

**Appropriation Head 152 - Report of the Auditor General relating to the Ministry of Irrigation and Water Resources Management and the Department under that Ministry - Year 2012.**

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This Report Consists of two part.

Part I - Summary report relating to the Ministry and the Department under that Ministry.

Part II - Detailed report relating to 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

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**1. Department under the Ministry**

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<b>Expenditure Head</b>	<b>Name of the Department</b>
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282	Department of Irrigation

**2. Accounts**

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**2:1 Appropriation Account**

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**(a) Total Provision and Expenditure**

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The total net provision made for the Ministry and Department under the Ministry amounted to Rs.36,910,460,000 and out of that a sum of Rs.31,453,650,558 had been utilized by the end of the year under review. Accordingly, the savings from the net provisions of the Ministry and Department ranged between Rs.3,574,223,811 and Rs. 1,882,585,631 or ranged between 13 per cent and 22 per cent of the total net provision. Details appear below.

Appropriation Head	Ministry/ Department	Net Provision as at 31 December 2012		Utilization as at 31 December 2012		Savings as at 31 December 2012	
		Recurrent	Capital	Recurrent	Capital	Recurrent	Capital
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		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
152	Ministry of Irrigation and Water Resources Management	2,032,665,000	26,346,970,000	1,958,752,121	22,846,659,068	73,912,879	3,500,310,932
282	Department of Irrigation	1,377,375,000	7,153,450,000	1,339,780,614	5,308,458,755	37,594,386	1,844,991,245
	Total	3,410,040,000	33,500,420,000	3,298,532,735	28,155,117,823	111,507,265	5,345,302,177
		=====	=====	=====	=====	=====	=====

(b) Utilization of Provisions received from other Ministries and Departments

Provisions totalling Rs.1,358,685,798 had been given for various activities as shown below by other Ministries / Departments and particulars relating to utilization of such provisions are given below.

Department of Irrigation

Ministry / Department	Provisions Received	Actual Expenditure	Savings / Excess (As at 31 December 2012)	Observations on Savings briefly
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	Rs.	Rs.	Rs.	
Ministry of Irrigation and Water Resources Management	1,257,423,868	1,004,406,843	253,017,025	Out of the entire provisions received, a sum of Rs.323,562,855 or 24 per cent had not been utilized.
Ministry of Economic Development	96,600,000	29,304,875	67,295,125	
Ministry of Agriculture	844,000	-	844,000	
Department of Agriculture	3,817,930	1,411,225	2,406,705	
Total	1,358,685,798	1,035,122,943	323,562,855	
	=====	=====	=====	

2.2 Advance Accounts  
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2.2.1 Advances to Public Officers Accounts  
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Limits Authorized by Parliament  
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The following limits on the Advances to Public Officers Accounts authorized by Parliament had been complied with by the Ministry and the Department under the Ministry. Details appear below.

Head	Object Code	Expenditure		Receipts		Debit Balance	
		Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
-----	-----	-----	-----	-----	-----	-----	-----
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
152	15201	145,000,000	101,345,654	102,000,000	141,710,253	480,000,000	355,207,592
282	28201	9,000,000	7,149,432	4,800,000	8,150,085	42,000,000	29,175,683

2.3 Imprest and General Deposits Accounts  
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(a) Imprest Account  
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A credit balance of the Imprest Account of the Ministry as at 31 December 2012 amounted to Rs.6,701,105.

(b) General Deposits Accounts

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The balances of the General Deposit Accounts of the Ministry and the Department under the Ministry as at 31 December 2012 totalled Rs. 379,683,071 and the particulars thereon are given below.

Ministry / Department	Account Number	Balance as at 31 December 2012
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		Rs.
Ministry of Irrigation and Water Resources Management	6000/0000/00/0015/0063/000	13,790,562
Department of Irrigation	6000/0000/00/0001/0022/000	8,183,436
Department of Irrigation	6000/0000/00/0015/0137/000	357,709,073
		-----
		379,683,071
Total		=====

## **Part II**

Detailed Report relating to each Appropriation Head  
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### **1. Appropriation Head 152 - Ministry of Irrigation and Water Resources Management**

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#### **1.1 Scope of Audit**

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The Appropriation Account including the financial reports, reconciliation statements, books, registers and other records of the Ministry of Irrigation and Water Resources Management for the year ended 31 December 2012 were audited 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 18 February 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**

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The Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Account and Reconciliation Statements in accordance with the provisions in Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and the Public, Financial 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**

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According to the Financial Reports and the Books for the year ended 31 December 2012, it was observed that except for the effects of the general observations appearing at (a) to (e) and the other major audit observations appearing in paragraphs 1.4 to 1.8 herein, the Appropriation Account and the Reconciliation Statements of the Ministry of Irrigation and Water Resources Management have been prepared satisfactorily.

(a) Maintenance of Books and Records

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- (i) Replies for 04 audit queries issued during the year under review and one audit query issued during the previous year to the Ministry had not been submitted up to 31 March 2013.
- (ii) Seven transactions totalled Rs.4,997,236 could not be satisfactorily vouched in audit due to non-submission of vouchers for audit relating to expenditure incurred when making reimbursement to the Water Resources Board for expenditure incurred by the Board with regard to construction of tube wells in the areas such as Deduru Oya, Embilipitiya, Badulla, Ampara and Elahera, purification of tube wells and research on ground water.
- (iii) A Register of Losses and Damage had not been maintained for the year under review.

(b) Budgetary Variance

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- (i) The entire net provision amounting to Rs.210,000 provided under 02 Objects had been saved.
- (ii) Excess provision had been obtained for 12 Objects and as such the savings thereunder after utilizing the provision amounted to Rs.514,235,356 and it had ranged between 29 per cent and 98 per cent of the net provision relating to those Objects.

(c) Imprest Account  
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- (i) Even though the ad-hoc imprests should be settled immediately after the purpose for which it was obtained in terms of Financial Regulations 371, an ad-hoc imprest amounting to Rs.19,930 had not been settled even up to 31 December 2012.
- (ii) In terms of paragraph 2.4 of the Circular No.05/2012 dated 20 November 2012 of the Department of Treasury Operations, the imprest balance as at 31 December 2012 amounting to Rs.6,701,105 had not been settled to the Department of Treasury Operations.

(d) General Deposits Account  
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Action in terms of Financial Regulations 571 had not been taken in respect of deposits amounting to Rs.5,651,382 remaining over 2 years.

(e) Reconciliation Statement on Advances to Public Officers Account  
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According to the Reconciliation Statement on Advances to Public Officers Account, Item No.28201 as at 31 December 2012 at that date the total of balances Rs.1,947,509. Out of those balances, only a sum of Rs.1,008,237 had been recovered even up to 31 December 2013.

1.4 Good Governance and Accountability  
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1.4.1 Corporate Plan  
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Although a Corporate Plan should be prepared by the Ministry at the beginning of the year at least for 03 years from the year 2010 onwards in terms of letter No.PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of the Department of Public Finance addressed to all the Secretaries of Ministries, Chief Secretaries of the Provincial Councils, Heads of Department, District Secretaries and Heads of Local Authorities, such a Corporate Plan had not been prepared even up to 31 December 2012.

#### 1.4.2 Internal Audit

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Even though an internal audit had been carried out at the Ministry in terms of provisions of the Financial Regulations 133, follow up action had not been carried out relating to matters revealed by the internal audit.

#### 1.4.3 Implementation of Audit and Management Committee

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Although the Audit and Management Committee should meet at least once in a quarter in terms of paragraph 01 of the Circular No.I.A.I/2000/1 dated 12 June 2000 of the Secretary of the Treasury, the Committee had met only in two instances during the year under review.

#### 1.5 Assets Management

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##### (a) Idle and Underutilized Assets

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The examination of the report of the Board of Survey revealed that certain assets had remained idle as analyzed below.

Category of Assets	No. of Unit	Age Analysis	
		More than 01 Year Less than 03 Years	More than 03 Years
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<u>Motor Vehicles</u>			
Machinery Workshop, Dampulle	37	26	11
Machinery Workshop, Thambuththegama	11	Particulars not made available.	



Machinery

Machinery Workshop, Dambulle	01	Particulars not made available.
Machinery Workshop, Thambuththegama	01	Particulars not made available.
<u>Others</u>		
Machinery Workshop, Dambulle	01	Particulars not made available.

(b) Conduct of Annual Board of Survey  
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The following observations are made.

Even though annual Board of Survey should be conducted before 31 March 2012 and that report should be submitted to the Auditor General in terms of Public Finance Circular No.441 dated 09 December 2009 as amended by the letter No.PF/ Board of Survey/01 dated 17 December 2012, the report of the Board of Survey had not been presented by the Ministry even up to 30 August 2013.

(c) Assets Given to Outside Parties  
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It was observed that the Ministry had released 05 vehicles irregularly to the Ministry of Wildlife and Agrarian Services Ministry of Postal and the Department of Irrigation since year 2010.

(d) Unsettled Liabilities  
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The liabilities not settled by the Ministry as at 31 December 2012 amounted to Rs. 200,777,386 and these balances were relating to less than one year.

**1.6 Performance**  
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Activities Contrary to Key Functions  
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It was observed that there were instances where the Ministry had operated deviating from the functions relating to its objectives and few instances revealed at the test check are given below.

- (a) Out of the provisions made to the Ministry for rehabilitation of major and middle level irrigation schemes, a sum of Rs.4,997,236 had been spent for repairing tube wells, construction of tube wells and research on ground water in the areas such as Deduru Oya, Embilipitiya, Ampara, Badulle and Elahera.
- (b) A sum of Rs.1,063,660,596 had been spent during the year under review to purchase the prefabricated buildings for Government Agencies which are not belongs to the scope of the Ministry.
- (c) Provision had not been made in the Budget for the year 2012 for staff recruited irregularly to the International Training Institute, Kotmale and Machinery Depot, Madatugama belongs to the Mahaweli Authority administered by the Ministry. Out of the provisions made for urgent rehabilitation and reconstruction works in the irrigation schemes, a sum of Rs.18,064,771 had been spent for maintenance of these institutions. Details are given below.

Institution -----	Details -----	Amount ----- Rs.
International Training Institute, Kotmale	Maintenance expenditure including the salaries of the employees and purchase of household items.	11,786,759
Machinery Depot, Madadugama	Salaries for the year 2011	3,315,509
	Salaries for the month of November 2012	2,962,503
		----- 18,064,771 =====

- (d) A sum of Rs.8,513,972 had been spent in the year 2012 by the Ministry under the Pro-poor Economic Advancement and Community Enhancement Project (PEACE) for construction of huts so as to rear hens at the Niravia Farm belongs to the Mahaweli Authority and it was contrary to the objectives of the Project.

## 1.7 Transactions of Contentious Nature

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The following observations are made.

- (a) Incentives amounting to Rs.1,115,000 had been paid during the year under review by the Water Resources Board for its selected officers on the basis of the recommendation made through the letter No.IWRM/S/01 dated 25 January 2012 of the Secretary of the Ministry stating that it is appropriate to pay an incentive of Rs.15,000 per month as allowance for officers of 03 institutions such as Water Resources Board, Mahaweli Authority and Central Engineering and Consultancy Bureau which are functioning under the Ministry for inducing officers belongs to the difficult services in order to give attractiveness on the institution as well as retaining officers at the institution. Even though it was pointed out in Section 9.7 of the Public Finance Circular No.PED 12 dated 02 June 2003 that it is necessary to obtain the approval of the Secretary of the Ministry of Finance for such payments, the Secretary of the Ministry had not taken action accordingly.
- (b) Forty eight Excavators, 12 Backhoe Loaders, 02 Motor Graders and 14 Vibrating Rolls had been purchased during the year 2012 from three suppliers by paying Rs.967,996,000 contrary to Guidelines 2.7(a) and (b) and 2.8.2 of the Government Procurement Guidelines to utilize for the activities of evacuating sediments from the reservoirs and tanks under the Project of Providing Relief to the People affected by Drought . Similarly, those purchases had not been decided by the Corps established for implementation of plans in terms of paragraph 5.3 of the Circular No.NPD/LS/2012/01 dated 07 July 2012 of the Secretary of the Ministry of Finance issued by the Secretary of the Ministry of Finance and Planning. Further, it was stated according to this Circular that the machinery existing at the institutes such as Department of Irrigation and Mahaweli Authority should be considered with regard to this purchase and machinery needed in addition to that only should be purchased or to be obtained on hire basis. However, such an assessment had not been carried out. The Ministry had not possessed a plan about the utilization of these machineries after evacuation of

sediments from the tanks. Two Motor Graders and 14 Vibrating Rolls are not being utilized for the purpose of evacuating sediments from the reservoirs and tanks and as such the necessity for purchasing these machineries had not arisen.

Even though it was pointed out that these machinery had been handed over to two Machinery Depots of the Sri Lanka Mahweli Authority situated at Madadugama and Thambuththegama, the officers who are not belong to the staff of the Ministry and deployed in the service on contract basis had taken over these machineries and as such this taking over had become an event of contentious nature. Monthly cost report and particulars of machine operator of each machine for the year under review had not been presented for audit even up to 30 June 2014.

## 1.8 Human Resources Management

### (a) Approved Cadre and Actual Cadre

According to the information presented for audit, the position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Number of Excesses
(i) Senior Level	23	15	08	-
(ii) Contract	-	01	-	01
(iii) Tertiary Level	02	02	-	-
(iv) Secondary Level	39	30	09	-
(v) Primary Level	44	40	04	-
(vi) Others ( Casual/ Temporary/ Contract basis)	01	04	-	03
Total	109	92	21	04

The following observations are made.

- Action had not been taken even up to the year under review to fill 21 vacancies.
- Even though the approved cadre stood at 291, it was confirmed to audit as 109.
- It was confirmed according to the payment documents of the Ministry that 806 employees had been recruited on contract basis for various posts of the Ministry up to 31 December 2012 and it represented 867 per cent as compared with the approved cadre. The approval of the Treasury in terms Financial Regulations 71 had not been obtained for these appointments.

(b) Human Resources obtained Irregularly from other Parties.

Information relating to human resources obtained irregularly by the Ministry from the following institutions are given below.

Category of Employees	No. of Employees	Other Party	Period
-----	-----	-----	-----
Irrigation Engineer	05	Department of Irrigation	Not pointed out
Engineering Assistant	01	Department of Irrigation	From April 2011
Planning Technician	01	Department of Irrigation	From January 2008
Driver	08	Ministry of Health	2010 - 2011
Driver	01	Road Development Authority	2010 - 2011
Driver	01	Road Development Authority	2011
Labourer	03	Ministry of Health	2010- 2011

## **2. Appropriation Head 282 - Department of Irrigation**

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### **2.1 Scope of Audit**

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The Appropriation Account including the financial reports, reconciliation statements, books, registers and other records of the Department of Irrigation for the year ended 31 December 2012 were audited 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 Director General of Irrigation on 23 December 2013. 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.

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

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The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account and 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 the Public Financial 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.

### **2.3 Audit Observations**

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According to the financial reports and the books for the year ended 31 December 2012, it was observed that except for the effects of the general observations appearing at (a) to (e) and the other major audit observations appearing in paragraphs 2.4 to 2.12 herein, the Appropriation Account and the Reconciliation Statements of the Department of Irrigation have been prepared satisfactorily.

(a) Maintenance of Books and Records  
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- (i) As reported, the Department had misplaced 04 payment vouchers at the total value of Rs.735,082 for the years 2011 and 2012 without completing the activities in terms of Financial Regulations 272(2).
- (ii) Payment of salaries to the labourers could not be satisfactorily vouched due to non-submission of 02 check rolls of labourers issued in the year 2011 by the Office of the Irrigation Engineer, Colombo for which payments of Rs.175,000 had been made and 50 check rolls of permanent labourers issued in the year 2012 by the Office of the Irrigation Engineer, Gampaha.
- (iii) Replies for one audit query presented to the Department during the year under review had not been submitted even up to 30 April 2013 and the value of quantifiable transactions relating to that audit query amounted to Rs.6,735,771,646.

(b) Budgetary Variances  
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- (i) The entire capital provisions aggregating Rs.450,000,000 provided for 03 Objects had been saved.
- (ii) Excess provision had been obtained for 24 Objects and as such the savings thereunder after utilizing the provisions had ranged between 25 per cent and 96 per cent of the net provision relating to those Objects.
- (iii) Out of the provisions amounting to Rs.1,358,685,798 received from 3 Ministries and one Department, provisions amounting to Rs.1,035,122,943 had been spent and provisions amounting to Rs.323,562,855 had not been utilized. It had represented 24 per cent of the total provisions received.

(c) General Deposits Account  
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- (i) Action in terms of Financial Regulations 571 had not been taken relating to deposits amounting to Rs.53,464,992 remaining over 02 years.
- (ii) A list had not been prepared in terms of Financial Regulations 571 (1) relating to entire deposits lapsed at the end of each half year.

(d) Reconciliation Statement on Advances to Public Officers Account  
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The balances that remained outstanding as at 31 December 2012 according to the Reconciliation Statement on Advances to Public Officers Account, Item No.28201 as at that date totalled Rs.18,620,869 and the follow up action relating to recovery of those outstanding balances was at a weak level. The following observations are made in this regard.

- (i) A sum of Rs.453,964 had to be recovered from 4 officers who went on transfer of service station. Loan amounts of two officers went on transfer to the offices of the Provincial Council in the years 2010 and 2011 are being recovered on instalment basis. A sum of Rs.203,480 had to be further recovered.
- (ii) A sum of Rs.151,615 had to be recovered from 3 officers who went abroad on no pay leave and a sum of Rs.146,240 to be recovered from two of those officers had remained outstanding for a period of 17 years and a sum of Rs.5,375 to be recovered another officer had remained outstanding for 11 years. Loans could not be recovered from those debtors due to administrative weaknesses. Even though this matter had also been pointed out in the audit report for the previous year, it was unable to recover the above loan balances by the Department.
- (iii) The recovery of a loan balance amounting to Rs.15,128,707 which should be recovered from 195 deceased and retired officers/ employees has come to a standstill as at 31 December 2012. Recovery of these balances had delayed due to the reasons such as inadequacy of the relevant pension gratuity to settle the loan balances, inability to prepare the pension due to the shortcomings in the pension file, non-handing over of Government Quarters and non-completion of disciplinary action.
- (iv) Loan balances amounting to Rs.653,893 had to be recovered from 13 officers who had been interdicted from the service and among those loan balances, there were loan balances which had remained for a long period of 20 years. These loan balances had remained outstanding for a long period due to not taking action by the Institution to recover the loan balances from those officers by identifying the reasons for interdiction.



- (v) Loan balances amounting to Rs.1,838,694 had remained outstanding from 37 officers who had vacated from their posts. It was observed that these loan balances had also included the loan balances remained unrecovered for a long period of 17 years. These loan balances had remained outstanding for long period due to not taking timely action by the Department to recover the loan balances which should be recovered from these debtors.

## **2.4 Good Governance and Accountability**

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### **2.4.1 Corporate Plan**

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Although a Corporate Plan should be prepared by the Department at the beginning of the year at least for 03 years from the year 2010 onwards in terms of letter No.PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of the Department of Public Finance addressed to all the Secretaries of Ministries, Chief Secretaries of the Provincial Councils, Heads of Department, District Secretaries and Heads of Local Authorities, such a Corporate Plan had not been prepared even up to 31 December 2012.

### **2.4.2 Annual Procurement Plan**

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The Annual Procurement Plan in terms of National Budget Circular No.128 dated 24 March 2006 had been prepared on 08 March 2012.

### **2.4.3 Internal Audit**

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Even though 20 internal audit queries had been issued during the year 2012, there was no an effective method in the Department to rectify the deficiencies pointed out in those audit queries.

### **2.4.4 Implementation of Audit and Management Committee**

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Even though the Audit and Management Committee should meet at least once in every quarter in terms of paragraph 01 of the letter of the Secretary of the Treasury No.IAI/2000/1 dated 12 June 2000, only three meetings of the Committee were held during the year under review.

## 2.5 Assets Management

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### (a) Idle and Underutilised Assets

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#### (i) Machinery

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SR 70 type of excavator and a barge valued at Rs.12,000,000 given to the Karawahu Project of the Irrigation Engineer's Office, Kalmune through the Reawakening Project had been temporarily brought to the Irrigation Engineer's Office, Gampaha in the year 2010 and those had remained idle from 23 March 2011 as those had caused to an accident.

#### (ii) Housing

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According to the report of the Board of Survey for the year 2012, 310 official quarters belonging to the Department had remained for long period without occupation due to the reasons such as officers not prepared for occupation and existing in damaged condition.

### (b) Conduct of Annual Board of Survey

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The following observations are made.

- (i) Even though annual Board of Survey should be conducted before 31 March 2013 and that the report should be submitted to the Auditor General in terms of Public Finance Circular No.441 dated 09 December 2009 as amended by the letter No.PF/FS/Board of Survey/01 dated 17 December 2010, the Board of Survey had not been conducted by 10 Irrigation Offices of the Department and reports not submitted.
- (ii) Action in terms of provisions of the Financial Regulations had not been taken in respect of excesses and shortages and other recommendations pointed out in the report of the Board of Survey for the year 2012.
- (iii) The Board of Survey had also not been conducted in the year 2011 at the two Zonal Irrigation Offices, Anuradhapura and Kandy and at the two Mechanical Engineering Workshops such as Ampara and Ratmalane out of 10 offices pointed out in paragraph (i) above.

(c) Assets given to Outside Parties  
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- (i) Measures had not been taken to take legal action as pointed out in the report of the Board of Survey for the year 2012 with regard to unauthorized dwellers occupying at 21 official quarters belonging to the Department.
- (ii) It was pointed out in the report of the Board of Survey for the year 2012 that 54 official quarters had been handed over to other Government Departments and Institutions.

(d) Irregular Utilization of Assets belonging to other Institutions  
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It was revealed according to the report of the Board of Survey for the year 2012 and internal audit queries that the Department had utilized 11 vehicles belonging to the Ministry of Irrigation and Water Resources Management, Mahaweli Authority and the District Secretariat, Ampara.

(e) Unsettled Liabilities  
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- (i) The liabilities not settled by the Department as at 31 December 2012 amounted to Rs. 1,220,829,266 and these balances were relating to less than one year.
- (ii) Even though at any time the commitments and the expenditure incurred should not exceed the provision for the financial year in terms of Financial Regulations 94, commitments for liabilities amounting to Rs.307,968,770 had been incurred exceeding the net provision of 8 Items of Expenditure.

2.6 Non - compliances

Non - compliance with Laws, Rules, Regulations, etc.

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

	Reference to Laws, Rules, Regulations etc. ----- -----	Value  ----- Rs.	Non-compliance  -----
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka -----			
(i) Financial Regulations 104		2,398,474	Even though Kobelco SR 70 type excavator of the Irrigation Engineer's Office, Gampaha had met with an accident on 23 March 2011, in this regard a complete report which should be submitted within 3months had not been presented to audit up to 31 December 2012.
(ii) Financial Regulations 135		131,456	All the activities such as approval, certification and making payment with regard to payments amounting to Rs.131,456 of the Irrigation Engineer's Office, Galle and the Irrigation Engineer's Office, Matara had been carried out by only one officer.

- |       |   |               |   |
|-------|---|---------------|---|
| (iii) | Financial Regulations 139(4) and 264(1) | 1,680,562,489 | Receipts had not been obtained for payments made from the accounts of the Office of the Zonal Director, Galle, Irrigation Engineer’s Office, Ging Ganga and Head Office.  |
| (iv)  | Financial Regulations 156(5)            |               | - Errors such as making alteration by using correction pen, writing not clearly, writing top of the existing words and making alteration without the authority had been done in the Loan Registers and Votes Ledgers of the Head Office and Irrigation Director’s Office, Colombo Zone. |
| (v)   | Financial Regulations 267(1)            | 885,345       | Forty five officers of the Zonal Irrigation Director, Galle who received their salaries amounting to Rs.885,345 to their Bank Accounts had not placed signature in the salary sheet.  |
| (vi)  | Financial Regulations 316(2)            |               | - Action in terms of Financial Regulations had not been taken in respect of money kept in the safe at the Office of the Irrigation Engineer, Gampaha.   |
| (vii) | Financial Regulations 447(4)            | 1,220,829,266 | All the liabilities had not been recorded in the Votes Ledger.  |

(b) Public Administration Circular

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- |  |         |  |
|--|---------|--|
| (i) Paragraph 04 of the Circular No.13/2008 dated 26 June 2008   | 987,511 | Approval of the Secretary of the Ministry had not been obtained for reimbursement of additional fuel allowance to totalling Rs.987,511 of 12 officers. |
| (ii) Paragraph 03 of the Circular No.09/2009 dated 16 April 2009 |         | Some of the Offices of the Zonal and Irrigation Engineers had not introduced finger marking machine.   |

(c) Treasury Circular

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- |  |         |   |
|--|---------|---|
| (i) Circular No.BD/A/AO/BC dated 08 October 2012   | 985,546 | Even though it should have been confirmed once in 03 months through the internal audit examination whether the officers obtaining fuel allowances and transport allowances had utilized them for the intended purposes, such a confirmation had not been made.    |
| (ii) Circular No.05/2012 dated 20 November 2012 of the Department of Treasury Operations | 212,260 | Even though the Cash Book should be closed as at 31 December 2012 and the balance money should be deposited in the Bank, Cash Books of 05 Offices of the Zonal Irrigation Directors had not been closed and the balance money had not been deposited in the Bank. |

(d) National Budget Circular

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Paragraph 2.5 of the Circular No.155  
dated 30 December 2011

- A revised Budget Estimate had not been prepared so as to include the proposed savings.

(e) Circular of the Department of Irrigation

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Circular No.01/2012 dated 06 February 2012 of the Department of Irrigation with regard to assignment of financial authority

5,465,888,892

Even though the vouchers for payment of petty cash of the Head Office should have been approved by the Deputy Director, Finance, it had not been done accordingly.

2.7 Weaknesses in the Implementation of Projects

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Instances of abandonment of projects without commencement, abandonment of projects without completion and delays in projects revealed during the audit test checks are given below.

(b) Abandonment of Projects without Commencement

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It was revealed according to the reports of the Internal Audit that the Department had not commenced the following projects.

Project -----	Estimated Cost ----- Rs.	Date of Agreement -----	Reason for Non- commencement -----
Trincomlee Zone -----			
(i) SSC/MD/26/2012  Improvement of turning point of the Mahaweli flood bund	65,000	12.03.2012	Contractors had not prepared to carry out these works.
(ii) SSC/MD/35/2012  Thangathurai left bank canal Repair of regulators of 06 distribution canals of the main canal	55,000	24.04.2012	Non-commencement of works by the Farmers Organization which has taken over the works.
(iii) RAP/PPMUCE/CBO/RDI(A)/02/2011  Construction of bund at the location of 2090 meter in the IBMC- D-6 Canal	484,000	27.08.2011	These works had been stopped by the Farmers Organization due to heavy rain and increase of water level in the canal from time to time.

(d) Delays in the Execution of Projects  
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Delays were observed in the execution of the following projects By the Department.

Project -----	Estimated Cost ----- Rs. Million	Date of Commencement -----	Due date of Completion -----	Expenditure As at 31 December 2012 ----- Rs. Million	Reason for Delay -----
Yan Oya	8,700	2007	2012	9	Non approval of environmental assessment report



Pahala Uva Reservoir	550	2005	2012	182	Reducing the budgetary provision, insufficiency of imprest and bad whether condition.
Mahagonawevea	169	2008	2017	0.5	Delays in the approval for environmental assessment report
Gal Oya Nawodhaya	1,260	2009	2012	416	Insufficiency of imprest.
Morana Reservoir	1,700	2012	2020	5	Delays in the environmental assessment report and delays in the acquisition of lands.
Ella weva	467	2012	2013	Nil	Reduction of budgetary provision
Theegili Oya	1,460	2012	2014	Nil	Reduction of budgetary provision and delays in the environmental assessment report.
Kalugal Oya	1,481	2012	2015	2	Reduction of budgetary provision and delays in the environmental assessment report.

Kumbukkan Oya	10,000	2012	2013	Nil	Reduction of budgetary provision and delays in the environmental assessment report.
Gurugal Oya	400	2009	2012	218	Not Receipt imprest sufficiently and heavy rain.
Napauda Wathura	40	2007	2012	5	Inability to carry out the soil works due to bad weather condition
Vilakandiya	81	2011	2012	15	Inability to carry out the soil works due to bad weather condition
Gonagalathenna	55	2012	2013	0.5	Delays in the approval for environmental assessment report
Construction of box culvert near the canal of the Sambudda Jayanthi Weva	1.2	2011	2012	Nil	The weather with heavy rain.
Repair of flood damages at the lower river side of the Malkampiddi Bund	1.9	2011	2012	Nil	Not presented

Construction of cabin box from Km. 3+305 to Km.3+350 and from Km.6+795 to K.m 6+850 of the bund at the beginning of the left bank of the Senkapadai River.	3.0	2011	2012	Nil	Due to non-stoppage of the flow of unclosed water of the Senkapadai River and due to the activities of issuing water for 2012 / 2013 maha Season.
Construction of current meter station at structure 27+180 K.M in RBMC on Illukuchenal Unit	0.9	2012	2012	Nil	Due to overflow of flood in main canal.

## 2.8 Deficiencies in the Operation of Bank Accounts

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Particulars of 10 Bank Accounts had not been included in the situation report on Bank Accounts of the Appropriation Accounts for the year 2012 in terms of paragraph 04 of the State Accounts Circular No.227/2012 dated 26 November 2012.

## 2.9 Transaction of Contentious Nature

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Certain transactions carried out by the Department were of contentious nature. Particulars of few transactions revealed at the audit test checks are given below.

### (a) Government Quarters and Providing Concessionary Season Tickets

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It was observed that eight official quarters from the Ratmalana Housing Complex had been provided for eight officers who had obtained concessionary season ticket facilities and reported for duties at the Head Office, Colombo from the areas such as Wadduwa, Galle, Hikkaduwa, Weligama, Veyangoda and Pottuhera.

(b) Shortage of Measurement Equipment  
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It was reported that the shortage of measurement equipment valued at Rs.8,010,875 had taken place prior to the year 2002 during the service period of an officer in charge to the stores who worked at the Hydropower Section and went on compulsory pension on 09 May 2002. According to the judgment of the court case filed in this regard, a sum of Rs.411,051 had been recovered from him. A Board of Inquiry had not been appointed by the Accounting Officer to conduct an inquiry in this regard in terms of paragraph 104(1)(a) of the Financial Regulations and a complete report that should have been presented within three months in terms of Financial Regulations 104(4) had also not been presented. According to the report on inquiry presented on 07 March 2013, this loss had been reduced up to Rs.4,313,239. It was observed that incorrect computation of these losses incurred 10 years ago and not taking proper follow up action relating to recovery of these shortages had become a matter of contentious nature.

**2.10 Losses and Damages**  
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Observations on losses and damage revealed at the audit test checks are given below.

- (a) Out of 541 losses and damage reported, number of losses and damage for which the value assessed stood at 445 and their value amounted to Rs.69,679,695. Even though losses and damage for the value of Rs.52,975,313 had elapsed over a period of 05 years, in this regard the Department has failed to take action in terms of provision of the Financial Regulations 104.
- (b) Losses relating to 96 vehicle accidents and shortages of stores goods had not been assessed up to 31 December 2012. Out of these, 84 accidents had remained over five years and number of vehicle accidents and shortage of goods remained over 20 years stood at 70.

## 2.11 Management Weaknesses

The following weaknesses were observed.

- (a) Sluggishness was shown by the authorities in the implementation of the recommendations made by the Committee on Public Accounts on the paragraphs relating to the Department included in the reports of the Auditor General.

Reference to the Report of the Auditor General		Item under Reference	Date of Meeting of the Committee on Public Accounts	Recommendation of the Committee
Year	Paragraph Number			
-	-	Irregularities done by an Engineering Assistant under the Sugalathevi Tank Project.	07 July 2011	Taking legal action against the officer
-	-	Irregularities taken place under the Welioya Project	07 July 2011	Taking action against the officers
2006	2.4.1	Obtaining property loan by submitting bogus documents.	07 July 2011	Taking legal action against the officer
2006	7.2 (a)	Purchase of Concrete Mixer for the Veheragala Project.	07 July 2011	Carrying out inquiries against the Technical Evaluation Committee and taking legal action against the supplier.

- |      |           |   |                                      |
|------|-----------|---|--------------------------------------|
| 2008 | 7 (a) (i) | Incurring a loss of 07 July 2011<br>Rs.210,000 on an<br>vehicle accident. | Recovery of loss<br>from the driver. |
|------|-----------|---|--------------------------------------|
- 
- (b) Out of a sum of Rs.1,248,729 estimated for functions pointed out in 30 Check rolls of the Office of the Irrigation Engineer, Gampaha, a sum of Rs.613,817 had been saved without incurring expenditure. It was not explained to the audit whether the improper completion of proposed functions or weakness in the estimation was the reason for this.
  - (c) Action had not been taken to make amendment to the Irrigation Ordinance No. 32 of 1946 and subsequent amendments made to it so as to fit the present needs.
  - (d) Even though a sum of Rs.570 million had been allocated under 3 object codes for construction of Theegilioya Reservoir, Ella Reservoir and Kumbukkan Oya Reservoir, out of these provisions, a sum of Rs.120 million had been transferred to other projects without incurring any expenditure for these projects due to non-completion of basic necessities.
  - (e) A sum of Rs.1,629.5 million had been transferred from other object codes to the provision amounting to Rs.3,418.6 million made under 8 object codes. Out of the provisions pointed out in the Transfer Applications, a sum of Rs.946.2 had not been utilized.
  - (f) Out of the provision amounting to Rs.424,806,089 released to other 09 Government Institutions from the provisions of the Department of Irrigation, a sum of Rs.283,073,921 had been spent and the provision of Rs.141,733,068 had been saved.

2.12 Human Resources Management

(a) Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	410	267	143
(ii) Tertiary Level	180	38	142
(iii) Secondary Level	2,380	1,609	771
(iv) Primary Level	2,466	1,431	1,035
Total	5,436*	3,345	2,091

- The number which confirmed to the audit.

The following observations are made.

- (i) In addition to these actual cadres, 211 employees had been deployed in the service for various activities on contract basis and also employees had been deployed in the service on casual and temporary basis. In this regard the Department had not possessed correct numerical information.
- (ii) Action had not been taken to fill 2,091 vacancies existed by the end of the year under review.
- (iii) Even though number of permanent actual cadre had been confirmed to audit as 5,436, it had been included in the Annual Estimate of the Government for the year 2012 as 4,468. Reason for the difference of 968 had not been explained.

(b) Irregular Release of Human Resources to Other Parties

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 Particulars of human resources released irregularly by the Department to other parties during the year under review are given below.

Category of Employees	Number of Employees	Other Party	Period for which Employees Released
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Irrigation Engineer	05	Ministry of Irrigation and Water Resources Management	Not mentioned
Engineering Assistant	01	Ministry of Irrigation and Water Resources Management	From April 2011
Planning Technician	01	Ministry of Irrigation and Water Resources Management	From January 2008
Planning Technician	01	Presidential Investigation Unit	From March 2005
Planning Technician	01	Presidential Investigation Unit	From September 2002
Extension Assistant	01	Presidential Investigation Unit	From May 2001
Extension Assistant	01	Presidential Investigation Unit	From March 2005
Engineering Assistant	03	Mahaweli Authority	For one year from March 2012