

Head 166 – Ministry of Water Supply and Drainage

Report of the Auditor General- Year 2013

Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Ministry of Water Supply and Drainage for the year ended 31 December 2013 was carried out in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Secretary to the Ministry on 31 October 2014. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1.2 Responsibility of the Chief Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with the provisions in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

1.3 Audit Observation

According to the Financial Records and Books for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing from

(a) to (c) and major audit findings appearing in paragraphs 1.4 to 1.11 herein, the Appropriation Account and the Reconciliation Statements of the Ministry of Water Supply and Drainage had been prepared satisfactorily.

(a) Replies to Audit Queries

Out of 10 audit queries issued to the Ministry in the year under review, replies to 2 audit queries had not been submitted even by 25 November 2014.

(b) Appropriation Account

(i) Total Provisions and Expenditure

The total net provision made for the Ministry of Water Supply and Drainage had been Rs.34,958,700,000 and out of it, a sum of Rs.26,075,754,237 had been utilized by the end of the year under review. Accordingly, a sum of Rs.8,882,945,763 or 25.4 per cent had been saved from the net provisions. Details are given below.

Expenditure	As at 31 December 2013			Savings as a percentage of the Net Provisions
	Net Provisions	Utilization	Savings	
	Rs.	Rs.	Rs.	
Recurrent	187,700,000	187,140,095	559,905	0.3
Capital	34,771,000,000	25,888,614,142	8,882,385,858	25.5
Total	34,958,700,000	26,075,754,237	8,882,945,763	25.4

(ii) Budgetary Variance

The following observations are made.

- The entire net provisions amounting to Rs.895,200,000 made for 09 Objects had been saved.
- Excess provisions had been made for 24 Objects and as such, the savings thereunder after utilizing the provisions ranged between 21 per cent and 98 per cent of the net provisions relevant to those Objects.
- Provisions totalling Rs.9,300,000 had been obtained from other Objects in terms of Financial Regulation 66 by stating that adequate provisions had not been made for 2 Objects. The entire provisions so obtained had been saved without utilizing by the end of the year under review.
- Provisions totalling Rs.1,262,300,000 had been obtained from other Objects in terms of Financial Regulation 66 for 6 Objects. A sum of Rs.1,467,171,658 had been saved after utilizing the provisions made for those 6 Objects by the end of the year under review. Accordingly, the entire provisions amounting to Rs.1,262,300,000 obtained from other Objects for those 6 Objects had been saved without being utilized.

(c) Reconciliation Statement of the Advances to Public Officers Account

It had been failed to recover a loan balance amounting to Rs.38,095 recoverable from an officer interdicted from 10 December 2005, even by the end of the year under review.

1.4 Assets Management

The following deficiencies were observed during the audit test check carried out in respect of assets of the Ministry.

- (a) Even though the Boards of Survey had been carried out for the year 2013, the Inventory Books of the store of the Ministry had not been balanced as at 31 December 2013.

- (b) Only the actual balance of certain goods had been shown at the Boards of Survey of inventoried goods and shortages and excesses of certain goods had been indicated without showing the balance according to the Inventory Book and the actual balance.

1.5 Irregular use of Assets of other Institutions

The Ministry had used 11 vehicles owned by the National Water Supply and Drainage Board and a sum of Rs.1,108,584 had been spent on insurance, licenses, repairs and diesel tax for those vehicles in the year 2013 by the National Water Supply and Drainage Board.

1.6 Irregular use of Assets not Acquired

Eighteen vehicles owned by the Community Water Supply and Sanitation Project and the Lunawa Environment Promotion Project implemented under foreign funds, had been used for the purposes of the Ministry in the year under review.

1.7 Non-compliances

Non-compliance with Laws, Rules, Regulations etc.

Instances of non-compliance with the provisions of laws, rules and regulations observed during audit test checks are analyzed below.

Reference to laws, rules and regulations	Non-compliance
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(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	

(i) Financial Regulation 1645 (a)	Log Books for the vehicles of the Ministry had not been maintained properly.
(ii) Financial Regulation 1646	The officer in charge had not presented the Daily Running Charts and the Monthly Performance Reports of the vehicles in the pool owned by the Ministry.
(b) Public Administration Circulars	

Circular No.41/90 of 10 October 1990	Fuel consumption of vehicles had not been checked once in every 6 months.
(c) Treasury Circulars	

Circular No. IAI/2002/02 of 28 November 2002	A Register of Fixed Assets in respect of computer accessories and software had not been maintained.
Circular No.842 of 19 December 1978	A Register of Fixed Assets had not been maintained.
(d) National Budget Circulars	

Paragraphs 1.1.6 and 1.1.7 of the Circular No.118 of 11 October 2004	The outstanding loan balance of the officers should be recovered within 2

months from the institution from which they have transferred and if not so, the Ministry should recover that balance from the relevant institution through the Monthly Accounts Summaries in the third month. Action had not been so taken to recover the loan balances totalling Rs.767,158 from 5 officers transferred from the Ministry.

1.8 Weaknesses in Implementation of Projects

Funds amounting to Rs.1,119,800,000 had been provided from 17 sources for 7 large scale projects. Seven large scale water supply projects for which provisions amounting to Rs.2,881,200,000 had been made in the year 2013, had not been commenced. A sum of Rs.289,769,029 had been spent as administrative expenditure for those 07 projects in the year under review.

1.9 Irregular Transactions

Out of the provisions saved at the end of the year under review in an Object for the South Asian Conference on Sanitation (SACOSAN), 04 computers and 02 Laptop computers had been purchased for Rs.363,760 for the Ministry by calling quotations on 31 December 2013 itself without considering the requirement.

1.10 Management Weaknesses

The following weaknesses were observed during the audit test checks.

- (a) A Register in respect of vehicles returned to the Ministry after the completion of the projects, including details such as the date of return, vehicle Number, model of the vehicle, the year of purchase had not been maintained.

- (b) Seventeen condemned vehicles belonging to 02 projects had been parked in the premises of the Ministry and those could not be auctioned due to non-transferring them to the Ministry properly.
- (c) Even though a sum of Rs.149,699 had been shown as additions in the year 2013 under Buildings and Constructions (2104) in the Report of Movement of Non-current Assets in the Appropriation Account, the 03 relevant garages had not been constructed and building materials had been stacked in the premises of the Ministry even by 2 May 2014, the date of audit.
- (d) Proper action had not been taken in respect of petitions on water and matters related to water, submitted by the public and it was confirmed by the following information given below that adequate response had not been made even by October 2014 for public complaints received in the year 2013. Even though 103 public complaints received in the year 2013 had been forwarded to the Water Trust, replies had not been given thereon as well.

Nature of Public Complaints	Number of Public Complaints	Number of Replied Public Complaints	Number of Unanswered Public Complaints	Percentage of the Number of Unanswered Public Complaints
Personal requests for water				
Central Province	52	34	18	35
Southern Province	46	14	32	70
All island	256	163	93	36
Water charges with discrepancies				
All island	29	17	12	41
New water schemes				
All island	37	19	18	49

Extension and
development of
new water schemes

All island 72 27 45 63

1.11 Human Resources Management

(a) Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2013 was as follows.

Category of Employees	Approved Cadre	Actual Cadre	Vacancies
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Senior Level	25	15	10
Tertiary Level	04	03	01
Secondary Level	82	60	22
Primary Level	39	27	12
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Total	150	105	45
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The Ministry had failed to fill 45 vacancies by the end of the year under review.

(b) Human Resources obtained from other Parties

Five employees of two other institutions had been deployed in the Ministry without a proper approval and it was revealed that salaries and wages had been paid by the relevant institutions to those employees.