

Auditor General’s Report on the Accounts of the Ministry of Irrigation and Water Resources Management and the Department under the Ministry - 2010

This report comprises two parts.

Part 1 - Summary Report on the Accounts of the Ministry and the Departments under the Ministry

Part 2 - Detailed Report each Appropriation Head

Part I

Summary Report on the Accounts of the Ministry of Irrigation and Water Resources Management and the Department under the Ministry

1. Department under the Ministry

Head of Expenditure -----	Name of Department -----
282	Department of Irrigation

2. Annual Action Plan

The Ministry and the Department under the Ministry had prepared the Annual Action Plans at the beginning of the year of accounts.

3. Accounts

3.1 Appropriation Accounts

(a) Presentation of Accounts

One Appropriation Account of the Department under the Ministry had been presented to audit by 31 March 2011. The following Account had not been presented to audit.

Ministry -----	Appropriation Head -----	Date of Presentation -----
Ministry of Irrigation and Water Resources Management	152	08 April 2011

(b) Total Provisions and Expenditure

The total net provision made for the Ministry and the Department under the Ministry amounted to Rs.15,332,126,754 and out of that a sum of Rs.11,575,191,913 had been utilized by the end of the year under review. Therefore, the net savings of the Ministry and the Department were Rs.3,756,934,841 and represented 25 per cent of the total net provisions. Details appear below.

Appropriation Head	Ministry/ Department	<u>Net provision</u>		<u>Utilization</u>		<u>Savings</u>	
		<u>Recurrent</u> Rs	<u>Capital</u> Rs	<u>Recurrent</u> Rs	<u>Capital</u> Rs	<u>Recurrent</u> Rs	<u>Capital</u> Rs
152	Ministry of Irrigation and Water Resources Management	1,987,325,000	7,415,101,754	1,908,209,244	4,956,328,058	79,025,756	2,458,773,696
282	Department of Irrigation	1,206,590,000	4,723,200,000	1,126,493,497	3,584,161,114	80,096,503	1,139,038,886
	Total	3,193,825,000	12,138,301,754	3,034,702,741	8,540,489,172	159,122,259	3,597,812,582

(c) Provisions obtained under the Budget Support Services and Contingent Liabilities

A sum of Rs.7,301,754 had been obtained by Supplementary Estimates for capital expenditure under the Operating Programme of Head 152 Ministry of Irrigation and Water Resources Management.

(d) Utilization of Provisions made available to other Ministries and Departments

Provisions totalling Rs.616,771,443 as shown below had been made available to other Ministries and Departments for various activities and the particulars of utilization are given below.

(i) Ministry of Irrigation and Water Resources Management

Department provided with Provisions	Provisions given	Actual Expenditure	Savings (as at 31 December 2010)	Observations on Savings
	Rs.	Rs.	Rs.	
Department of National Budget	7,301,754	-	7,301,754	Not stated

(ii) Department of Irrigation

Ministry/Department/District Secretariat provided with Provisions	Provisions given	Actual Expenditure	Savings (as at 31 December 2010)	Observations on Savings
	Rs.	Rs.	Rs.	
District Secretariat Kurunegala	427,357,755	386,489,880	40,867,875	Savings had been due to the legal requirement that arose in the payment of compensation on land acquisitions.
Ministry of Irrigation and Water Resources Management	2,500,000	1,500,000	1,000,000	Savings after incurring the actual expenditure.

Ministry of Highways	19,470,183	10,620,750	8,849,433	Savings after incurring the actual expenditure on the activities for the year 2010.
Ministry of Wildlife Conservation (Weheragala)	21,800,000	13,873,120	7,926,880	Total savings resulting from the inability to improve the habitats due to adverse weather conditions and savings arisen in the purchase of 02 double cab motor vehicles.
District Secretariat Ampara	187,200	nil	187,200	Savings due to the legal requirement that the payment of compensation for lands acquisition
Ministry of Forests	4,346,000	2,828,283	1,517,717	Savings after incurring actual expenditure on activities executed in the year 2010.
Ministry of Irrigation and Water Resources Management	1,500,000	1,262,000	238,000	Savings after incurring actual expenditure.
Natural Water Supply and Drainage Board	99,000,000	99,000,000	-	No savings
District Secretariat Matale (Wemedilla)	7,008,000	6,540,550	467,450	Not paid as it was not possible to determine the heirs due to the death of the compensation recipient.
Ministry of Irrigation and Water Resources Management	500,000	210,000	290,000	Savings of Administrative Expenditure.

District Secretariat Hambantota	24,700,000	24,591,339	108,661	Savings of Administrative Expenditure.
Ministry of Irrigation and Water Resources Management	397,261	397,261	-	No savings
Ministry of Irrigation and Water Resources Management	703,290	703,290	-	No savings
	----- 609,469,689 =====	----- 548,016,743 =====	----- 61,453,216 =====	

3.2 Advance Accounts

3.2.1 Advances to Public Officers Accounts

(a) Presentation of Accounts

Two Advances to Public Officers Accounts that should be proper for the year under review by the Ministry and the Department under the Ministry had been presented to audit by 31 March 2011.

(b) Compliance with Limits

The Ministry and the Department under the Ministry had complied with the limits on the Advances to Public Officers Accounts authorized by the Parliament.

3.3 Imprest and General Deposit Accounts

3.3.1 Imprest Accounts

The debit balances of the Imprest Accounts of the Ministry and the Department under the Ministry as at 31 December 2010 amounted to Rs.7,344,265 and an age analysis there on is given below.

Ministry/ Department -----	Less than 01 year -----
	Rs.
Ministry of Irrigation and Water Resources Management	6,920,932
Department of Irrigation	423,333

	7,344,265
	=====

3.3.2 General Deposit Accounts

The balances of the Deposit Accounts of the Ministry and the Department under the Ministry as at 31December 2010 totalled Rs.362,675,922 and an age analysis thereon not furnished.

Part II

Detailed Report Relating to each Appropriation Account

1.1 Appropriation Head 152 - Ministry of Irrigation and Water Resources Management

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Ministry of Irrigation and Water Resources Management for the year ended 31 December 2010 was carried out in pursuance of provisions of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report on the Ministry of Irrigation and Water Resources Management for the year under review was issued to the Secretary to the Ministry on 12 September 2011. 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 limitation 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 of 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 Observations on the Accounts and Reconciliation Statements

According to the Financial Records and Books for the year ended 31 December 2010, it was observed that except for the effects of the general observations appearing at (a) to (e) and other major observations appearing in paragraphs 1.4 to 1.6 herein, the Appropriation Account and the Reconciliation Statement of the Ministry of Irrigation and Water Resources Management had been prepared satisfactorily.

(a) Presentation of Accounts

- (i) The Ministry of Irrigation and Water Resources Management had not presented the following account to audit by 31 March 2011.

Head -----	Name of Accounts -----
152	Appropriation Account

(b) Budgetary Variance

- (i) The entire net provision of Rs.194,000 made for 02 Objects of Head 152 had been saved.
- (ii) Excess provisions had been made under 20 Objects and as such the savings there under after the utilization of provision ranged between 25 per cent to 88 per cent of the net provision.

(c) Imprest Account

The unsettled imprest balances of the Ministry of Irrigation and Water Resources Management as at 30 April 2011 amounted to Rs.6,920,932.

(d) General Deposit Account

The balance of the General Deposit Account as at 31 December 2010 amounted to Rs.56,805,254 and that balance included deposits totalling Rs.5,582,166 for more than 02 years on which action that could have been taken in terms of Financial Regulations 571 had not been taken.

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

According to the Reconciliation Statement of the Advances to Public Officers Account Item No.15201 prepared as at 31 December 2010, the balances that remained outstanding as at that date totaled Rs.1,548,735 and the follow up action on the recovery of those outstanding balances had been at a weak level.

1.4 Assets Management

Irregular Use of Assets belonging to other Institutions

The Ministry had been using motor vehicles belonging to other institutions without formal authority. Audit test checks revealed that 31 motor vehicles belonging to 10 institutions are being so used.

Category of Assets	Assets owned by	Number	Value	Period
-----	-----	-----	-----	-----
Motor Vehicles	Mahaweli Authority of Sri Lanka	11	Details could not be obtained	Details could not be obtained
	Ministry of Health	02	-do-	-do-
	Ministry of Nation Building	02	-do-	-do-
	Ministry of Ports Development and Rehabilitation	01	-do-	-do-
	Department of Irrigation	10	-do-	-do-
	Water Resources Secretariat	01	-do-	-do-
	Supplies and Consultancy Bureau	01	-do-	-do-
	Ceylon Electricity Board	01	-do-	-do-
	Frauds and Corruption Investigation Bureau	01	-do-	-do-
	Department of Peoplisation Public Enterprises	01	-do-	-do-

1.5 Human Resources Management

Approved Cadre and Vacancies

The position of the Cadre as at 31 December 2010 had been as follows

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	22	12	10
(ii) Tertiary Level	04	02	02
(iii) Secondary level	41	26	15
(iv) Primary Level	42	19	23
(v) Others	-	06	-
(Casual/Temporary)	-----	-----	-----
Total	109	65	50
	=====	=====	=====

1.6 Internal Control

(a) Maintenance of Registers

The Ministry had not maintained a Register of Damage in terms of Financial Regulation 110.

(b) Internal Audit

An adequate internal audit of the Ministry, in terms of Financial Regulation 133, had not been carried out.

(c) Implementation of the Audit and Management Committee

The Ministry had held only one meeting of the Audit and Management Committee in the year 2010.

2. Appropriation Head 282 Department of Irrigation

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Department of Irrigation for the year ended 31 December 2010 was carried out in pursuance of provisions of 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 Director General of Irrigation on 13 September 2011. 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 scope and extent of such review and tests were such as to enable as wide audit coverage as possible within the limitations of staff, other resources and time available to me.

2.2 Responsibility of the Chief Accounting Officer and the Accounting Office for the Accounts and Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with the provisions of 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 presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

2.3 Audit Observation on the Accounts and Reconciliation Statements

According to the Financial Records and Books for the year ended 31 December 2010, it was observed that except for the effects of the general observations appearing at (a) to (c) and other major observations appearing in paragraphs 2.4 to 2.12 herein, the Appropriation Account and the Reconciliation Statement of the Department of Irrigation had been prepared satisfactorily.

(a) Budgetary Variance

The entire net provisions of Rs.30,100,000 made for 04 objects had been saved.

(b) General Deposit Account

A difference of Rs.2,137,142 was observed between the balance of the General Deposit Account and the balance according to the Treasury computer printouts as at 31 December 2010. That difference had not been rectified even by September 2011.

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

According to the Reconciliation Statement of the Advances to Public Officers Account Item No.28201 as at 31 December 2010, the balances that remained outstanding as at that date totalled Rs.20,563,620 and the follow up action on the recovery of those outstanding balances had been at a weak level.

2.4 Assets Management

(a) Conduct of Annual Boards of Survey

The following observations are made.

- (i) The Department had not conducted Boards of Survey in respect of 41 Offices of Irrigation Engineers, 11 Zonal Offices and the Head Office for the year and furnished the reports to the Auditor General in terms of Financial Regulations 756 and the instructions of the Circular No. PF/FS/Board of Survey/01 date 17 December 2010 of the Director General of Public Finance.

(ii) Action in terms of the provisions of regulations had not been taken on excess and shortages responded and other recommendations made in the Board of Survey Reports relating to the year 2010.

(b) Unsettled Liabilities

The unsettled liabilities of the Department as at 31 December 2010 amounted to Rs.39,239,329 and that comprised balances less than 01 year old.

(c) Official Quarters of the Department given to External Parties

Four houses out of the new storeyed Housing Project of the Department had been given for occupation of the officers and employees of external institution.

2.5 **Non - compliances**

(a) Non - compliance with Laws, Rules, Regulations, etc

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

Reference to laws, Rules, and
Regulations

Non - compliance

(i) Establishments Code

Section 6.1 of Chapter XIX

Even though the lease period of official quarters is 05 years, it was observed that certain occupation of quarters at Rathmalana had been occupying the quarters continuously for about 30 years.

(ii) Financial Regulations

Financial Regulations 104(3) Even though several years had elapsed after accidents to motor vehicles reports on losses and 104(4) damage had been furnished as specified.

(b) Non - compliance with Tax Requirements

Rates amounting to Rs.763,225 had been overpaid on 02 buildings of the Department from the year 2007.

2.6 Weaknesses in the Implementation of Projects

Delays in the Execution of Projects

Delays in the execution of the following projects by the Department were observed.

Projects	Estimated Cost	Year of Commencement	Year of Completion	Extended up to December 2010	Reason for Delay
Reconstruction of Kiriampulchege Anicut	40	1998	2008	10.4	Alternative Proposal under consideration
Hekitta Flood Controls	47	2005	2009	27.1	Delay of the contractor.
Lunugamwehera Scheme	90	2007	2009	11.9	Limitation of work as it is a pilot project

2.7 Performance

(a) Key Functions not Executed Adequately

Instances where certain key functions of the Department not executed adequately were observed during the course of audit and such instances are given below.

- (i) The Department had commenced the Hettige Ela Project in the year 2005 on an estimate of Rs.42 million for completion in 04 years. The objective of the implementation of this project was to enable nearly 2000 families in the areas of authority of the Divisional Secretariats, Kalubowila and Homagama to cultivate 2400 acres of paddy fields. Even though a sum of Rs.21,427,108 had been spent up to 31 December 2010, the work had not been completed.
- (ii) An estimate of Rs.499.6 million had been prepared for the construction of the main canal and the distribution canals of the Rambukkan Oya Project and sum of Rs.3 million and Rs.10 million had been spent in the year 2009 and up to August 2010 respectively. Nevertheless, it as observed in audit that the planned financial and physical progress of the project has not been achieved.

2.8 Deficiencies in the Operation of Bank Accounts

According to an analysis of the Bank Account prepared as at 31 December 2010, it was observed that action in terms of Financial Regulation 396 had not been taken on cheques issued but not presented for payment. An age analysis thereon is given below

<u>Particulars of Adjustments</u>	<u>Age Analysis</u>		Total
	Over 06 months less than 01 year	Over 01 year less than 03 years	
	Rs.	Rs.	Rs.
Cheques issued but not presented for payment	228,179	399,782	627,961

2.9 Transactions of Contentious Nature

The Department had purchased 10 air-conditioners for Rs.2,753,100 in the year 2009. It was observed that 05 of those did not conform to the model agreed and that another 02 had broken down in the year 2010.

2.10 Lack of Evidence for Audit

The Caterpillar Crawler Tractor belonging to the Department repaired at the Mechanical Workshop, Ampara and taken to the Rambukkan Oya Work Site on 06 February 2010 had broken down after operating for 02 hours and had to be garaged for repairs again. Even though the cost of repairs to the machine carried out was requested from the Mechanical Engineer, Ampara that information was not furnished up to November 2010.

2.11 Management Weaknesses

The following weaknesses were observed.

According to the decision on the Cabinet Memorandum No.07/0326/356/006 dated 28 February 2007, the approval for the purchase of 02 Crawler Tractors, 05 Concrete Mixers and 01 air compressor had been granted. Nevertheless, these machinery and equipment had not been purchased even by 31 July 2010. According to the explanation furnished by the Director General of Irrigation, it was observed that the approval of the Cabinet of Ministers for the purchase of 02 Crawler Tractors and 05 Concrete Mixers had been obtained without carrying out a proper study of the needs.

2.12 Human Resources Management

Approved Cadre and Vacancies

The position of the Cadre as at 31 December 2010 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	324	269	55
(ii) Tertiary Level	147	34	113
(iii) Secondary Level	2,432	1,362	1,070
(iv) Primary Level	1,832	1,516	307
(v) Others	-	415	-
(Casual/Temporary/Contract Basis)			
Total	4,726	3,596	1,545