

Appropriation Head 185 –Ministry of Telecommunication and Information Technology – Auditor General’s Report – year – 2012

1.1 Scope of Audit

The audit of the appropriation account of the Ministry of Telecommunication and Information Technology for the year ended 31 December 2012 comprising the financial records, reconciliation statements, books registers and other records was carried out in pursuance of provisions in Article 154(1) of the Democratic Socialist Republic of Sri Lanka. The management audit report for the year under review had been issued to the Secretary to the Ministry on 13 June 2013. Audit Observations, comments and findings on accounts and reconciliation statements are based on review of the accounts and the reconciliation statements presented to audit and substantive 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

Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Account and reconciliation statement in accordance with Article 148,149,150 and 152 of the Democratic Socialist Republic of Sri Lanka, other statutory provisions, Public Finance and administrative regulations and designing and implementation of such internal control necessary to enable the preparation and presentation of accounts and reconciliation statements that are free from material misstatements whether due to fraud or error.

1.3 Audit Observations

According to the financial reports and books as at 31 December 2012, it was observed that except for the General observations appearing in paragraph (a) to (c) and main audit findings appearing in paragraph 1.4 to 1.10 below, the appropriation account and the reconciliation statements of the Ministry of Telecommunication and Information Technology had been satisfactorily prepared.

(a) Non – Maintenance of registers and books

Replies to 02 audit queries issued during the year under review to the Ministry had not been sent even by 31 March 2013. The quantifiable Value of those queries was Rs. 3,308,345.

(b) Appropriation Account
-----(i) Total Provision and Expenditure

The total net provision made for the Ministry for the year under review amounted to Rs. 525,838,760 and out of which a sum of Rs. 520,879,557 had been utilized by the end of the year. Accordingly, savings from the total net provision amounted to Rs. 4,959,203, representing 0.94 per cent of the total net provision. Particulars are as follows .

Expenditure	Estimated Provision as at 31 December 2012	Net Provision as at 31 December 2012	Savings as at 31 December 2012	Savings as a Percentage of Net Provision
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	Rs.	Rs.	Rs.	%
Recurrent	59,290,000	66,738,760	896,456	1.34
Capital	9,400,000	459,100,600	4,062,747	0.88
Total	68,690,000	525,838,760	4,959,203	0.94
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(ii) Budget Variance

The entire provision of Rs. 700,000 made for 02 expenditure items had been saved.

Due to overprovision made for 04 items of expenditure savings of those items after being utilized, had been ranged from 50 to 99 per cent of the net Provision.

(iii) Fuel and Electricity Expenditure Management

Even though instructions had been given by the Treasury Circular No. 156 dated 16 February 2012 that the fuel and electricity expenditure should be managed within the estimated provision and any additional provision would not be given therefore and F.R. 66 transfers would not be approved by the Treasury, a provision of Rs. 1,987,000 had been transferred to those items during the year under review under F.R. 66 with the approval of the Treasury.

(c) Advances to Public Officers Account

Limits Authorized by Parliament

Limits Authorized by Parliament for the Advances to Public Officers Account bearing item No. 18501 and actuals are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,200,000	946,400	300,000	951,062	2,000,000	3,750,220

The following observations are made.

Even though the maximum limit of balance authorized by Parliament for the advance account activities of the Ministry amounted to Rs. 2,000,000, that debit balance had become Rs. 3,750,225 by the end of the year under review and as such the limit had been exceeded by Rs. 1,750,220.

1.4 Good Governance and Accountability

1.4.1 Annual Performance Reports

In terms of Public Finance Circular Nos. 402 and 402(I) dated 12 September 2002 and 20 February 2004 respectively mentimed in the letter No. P/FR/2/2/2/3/5(4) dated 10 March 2010 of the Director General of Public Finance addressed to all Ministry Sectaries, Chief Secretaries of Provincial Councils, Heads of Departments, District Secretaries and Heads of Local Authorities, the annual performance report to be prepared within 150 days after the end of the financial year, should be tabled in Parliament with a copy to the Auditor General. The Performance report for the year under review had not been tabled in Parliament even by 06 June 2013.

1.4.2 Annual Procurement Plan

The annual Procurement Plan in terms of National Budget Circular No. 128 dated 24 March 2006 had been prepared only on 14 February 2012.

1.4.3 Internal Audit

The Ministry of Telecommunication and Information Technology had failed to set up an internal audit unit in terms of F.R. 133.

1.4.4 Implementation of the Audit and Management Committees

In terms of Public Finance Circular No. PF/PE/07 dated 15 March 2000 and Management Audit Circular No. IAI/2000/1 dated 12 June 2000 and No. IAI/2001/1 dated 15 January 2011, Audit and Management Committees should be established and met at least once a quarter. Nevertheless, only one meeting had been held in the year 2012 by the Ministry.

1.5 Assets Management

Improper Utilization of Assets belonging to other Institutions

A motor vehicle belonging to the Ministry of Finance had been used by the Ministry Since 22 November 2010 without a proper approval.

1.6 Non- compliances

Non – compliance with Laws, Rules, regulations etc.

Instances of non- compliance with Laws, rules and regulations observed in audit test checks are analyzed below.

Reference to Laws, Rules, Regulations -----	Value ----- RS.	Non – Compliance -----
Circulars of the Presidential Secretarial -----		
Circular No. CA/1/17/1 dated 14 May 2010	-	In addition to the 03 official vehicles assigned to the Minister, another 05 vehicles had been used for the same purposes.
Public Finance Circulars -----		
Circular No. PF437 of 18 September 2009		Insurance covers had not been obtained for 07 vehicles of the Ministry

Statutory Provisions

Paragraph 05 of the Cabinet decision No. 127,500 Despite it was decided to recruit officers required for the Dayta Kirula Secretariat on secondment basis for a one year period, contrary to that 02 officers had been recruited on contract and casual basis at a monthly salary of Rs. 15,000 and total salaries amounting to Rs. 75,000 and Rs. 52,500 had been paid respectively.

1.7 Performance

According to the Corporate Plan prepared for the period 2011-2016 by the Ministry of Telecommunication and Information Technology, it was planned to implement 18 activities in the year 2012 but 02 of them only had been implemented.

1.8 Transactions with Fraudulent Nature

The following observations are made.

- (a) Although the Additional Secretary of the Ministry had purchased food and goods valued at Rs. 30,821 from advances obtained for the Deyata kirula exhibition, they had not been taken over and recorded in the Ministry Stock books. The relevant goods had not been utilized by the Ministry.
- (b) Travelling allowances had been taken by 02 drivers at Rs. 5,250 each in respect of duties carried out in one vehicle on the same dates and same times, in the month of February 2012.
- (c) Payments had been made on 16 November 2012 for four filing cupboards for Rs. 36,000 at Rs. 9,000 each without receiving the goods. Out of 04 cupboards, 02 had been supplied subsequently and the balance 02 cupboards had not been supplied. The government money amounting to Rs. 18,000 relating to 02 cupboards had been utilized by a private party for about 04 months and then it had been handed over to the Ministry on 13 March 2013.
- (d) A sum of Rs. 342,965 had been paid to a supplier on 11 December 2012 for the purchase of writing tables, cupboards and sofa sets required for the Deyata Kirula Secretariat. While a sum of Rs. 80,010 had been paid for the supply of sofa sets, 08 chairs valued at Rs. 70,712 had been purchased instead of purchasing sofa sets. Accordingly, the balance of Rs. 9,298 had been retained by the supplier even by 23 April 2013 and as such it was allowed to misappropriate Government money.

1.9 Uneconomic Transactions

A large building of 14,660 square feet in extent for 74 employees at 198 square feet for one person had been taken on rent. Building rent totalling Rs. 13,400,100 comprising Rs. 12,100,000 for the period from January to November 2012 and Rs. 300,000 for the month of December 2012 had been paid. Accordingly, the Ministry had paid the building rent at Rs. 181,082 per employee annually

1.10 Human Resources Management

Approved and Actual Cadre

The cadre position as at 31 December 2012 is given below.

Employee Category -----	Approved Cadre -----	Actual Cadre -----	No. of Vacancies -----
(a) Senior Level	09	07	02
(b) Tertiary Level	01	01	-
(c) Secondary Level	24	16	08
(d) Primary Level	20	13	07
(e) others (casual temporary /Contract basis)	01	01	-
Total	55 ==	38 ==	17 ==

The Ministry had failed to fill 17 vacancies by the end of the year under review