

Head 307 - Department of Motor Traffic

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Department of Motor Traffic 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 Department of Motor Traffic was issued to the Accounting Officer on 26 June 2020 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018 . The Annual Detailed Management Audit Report of the Department of Motor Traffic was issued to the Accounting Officer on 18 September 2020 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 in accordance with the provisions of State Accounts Circular No. 271/2019 dated 03 December 2019 give a true and fair view of the financial position of the Department of Motor Traffic 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 qualified opinion.

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

The Chief Accounting Officer and the Accounting Officer are responsible for 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 .

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 annual and periodic financial statements to be prepared.

The Accounting Officer shall ensure that an effective internal control system is maintained and maintained for the financial control of the Department 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 express a reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue the Summary Report of the Auditor General 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 furthermore;

- Appropriate audit procedures were designed and implemented to identify and assess the risk of possibility of quantitative misrepresentations occurred in financial statements due to fraud or errors in providing a basis for the expressed audit opinion. More than the impact of quantitative

misrepresentations due to misrepresentation, the effect of fraud is strong because of malpractice, forgery, intentional evasion, misrepresentation, or evasion of internal controls can lead to fraud.

- Although it is not intended to express an opinion on the effectiveness of internal control , obtained an understanding of internal control in order to plan appropriate audit procedures occasionally.
- Evaluated the appropriateness of the accounting policies followed, fairness of accounting estimates and related disclosures made by Management.
- Evaluated whether the transactions and events underlying the structure and content of the financial statements are appropriately and fairly consisted in and presentation of financial statements including disclosures as a whole.

The 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 Sub-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 Cash Flow Statement

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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<p>(a) There was a difference of Rs. 2,172,994 in comparing the balances of 07 account items and the schedules pertaining to that according to the cash flow statement.</p>	<p>The balances in the schedules should match with the relevant balances in the cash flow statement</p>	<p>There was no direct method for calculating cash flow. Since it was prepared based on certain assumptions it is accepted that it may not have reflected the actual cash flow .</p>
<p>(b) Luxury vehicle taxes amounting to Rs. 1,859,524,152 received in cash during the year under review had not been shown in the cash flow statement.</p>	<p>All cash receipts should be applied to the cash flow statement.</p>	<p>It was not recognized as receipts because it was a money that does not credit to the bank account of the Department.</p>

1.6.2 Imprest Adjustment Account

The following shortcomings were available in the adjustment account which was prepared to settle the difference in the Imprest Account.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) The detailed information on how the value of Rs.286,438,141 in the Adjustment Account was calculated had not been furnished to audit.	Analytical reports should be presented for transactions.	The answers have not been given.
(b) Although only the revenue collected by other Ministries and Departments should be debited to the Adjustment Account, the carbon tax amounting to Rs.62,495,420 collected during the year 2019 by the Department of Motor Traffic had also debited to the Imprest Adjustment Account.	Only the figures pertaining to the adjustment account need to be applied.	It is accepted that indicating of this amount in the Adjustment Account is not accurate.

1.6.3 Certifications to be made by the Accounting Officer

Although the Accounting Officer was required to certify in respect of the following matters as per the Provisions of Section 38 of the National Audit Act No. 19 of 2018, actions had not been taken accordingly.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) The Chief Accounting Officer and the Accounting Officer should ensure that an effective internal control system is developed and maintained for the financial control of the Department and the efficiency of the system should be reviewed periodically and necessary changes should be made to keep the system running efficiently and although those reviews should be made in writing and a copy should have been submitted to the Auditor General, statements that such reviews were made had not been submitted to the audit.	Actions should be taken in accordance with the provisions of Section 38 of the National Audit Act No. 19 of 2018.	The answers have not been given.

- (b) Although the Chief Accounting Officer and the Accounting Officer should ensure that all audit queries are answered within the timeframe required by the Auditor General, the answers had not been given for the audit queries in terms of Paragraph 3.3 of the Report. Actions should be taken in accordance with the provisions of Section 38 of the National Audit Act No. 19 of 2018. The answers have not been given.

1.6.4 Non-compliance with Laws, Rules, Regulations

The instances of non-compliance with the provisions in the laws, rules and regulations observed during the test checks are analyzed as follows.

Reference to Laws, Rules, Regulations	Non-compliance	Recommendation	Comments of the Accounting Officer
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(a) Motor Vehicles Act (Authority 203) -----			
(i) Section 6 (a)	A register containing the details of registered motor vehicles had not been maintained.	To act in accordance with the Act.	The answers have not been given.
(ii) Section 08	There were instances where motor vehicles were registered before the stipulated fee was paid.	To act in accordance with the Act.	The date on which the application is signed is the date of registration.

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| <p>(iii) Section 18 (8)
(a)</p> | <p>A Register had not been maintained regarding the canceled vehicles.</p> | <p>To act in accordance with the Act.</p> | <p>The answers have not been given.</p> |
| <p>(b) Section 28 of the National Archives Act No. 48 of 1973 and Sub-section 9 (1) of Chapter XXVIII of the Establishments Code</p> | <p>The custody of the vehicle files had not been delegated to the officers. As a result of this, there was a need to document the details of the vehicle files that were being destroyed in the containers in the Werahera premises.</p> | <p>To act according to the relevant Laws and Rules.</p> | <p>The answers have not been given.</p> |
| <p>(c) Treasury Operations Circular No. 5/2007 dated 05 September 2007</p> | <p>A current bank account had not been disclosed in the financial statements.</p> | <p>Transactions that are legally required to be disclosed should be disclosed.</p> | <p>The officers have been instructed to indicate those information in financial statements.</p> |
| <p>(d) Paragraph 04 (b) of the Fiscal Policy Circular No. 01/2015 dated 20 July 2015</p> | <p>Steps had not been taken to avoid occurring arrears income. As a result, the arrears in 2019 had been increased by 208 per cent as compared to the year 2016.</p> | <p>Maintain records in accordance with the Laws and Rules and expedite the recovery of arrears income.</p> | <p>Action will be taken to recover the arrears income . The increase in number of vehicles has also caused to this.</p> |

2. Financial Review

2.1 Revenue Management

Audit Observation	Recommendation	Comments of the Accounting Officer
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It was observed that the receiving of arrears for the period from 1995 to 2014 were in a position of uncertainty due to non-preparation of records for arrears revenue for luxury motor vehicle taxes.	Compute the arrears income and prepare relevant reports.	Instructions have been given to prepare those reports.

2.2 Expenditure Management

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) There were savings ranging from 35 per cent to 100 per cent of the provisions for the 06 expenditure objects. Likewise, a sum of Rs.5,200,000 received from a supplementary estimate to one expenditure object had been totally saved.	Properly prepare the estimates.	It is agreed with audit observations.

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| (b) | A 98 per cent or a sum of Rs.214,800,000 of an estimated provision of an expenditure object had been transferred to other expenditure objects . | Preparation of estimates realistically. | It is agreed with audit observations. |
| (c) | The provision saved in 07 expenditure objects even after deducting 25 per cent from capital expenditure had ranged in between 37 to 100 per cent as per National Budget Circulars Nos. 5/2019 dated 24 September 2019. | Preparation of estimates realistically. | It is agreed with audit observations. |

2.3 Issuance and Settlement of Advances

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) The debt balances receivable for more than 5 years from deceased officers totalled to Rs.727,523 had not been settled.	To settle the balances without delay.	Finding information is being carried out.
(b) There were 04 outstanding loan balances amounted to Rs. 226,230 for more than 05 years though the officers had transferred from the institution.	To settle the balances without delay.	Finding information is being carried out.

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| <p>(c) There were 17 balances amounting to Rs.1,170,753 for more than 05 years within 19 loan balances receivable over 2 years from interdicted officers amounting to Rs.1,330,463 .</p> | <p>To take legal actions since it had taken long period.</p> | <p>Disciplinary inquiries of five officers are being conducted.</p> |
| <p>(d) The loan balances receivable from 07 officers who had left the service and 07 officers whose pensions were suspended amounting to Rs.234,042 and Rs. 302,722 respectively had been older than older than 05 years.</p> | <p>To take legal actions since it had taken long period.</p> | <p>Legal action is in process against one officer. Finding information is being carried out .</p> |
| <p>(e) There was a difference of Rs.2,359,113 in between the total of the Individual Balances Classification Summary as at 31 December 2019 and the balance of the Departmental Books as at that date.</p> | <p>Comparing the relevant documents with the original documents and account for.</p> | <p>This change had occurred because of taking into lists more accurately in this year.</p> |

2.4 Deposit Balances

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Actions had not been taken in terms of Financial Regulation 571 for 12 contract retention balances amounted Rs. 24,179,394 for over 02 years.	Taking actions in accordance with Financial Regulations.	Actions have been taken to appoint a committee for this and call a report.
(b) List of Lapsed Deposits at the close of each half year had not been prepared in terms of F.R 571 (1) .	Taking actions in accordance with Financial Regulations.	Reports have not been prepared as these deposits do not fall under F.R 571 .
(c) Due to lack of analysis for deposit of Rs.5,708,778 remained in District Offices as at the end of the year, it was not ascertained in which offices and how old those balances were.	To prepare the reports with analysis.	Arrangements have been made to obtain the information remained on the relevant deposit balances from the District Secretariats.

- (d) An income of Rs. 57,640,136 collected in November 2019 for the Western and Uva Provincial Councils which had to be settled in the first week of next month, had been taken into the General Deposit Account, in contrary to Paragraph 04 (c) of the Fiscal Policy Circular No. 01/2015 dated 20 July 2015.
- To take steps as per Laws, Rules and Regulations.
- This income has been sent to the relevant Provincial Councils on 07 January 2010.

2.5 Entered into Commitments and Liabilities

Audit Observation

Recommendation

Comments of the Accounting Officer

It had entered into liabilities amounting to Rs. 16,260,062 for the capital expenditure in contrary to Financial Regulation 94 (2) .

Actions should be taken in accordance with Financial Regulation 14 (2).

The answers have not been given.

2.6 Operating Bank Accounts

The following observations are made.

Audit Observation

Recommendation

Comments of the Accounting Officer

- (a) There were unidentified payments and receipts amounted to Rs.1,089,884 and Rs.778,295

Transactions need to be properly identified and accounted for.

Actions are being taken to settle.

respectively as per the Bank Reconciliation Statement dated 31 December 2019 .

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| <p>(b) The value of cheques issued for more than 06 months as at 31 December 2019 was Rs.1,210,671 and there were cheques amounted to Rs. 178,318 for more than one year within that. Actions had not been taken in terms of Financial Regulations 396 (d) with regard to these cheques.</p> | <p>To act in accordance with Financial Regulations.</p> | <p>The value of cheques over a 06 months of period as at 31 December 2019 was Rs. 305,510.</p> |
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3. Operating Review

3.1 Losses and Damages

Audit Observation

Recommendation

Comments of the Accounting Officer

It had been stated in Section 08 (1) (b) of the Finance Act No. 16 of 1995 that the luxury vehicle taxes collected by insurance companies in one month should be credited to the revenue of the Department before the 15th day of the following month.

To look into the amendment of the law and to come into an agreement with the Divisional Secretariats.

Specific answers had not been given regarding the situation causes because of this provision in the Act .

Accordingly, the taxes amounted to Rs.264,099,500 had been withheld in between the period of 06 to 43 days by those companies only in the first six months of the year 2018.

It was not observed that it had looked into the collection those taxes when issuing revenue licenses by the Divisional Secretariats. Further, it was also observed that this tax is to be levied by the insurance companies till 05 March 2026 .

3.2 Operational Inefficiencies

3.2.1 Printing of Vehicle Number Plates

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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<p>(a) The new procurement had been offered to the previous supplier himself on 10 September 2019 instead of determining on the most advantageous option considering the difference between the total of the both import cost and the local cost incurring for manufacturing a vehicle number plate and the price paid to the current supplier.</p>	<p>To look into alternative methods for number plate printing.</p>	<p>The answers have not been given.</p>

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| <p>(b) The contract works had been commenced in May 2000 for this activity by entering into agreements with the previous supplier in October 1999. Nevertheless, the tender had been brought forward by 10 years until April 2010 extending the contract period from time to time due to time taken to settle a loss of US\$ 9,068,145 occurred to company and improper functions of the new procurement. After that , the new tender was also awarded to the same company and that contract period had ended in April 2015. Later on, the contract was awarded to the same supplier extending the agreement period on 07 occasions and the tender up to the year 2024 had also been again awarded to the same company.</p> | <p>To carry out procurement activities within a certain time frame.</p> | <p>The answers have not been given.</p> |
| <p>(c) Even though it had made aware of the existing contract would expire in April 2015, the procurement work required for this had commenced in February 2016, that was nine months after the expiry of the contract period. Furthermore, the Technical Evaluation Committee, which appointed in March 2015, had submitted its report in December 2016, after 19 months.</p> | <p>To perform procurement activities efficiently.</p> | <p>The answers have not been given.</p> |
| <p>(d) The new procurement which had commenced on a Decision of the Cabinet of Ministers in the year 2015 had been cancelled by the Procurement Appeals Committee in 2017 on errors existed. Because of this, the delay was 24 months and according to a Decision of the Cabinet of Ministers in 2017, the time taken to select a supplier in April 2019 was 24 months.</p> | <p>To perform procurement activities efficiently .</p> | <p>The answers have not been given.</p> |

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| <p>(e) Even though a Technical Evaluation Committee was appointed in June 2017, it had taken 11 months to submit the bidding documents to them. Similarly, it had elapsed 07 months to the Procurement Committee to determine whether a new sticker should be included in the Procurement.</p> | <p>To perform procurement activities efficiently.</p> | <p>The answers have not been given.</p> |
| <p>(f) A certificate on the quality of number plates had not been obtained as per the Condition 11.2 (a) of the contract entered into in 2019. Further, although a Performance Security valued at Rs. 200 million should be furnished in accordance with Condition 17.1 and Guideline 5.4.8 of the National Procurement Guidelines it had not been acted upon. Likewise, a full insurance coverage for expected damage had also not been obtained as per Condition 23.1 .</p> | <p>To take actions with complied to the terms of the contract.</p> | <p>The answers have not been given.</p> |
| <p>(g) This contract amounting to 4,984 million had not been published in the National Procurement Agencies website and in the Gazette in terms of the Guideline 8.10.2 of the Government Procurement Guidelines. Further, the number plates had not been printed with the required details in accordance with Order 10 (v) issued by the Minister of Transport by the Extraordinary Gazette Notification No. 1704/09 dated 04 May 2011.</p> | <p>To act in accordance with Rules.</p> | <p>The answers have not been given.</p> |
| <p>(h) Even though the contract period had been extended for a period of 48 months in 07 cases, it had not been discussed in respect of the contract price revisions at any point. However, the supplier had</p> | <p>To make arrangements to secure public funds by taking every possible effort.</p> | <p>The answers have not been given.</p> |

not offered the lowest prices because of the very advantageous situation that had built up due to the skill and the ability to print number plates in a period of 09 years, completion of all the machinery and infrastructure facilities. Accordingly, it was not observed that adequate intervention had been made by the responsible parties to reap the benefits which can be obtained to the Government. The amount of public money flowed to the private sector for 5,173,526 number plates printed during the 04 years from 01 May 2015 was observed as Rs. 1,102,929,374 .

3.2.2 Supplying of Stickers with Radio Frequency Identification Tags

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>(a) A sticker should be affixed in the upper left corner above the Revenue License inside of the windscreen of a vehicle as per the Order 20 (I) 02 issued by the Minister of Transport through the Extraordinary Gazette Notification No. 1704/09 dated 04 May 2011. Accordingly, the sticker should be applied only to vehicles with windscreens. However, it was also observed that a stickers are being issued for motorcycles as well for about 9 years without any formal legal provisions.</p>	<p>Projects should be implemented in a manner to achieve the desired objectives.</p>	<p>The answers have not been given.</p>

- (b) Although the average of the annual requirement for stickers was 918,588, as per the new registrations and transfers of vehicles for the last 08 years, it had been determined the annual requirement for stickers as 542,000 as per the documents pertaining to the agreement entered into in May 2019. Likewise, determining to buy a machine that can only retrieve few data for a Rs. 590,000 was also questionable during the audit. -do- -do-
- (c) It had been stated in the bidding documents that the relevant equipment should read the data of a vehicle running at a speed of at least 160 kmp/h and the readable and writeable distances of the data had been stated as 06 meters and 03 meters respectively. Accordingly, approaching to a vehicle running at a speed of 160 km per hour up to 06 meters or 03 meters was also questionable during the audit. -do- -do-
- (d) It was also questioned on the practical value of the cost incurring on issuing of such a sticker despite it had not fulfilled the matters such as making aware of the public regarding this sticker, legislating that it should be affixed on a specific location in a vehicle and utilization of data reading equipment and as who uses them. -do- -do-

3.3 Failure to Answer Audit Queries

Audit Observation

Recommendation

Comments of the Accounting Officer

Answers to 07 audit queries submitted to the Department with regard to the financial year 2019 had not been furnished even by 31 July 2020 .

To reply to audit queries without delay.

The answers have not been given.

3.4 Management Weaknesses

3.4.1 Disposal of Old Number Plates

A Decision of Cabinet of Ministers had been given to hand over the old number plates to the Industrial Development Board and if not, to dispose of them through competitive bidding system.

The matters observed in this regard were as follows.

Audit Observation

Recommendation

Comments of the Accounting Officer

- (a) The net profit earned by the Industrial Development Board from the sale of dilapidated number plates between 2016 and 2018 was Rs. 3,485,325 . It was a loss of revenue to the Department as this function is not performed directly.
- To make aware the relevant parties about the income which is being lost.
- The Decision of the Cabinet of Ministers is to provide number plates at a reasonable price.

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| <p>(b) It was not ascertained a sum of Rs.1,981,141 was received from the Industrial Development Board for 26980 kgs. of dilapidated number plates.</p> | <p>Collection of income immediately.</p> | <p>The answers have not been given.</p> |
| <p>(c) It had been reported that the production cost of small and medium scale industrialists had increased due to the seizure of middlemen as per the Guidelines on Scrap Metal Management issued by the Industrial Development Board. It was observed that if the Department of Motor Traffic had provided the scrap material directly to the relevant manufacturers at a price agreed with the Industrial Development Board, the profit they made would be Rs. 27.82 per 01kg.</p> | <p>To make aware the relevant parties on the adverse effects that may arise in initiating and carrying out any activity.</p> | <p>It has been determined at the meeting of the price committee that the price of 01 kg of number plates should be Rs.73.43 as per the Decision of the Cabinet of Ministers.</p> |

3.5 Apparent Misappropriations

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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<p>(a) Even though the owner had formally informed the Department in the year 2004 that a vehicle was stolen, the vehicle had been registered in someone else's name in the year 2017 after 13 years and an</p>	<p>To act in accordance with the Laws and Rules and conduct an investigation on this and to take proper</p>	<p>It has been informed in July 2004 that the absolute ownership should be registered. Transfer documents are</p>

objection was also computerized with regard to this. Further, although the absolute owner of the vehicle had given written notice in July 2004 to register his ownership, it was observed that it had not been accomplished. In spite of the original copy of the vehicle registration certificate was in the possession of the Sri Lanka Insurance Corporation, this transference had been registered in contrary to the Section 14 (1) (a) of the Motor Vehicles Act. This transference had been done on a revenue license obtained in the year 2017 with a lump sum payment of Rs. 158,025 for this vehicle from 1998 for 20 years and it was a matter of controversy. It was not observed that a summary procedure had not been carried out in respect of the possession of a vehicle without a revenue license in terms of Section 25 (1) of the Motor Vehicles Act.

(b) The Western Provincial Commissioner of Motor Traffic had instructed to suspend the transfer of a Mitsubishi Montero jeep due to a questionable transfer documents. The Western Provincial Department of Motor Traffic and the Department of Motor Traffic had accepted two different persons as the owners of this vehicle from the first registration in the year 2003 to the year 2019 and license fees had been paid for 8 days in the year 2018 . Likewise, it could not ascertain whether this was a vehicle

actions against the relevant parties.

An investigation should be carried out to confirm the possession of the vehicle and proper actions should be taken against the relevant parties.

apparently correct. The aggrieved party can file a case and the transfer has been made after payment of the outstanding license fee.

The original file has not yet been received from the Record Room. It should inquire from the Commissioner of Motor Traffic of the Western Province and the data of this vehicle was not transmitted from the Department of Customs. Similarly, all taxes have been paid.

that was illegally assembled or imported and then incorporated into the computer system due to the vehicle has been in possession for 15 years without a revenue license in contrary to Section 25 (1) of the Motor Vehicles Act, lack of information about the chassis number because of unavailability of a custom link for the vehicle . Moreover, the unpaid luxury tax for this vehicle was Rs.757,500.

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| <p>(c) It was observed that removing all information other than the registration number and date of a Chinese-made CEYGRA three-wheeler from the computer system, a British-made MINI COOPER had been registered in that number .</p> | <p>To conduct an investigation on the accuracy of the vehicle registration and if any irregularities have occurred, proper steps should be taken for that.</p> | <p>The answers have not been given.</p> |
| <p>(d) It was observed that a Mitsubishi Pajero Jeep had been registered under the registration number of Peugeot 504 car by removing the information in the computer system regarding that.</p> | <p>An independent investigation should be conducted to ascertain the accuracy of the registration of this vehicle.</p> | <p>A clear answer had not been given.</p> |

3.6 Improper Transactions

The following observations were made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Even though an income of Rs. 488,898,050 had been earned from the year 2018 to February 2020 under 05 income objects, the instructions in the Fiscal Policy Circular No. 01/2015 dated 20 July 2015 had not been followed for this.	To get approved of laws for the collection of revenue without delay.	The answers have not been given.
(b) The Telephone Short Message System (SMS) on registration of vehicles had been assigned without calling open bids in accordance with Guide 1.2.1 of the Government Procurement Guide. The composition of the Technical Evaluation Committee, which recommended the procurement, had been proposed by one of its members and approved by the Commissioner General. However, it was observed that the software had become inactive and if it does not reactivate, the expenditure incurred on it amounting to Rs. 2,160,000 was useless.	To act in accordance with the Rules and reactivating the service.	Actions are being taken to install this service on a separate server.

3.7 General Matters

The following observations were made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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<p>(a) It was observed that only the first change was noted and the subsequent amendments were not noted when several amendments are made to the registration certificate within one day. Accordingly, there is a possibility to make only minor changes in the first amendment such as the color and address of the vehicle, and secondly to remove data such as chassis number and insert it into the new database. Further, it could not be ruled out in audit that the possibility to be falsely registered of vehicles those were assembled in the country or illegally imported due to all the applications submitted for the amendment of the registration certificates were in the name of the previous owner after the transfer of the ownership of registration and the lack of information on customs records pertaining to old vehicles in the computer system.</p>	<p>To take necessary steps to establish proper internal control so that not to occur irregularities.</p>	<p>Although it has been automatically transmitted with the Database of the Department of Customs and the Computer System of the Department of Motor Traffic since 2003, it has been impossible to transmit information on all vehicles.</p>
<p>(b) Although the carrying out of the function of blacklist of vehicles through the computer system had been assigned to the Internal Audit and Investigation Division and the task</p>	<p>To establish a proper internal control.</p>	<p>The answers have not been given.</p>

of removing them to the Commissioner of Information, the other officials had also done the same activity. Similarly, the powers vested only to the Investigation Division had been delegated to the supervising officers in the vehicle transfer Divisions.

4. Achieving of Sustainable Development Goals

Audit Observation

Recommendation

Comments of the Accounting Officer

Although their resources should be efficiently operated in order to achieve the objectives of 3.6, 3.9, 11.2 and 11.6 in the Sustainable Development Act No. 19 of 2017, relevant programmes had not been prepared even by now to identify those objectives and achieve them.

To act in accordance with the provisions of the Act.

The answers have not been given.

5. Human Resource Management

Audit Observation

Recommendation

Comments of the Accounting Officer

An officer had spent 137½ days away from the office out of 183 working days declaring as duty leave during the year 2019 . Even though the approval of the Commissioner General for the duty leave

Taking actions in compliance with laws, rules and regulations.

The answers have not been given.

obtained in the first quarter of 2019 was available, any approval had not been given for the rest of the time. There was no procedure for approving leave considering the duty had to be performed prior to taking such leave and none of this leave was in accordance with Section 13 of Chapter XII of the Establishments Code.