1 of the Procurement Guideline 2006.	Actions should be taken in terms of National Procurement Guideline.	Comments have not been given
(b) An over payment of Rs.324,975 had been made for the Air tickets purchased for the Minister for participation of an exhibition held in Russia in June 2019 by Minister. Payments had been approved in contrary to Guideline 2.14 of the National Procurement Guideline.	do	When choosing an Airline for Minister's overseas travel, it should concern about its safety, efficiency, service and about appropriate class. Qatar Airways ranks first when comparing the world airways ranking and Gulf Airways stays in very low position. Accordingly, Qatar Airways has been selected.

3.3 Losses and Damages

The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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(a) Although the damage of the accident should be identified at the time of the preliminary investigation and included in the Register of Losses and Damages, it was not possible to ascertain whether any compensation or write off should be made for the loss or damage since it was not so recorded.	Actions should be taken in terms of Financial Regulation 104(3).	Since the insurance company periodically approves the parts used for repairs, it is not possible to specify the value of the damage in the preliminary examination report prepared regarding the accident.

(b) It should assure that all the accidents to be reported in the nearest Police Station by the officers and drivers who had traveled in the event of accident. Nevertheless, an accident with a loss of Rs.2,700,000 had not been reported to the police station and the drivers had complained to the police station about five accidents stating that it was only a complaint made to obtain insurance.

Actions should be taken in terms of Financial Regulation 1642.

A letter has been given to the drivers stating that how to act in the event of an accident.

3.4 Management Weakness

The following observations are made.

Audit Observation

(a) Forty nine Grade I officers of the Sri Lanka Accountants' Service had been appointed to the post of Chief Financial Officer of Special Grade on full time basis as at the end year under review.

Recommendation

Necessary actions should be taken to carry out promotions in Special Grade.

Comments of the Chief Accounting Officer

Qualified Officers of Grade I of the Sri Lanka Accountants' Service have been appointed on full time acting basis according to the seniority level by the Public Services' Commission for the vacancies in the post of Chief Financial Officer which are in vacant due to suspension of carrying out promotions of officers in Grade I of the Sri Lanka Accountants' Service to Special Grade from 29.11.2016 by a court order. It is informed that, after the completion of the above proceedings necessary actions will be taken to carry out the promotions to the Special Grade.

(b) According to the audit test check carried out on examination of payment of acting salaries for the 06 Officers of in Class I in Sri Lanka Accountant's Service who had been appointed on acting basis, 02 increments were added to the basic salary of 3 officers and 02 increments were paid as allowances to 03 officers. Also, salary conversions had not contained in 26 personal files.

The salary of acting post should be calculated in terms of the Sub-section 12.5.2 of Chapter VII of the Establishment Code.

Payment of salaries of Grade I Officers of Sri Lanka Accountants' Service is a duty within the scope of the Secretaries of the relevant Ministries and Heads of the institutions and, it is kindly informed you that necessary actions will be taken to inform the Secretaries of the relevant Ministries and Heads of the institutions to rectify this situation.

(c) In granting foreign leave with salary, the officer should report to the relevant administrative officer of the service which he belongs as per the Public Administration Circular No. 21/2017(1) dated on 31 December 2017. However, a Grade 1 officer of the Sri Lanka Accountants' Service had been granted foreign leave from August 2019 to July 2022 without reporting to the relevant authorized officer, Secretary to the Ministry of Public Administration and Disaster Management. Further, although an officer who goes abroad for a period of more than 12 months is ineligible to reserve government house as per Paragraph 2 of the agreement signed when providing a government official quarters, the above officer had not handed over the house again until the 30 July 2020 the date of the audit.

Action should be taken in terms of Circulars.

It is sufficient to have complete a Post Graduate Degree in the relevant field for promotion to Special Grade as per the to the Sri Lanka Accountants' Service Minute and although if an officer is reading for Ph.D. furthermore it is possible to grant leave without pay as per Section 16 of Chapter XII of the Establishments Code, it is observed that the provisions of the Establishments Code had not been followed when granting the permission to go abroad. It is kindly informed you that the Secretary to the Ministry of Finance will be informed in this regard and necessary actions will be taken in future.

4. Human Resource Management

Audit Observation

The approved cadre as at 31 December 2019 was 1792, the actual cadre was 1409 and the vacancies were 383. The Ministry had spent Rs.1,079.7 million on the category of personal emoluments during the year under review. Accordingly, the per capita expenditure was Rs.766,306.

Recommendation

The actions should be taken to fill the vacancies for essential posts.

Comments of the Chief Accounting Officer

Actions will be taken to fill the vacancies.

Disaster Management Division

1.6 Comments on Financial Statements

1.6.1. Lack of Evidence for Audit

Audit Observation

The value of Rs.50,062 stated in the statement of write off from book and recoveries during the year under Program No. 02 of the Statement of write off from books had not been included in the Register of Losses and Damages .

Recommendation

Actions should be taken to include in Register of Losses and Damages.

Comments of the Chief Accounting Officer

Comments have not been given

1.6.2 Non –compliance with Laws, Rules and Regulations

Instances of non- compliances with provisions in Laws, Rules and Regulations observed during the course of audit test checks are analyzed below.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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Reference to Non-compliance Laws, Rules and Regulations

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

(i) Section 1645	The log books of 6 vehicles of the National Disaster Relief Services Center had not been properly maintained.	The vehicle log books should be maintained in proper manner in terms of the Financial Regulation 1645.	Arrangements will be made to complete the log books related to the relevant vehicles.
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(ii) Section 1647 (b) (e)	A detailed list of the vehicles and their equipment of the National Disaster Relief Services Center had not been prepared after carrying out an entire inspection on the vehicles.	Actions should be taken to prepare a list of vehicles in accordance with Financial Regulation 1647.	Actions will be taken to prepare a list of vehicle in terms of Financial Regulation No. 1647(b) and (e)
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(b) General format 268 (a)	Actions had not been taken to submit the original formats of the Monthly Summaries prepared as per the General format in respect	Originals of the Summaries should be submitted to Auditor General.	The originals of the monthly summaries of travelling in relation with the year have been forwarded to the Auditor General
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of the vehicles of the National Disaster Relief Services' Center to the Auditor General before the 15th day of the following month.

through the Head of Department in accordance with General form 268 (a)

2. Financial Review

2.1 Expenditure Management

The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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<p>(a) In addition to the original estimate of Rs.200 million made available for 04 capital expenditure objects and Rs.2,782 million provisions made available by Supplementary Estimates had been saved ranging from 81 per cent to 100 per cent due to weaknesses in estimation or improper planning of tasks. Further, in addition to the Rs.200 million provisions made available from original estimates for a recurrent expenditure object, a sum of Rs.439 million provisions had been made available from Supplementary Estimate and had saved 99 per cent.</p>	<p>Actions should be taken to prepare estimates accurately and utilize the provisions.</p>	<p>Lack of adequate imprests, failure to meet expected expenditures.</p>

<p>(b) As the total expenditure was Rs.1,066,266,557 out of total estimated provision of Rs.2,141,700,000 relating to the 7 capital expenditure objects, the savings was Rs.1,075,433,443. It had ranged from 33 per cent to 67 per cent.</p>	do	<p>Inability to carry out some procurements due to problems in the procurement process</p>
<p>(c) The total estimated allocation of 5 recurrent objects was Rs.10,620,000 and the total expenditure was Rs.913,649. Accordingly, savings was Rs.9,706,351 and it had ranged from 35 per cents to 100 per cents.</p>	do	<p>Savings occurred due to lack of imprests and the not occurring expected expenditure, non-payment of membership fees, inability to recruit expected officers.</p>

2.2 Entered in to Liabilities and Commitments

The following observations are made.

Audit Observation	Recommendation	Comments of the Chief Accounting Officer
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<p>(a) It had been entered in to liabilities amounted to Rs.2,195,549 in exceeding the savings of 05 objects in contrary to the provisions of Financial Regulation 216 (a).</p>	<p>It should not enter in to liabilities exceeding the savings of the expenditure objects.</p>	<p>These expenditures have occurred due to the submission of December 2019 bills for payment in the first few months of 2020.</p>
<p>(b)The value of liabilities related to 17 recurrent expenditure objects as per the Treasury print out as at 31 December 2019 was Rs.265,731,227 and as the</p>	<p>The value of liabilities should be shown in financial statements accurately.</p>	<p>This difference is a technical error in the CIGAS Programme and actions will be taken to rectify from the Department of State Accounts in June 2020.</p>

value stated in financial statements 2019 was Rs.271,990,789, treasury printout and financial statements could not be reconciled by Rs.6,259,562.

(c) The value of liabilities related to 9 capital expenditure objects as per the Treasury print as at 31 December 2019 was Rs.713,892,017 and as the value stated in financial statements 2019 was Rs.406,406,820, treasury printout and financial statements could not be reconciled by Rs.307,485,197.

The value of liabilities should be shown in financial statements accurately.

This difference is a technical error in the CIGAS Programme and actions will be taken to rectify from the Department of State Accounts in June 2020..

2.3 Advance Account Balances

Audit Observation

Recommendation

Comments of the Chief Accounting Officer

The balance of an officer, who had retired two years ago, had not been even by the end of the year under review.

The loan balances should be recovered promptly.

This officer had retired on completion of age 60 and since he had passed away on 11.05.2019, it is in the process of recovering from the unpaid pension and death gratuity to be paid to his heirs due to the case is being heard in the Homagama Magistrate's Court.

3. Operating Review

3.1 Failure to Perform Tasks

Audit Observation

Benefits had not been provided to 740 out of 800 families living in high risk areas in the Matale District and any family living in high risk areas in the Galewela and Ambanganga Korale Divisional Secretariat arrears. The physical progress of the distribution of benefits was very low, ranging from 6 per cent to 13 per cent in other 06 Divisional Secretariat areas. Out of the allocation of Rs.59,791,800 given to the Matale District for the year 2019, only Rs.22,216,800 had been utilized and the total utilization of allocation of the District was 37 per cent as a whole.

Recommendation

Benefits should be provided to families living in the high risk areas without any delay.

Comments of the Chief Accounting Officer

It was not possible to obtain answers from the Divisional Secretariats for the audit query.

3.2 Procurement

The following observations are made

Audit Observation

Recommendation

Comments of the Chief Accounting Officer

(a) Even though the estimation of the 5KW generators in the Procurement Plan of the National Disaster Relief Services Center was Rs.6,500,000 since 250 generators of 3KW had been purchased for Rs.18,176,038 a sum of Rs.11,676,038 or 179.63 per cent had been paid more than the estimated cost.

The estimates should be prepared properly in accordance with the Plan.

As a result of understanding of market value in an improper manner due to the calling quotation over the telephone when preparing estimates, this failure had arisen. Attention will be drawn on this in future.

(b) Even though the National Disaster Relief Services Center had planned to purchase and distribute 1000 water tanks of 1000 liter, the District Secretariats had to pay Rs.560,232 over the purchased price of the Disaster Management Division due to failure to procure within the stipulated time period.

National Procurement Guideline should be followed properly.

The District Secretariats of Kalutara, Kegalle, Matale and Jaffna have requested for water tanks due to the severe dry weather condition affecting to 24 Districts in this year. Due to the procurement process for the purchase of water tanks was in process at that time, the procurement process was carried out in accordance with prices of procurement decisions of the District Secretariats considering the urgent need of the District Secretariats.

3.3 Assets Management

The following observations are made.

Audit Observation

Nine water bowsers donated by the Chinese Government for Kurunegala District had been idle due to their large size, inability to operate on by-roads and difficulties in operation and maintenance.

Recommendation

Provide training to drivers on the use and maintenance of lorry bowsers and send those lorry bowsers to other places where they can be utilized.

Comments of the Chief Accounting Officer

It has to spend high cost when driving the bowser more times due to low capacity in use of those tractor bowsers. Since two drivers who had nominated by the District Secretaries have been trained about bowser handling at Colombo and District Secretaries it has been informed the District Secretaries to provide relevant training to other drivers by those drivers.

3.4 Management Weakness

The following observations are made.

Audit Observation

The following observations are made regarding the resettlement of affected people who had been shifted from their places due to flooding landslides and high risks of landslides.

- (a) Actions had not been taken to select the beneficiaries from a committee as per Section 2 of the Resettlement Guide Line and it had not been ascertained that

Recommendation

Actions should be taken according to the Guideline of Resettlement.

Comments of the Chief Accounting Officer

Answers will be furnished after receiving from the Divisional Secretariats.

beneficiaries registered for the Resettlement Project of the Yatawatta Divisional Secretariat were resided at risk areas according to the Geo Technical Reports issued by the National Building Research Organization.

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| <p>(b) A sum of Rs.127, 450,000 had been paid for the resettlement of 91 beneficiaries from 2017 to 2019 in 06 Divisional Secretariats in Hambantota District. Even though 03 Years had elapsed for this activity,it was observed that due to non – settlement in those houses by January 2020, the resettlement activities in safe places could not be carried out successfully to save the lives of the people.</p> | <p>Resettlement in safe places should be carried out successfully to save the lives of people.</p> | <p>Answers will be furnished after receiving from the Divisional Secretariats</p> |
| <p>(c) Sixteen water tanks which had been provided by National Disaster Relief Services Center to distribute the affected people by the severe dry weather in the Divisional Secretariats in Matale District had been utilized for non-essential purposes. Damages in 38 water tanks, lack of information on water tanks were further observed.</p> | <p>Actions should be taken for the documentation of the priority beneficiaries and act accordingly.</p> | <p>Answers will be furnished after receiving from the Divisional Secretariats</p> |

4. Good Governance.

4.1 Services Rendered to Public

Audit Observation

A Fund amounting to Rs.294.73 million had been formed from the local and foreign donations received as at 31 December 2019 to the bank account opened to provide relief services to the affected people in emergency disaster situations. It also included USD 1 million donation received from the Chinese Government. However, adequate arrangements had not been made to utilize these funds for disaster relief activities.

Recommendation

The donations received from donors should be utilized in a way that fulfills the aims they have donated.

Comments of the Chief Accounting Officer

Decision of Cabinet of Ministers had been obtained to utilize the money in this Disaster Relief Accounts for the Pilot Project to be implemented in Kalutara and Rathnapura Districts for the Housing Construction Project for the families whose houses had completely damaged due to the floods in 2017. The further actions are being implemented by agreement signed with the Secretary In Charge to the Ministry of Disaster Management and the Chinese constructions company called Yapke Construction (PVT) Ltd. for the implementation of the Project.

5. Human Resource Management

Audit Observation

Even though the approved cadre of the Disaster Management Division was 114, the actual cadre as at 31 December 2019 was 81. Accordingly, there were 33 vacancies in the Posts of Senior Management Level.

Recommendation

Actions should be taken to recruit staff or essential posts.

Comments of the Chief Accounting Officer

Letter has been sent to the Ministry of Public Administration requesting to fill the existing vacancies in the Disaster Management Division. The number of vacancies in the Disaster Management Division was 31 by 17 June 2020.

