

Report of the Auditor General on Head 134, Ministry of National Languages and Social Integration and the Department under the Ministry – Year 2014

Paragraphs 1 and 2 of this Report contain the general information on the Accounts of the Ministry and the Department under the Ministry and the Audit Observations on each Head appear in paragraph 3 onwards.

1. Department under the Ministry

<u>Head</u>	<u>Department</u>
236	Department of Official Languages

1.1 Scope of Audit

The audit of the Appropriation Account, including the financial records, reconciliation statements, books, registers and other records of the Ministry of National Languages and Social Integration and the Department of Official Language appearing in paragraph 1 above for the year ended 31 December 2014 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 Chief Accounting Officer and the Accounting Officers on the under mentioned dates. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and the 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.

Head	Ministry and Department	Date of Issue of the Management Audit Report
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134	Ministry of National Languages and Social Integration	15 July 2015
236	Department of Official Languages	26 June 2015

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

The Chief Accounting Officer and the Accounting Officers are 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.

2. Accounts

2.1 Appropriation Accounts

Total Provision and Expenditure

The total net provision made for the Ministry and the department under the Ministry amounted to Rs.576.25 million and out of that Rs.479.31 million had been utilized by the end of the year under review. Accordingly, savings out of the net provision of the Ministry and the Department amounted to Rs.89.71million and Rs.7.23 million and represented 19 per cent and 7 per cent of the net provision. Details appear below.

Head	Net Provision	<u>As at 31 December 2014</u>		
		Utilization	Savings	Savings, as a Percentage of Net Provision
	Rs. millions	Rs. millions	Rs. millions	
134	473.09	383.38	89.61	19
236	103.16	95.93	7.23	7
Total	576.25	479.31	96.94	17

2.2 Advance Account

2.2.1 Advances to Public Officers Accounts

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Accounts of the Ministry and the Department under the Ministry and the actual amount are given below.

Item Number	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs. millions	Rs. millions	Rs. millions	Rs. millions	Rs. millions	Rs. millions
13401	14.00	9.20	4.00	5.35	58.00	22.96
23601	6.50	5.92	3.50	4.20	25.00	17.42

2.3 General Deposit Accounts

The balances of General Deposit Accounts of the Ministry and the Department under the Ministry as at 31 December 2014 totalled Rs.556.820. Details appear below.

Ministry/ Department	Deposit Account Number	Balance as at 31 December 2014
Ministry of National Languages and Social Integration	6000/0000/000/0015/0046/000	Rs. 314,912
Department of Official Languages	6000/0000/000/0015/0116/000	241,908
Total		556,820

2.4 Audit Observation

According to the Financial Records and Books for the year ended 31 December 2014, it was observed that subject to the audit observations appearing in the Management Audit Report referred to in paragraph 1.1, the Appropriation Account and the Reconciliation Statements of the Ministry of National Languages and Social Integration and the Department of Official Languages have been prepared satisfactorily. The material and important observations out of the observations included in those Management Audit Reports appear in paragraphs 3 to 4 herein.

3. Head 134 – Ministry of National Languages and Social Integration

3.1 Appropriation Account

Budgetary Variance

The total net provision amounting to Rs.600,000 made for 03 objects had been saved.

3.2 Reconciliation Statements relating to the Advances to Public Officers Account

The following deficiencies were observed during the course of test checks of the Reconciliation Statement as at 31 December 2014 relating to the Advances to Public Officers Account, Item No. 13401.

- (a) According to the Reconciliation Statements presented to audit, the balances that remained outstanding as at that date totalled Rs.252,320. Even though those outstanding balances remained over periods ranging from 1 to 4 years, the Ministry had failed to recover the outstanding balances.

- (b) Although a sum of Rs.111,056 was recoverable from an officer who had gone on transfer to another government institution in September 2014, the Ministry had failed to recover the said loan balance.

3.3 Good Governance and Accountability

Internal Audit

Although an Internal Audit Unit had been established in the Ministry, the Internal Audit Programme for the year under review had not been prepared even by 31 July 2014. Adequate staff had not been assigned to the Internal Audit Unit. Instead, 2 Management Assistants had been assigned. As a result, the functions of the Internal Audit Unit had become weak by end of the year under review resulting in the issue of one audit query only.

3.4 Assets Management

The following observations are made.

(a) Conduct of Annual Board of Survey

Action had not been taken to dispose of 598 items of goods which had been noted for disposal in the year 2012 and 2013, even by 15 July 2015.

(b) Assets given to External Parties

Receipts in form General 219 had not been obtained from a former Minister who had removed 166 items of goods of 73 varieties prior to the year 2011, even by 31 August 2015.

3.5 Non-compliances

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

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

Reference to Laws, Rules and Regulations	Value	Non-compliance
(i) Establishments Code of the Democratic Socialist Republic of Sri Lanka ----- Section 1.4.1 of Chapter xxx	Rs. -	A sum of Rs.40,000 had been paid to a public officer who had conducted 04 lectures. However, the amount due to the government from that fees had not been recovered and credited to the Consolidated Fund even by 31 August 2015.
(ii) Financial Regulations of the Democratic Socialist Republic of Sri Lanka ----- Financial Regulation 371(2)(c)	3,801,371	The advances of Rs.3,801,371 granted from the funds of the Project for Enforcement of Laws, Access to Reasonability and Strengthening of Social Unity of Sri Lanka during the

			period 06 June 2014 to 17 July 2014 had not been settled immediately after fulfilment of those activities.
	Financial Regulation 685	1,800,000	Quotations had not been called for, for the media coverage of the kite festival held on 19 July 2014.
(iii)	Public Administration Circulars		
	----- Paragraph (I)Ib of the Circular No.12/2003 of 20 October 2010.	12,050	A sum of Rs.35,000 had been paid to translators on 07 occasions who had been engaged for the awareness programmes for officers of the Public Department.
(iv)	Public Finance Circulars		
	----- Paragraph 2(d) of the Circular No.449 of 21 February 2011	-	Three officers who had been recruited to work at the General Conference of the National Unity held on 01 November 2013 had not been assigned with the expected duties even by 18 November 2013.
(v)	Government Procurement Procedure		
	----- Guideline 8.9.1	2,800,000	The Ministry had not entered into a formal agreement with the Institution which constructed the 2014 Deyate Kirula Exhibition Stall.

	250,000	An agreement had not been entered between the private firm and the Ministry of National Languages and Social Integration for the production of kites for the kites festival.
Guideline 5.4.4	720,000	Forty per cent of the entire amount equivalent to Rs.720,000 had been paid as advance for the media coverage of the kites festival on 08 August 2014.
Guideline 5.4.8	-	Performance bond valued at Rs.140,000 had not been obtained for the contract of Rs.2,800,000 of the Deyata Kirula Exhibition.

3.6 Transactions of Contentious Nature

Certain transactions entered into by the Ministry had been of contentious nature. Particulars of several such instances observed during the course of test checks appear below.

- (a) “Peoples Conference on the National Unity Encircled with Multiplicity” had been conducted on 07 April 2014 at the Bandaranayke Memorial International Conference Hall on the initiative of the Ministry. Three persons other than those of the Ministry had been engaged in its arrangement activities, on full time basis for payment of Rs.270,000. The following observations are made in this connection.
 - (i) These officers had been recruited without proper recruitment procedures. Their bio – data’s had been obtained on 26 November 2014 after 26 days of their recruitment.

- (ii) The full payment of Rs.270,000 had been approved for activities connected with the arrangement of the conference as per letter of the Director General of the Public Finance No. PED/RED/01/05/2013/02 dated 26 December 2013. However, contravening this, a sum of Rs.345,000 had been paid for a period of 05 months, from 01 November 2013 to 31 March 2014.
 - (iii) Although it had been instructed by the above letter that the entire allowance should be paid after proper completion of the arrangements for the conference and after furnishing the final report, contravening the instructions, three officers had been paid Rs.345,000 at the rate of Rs.30,000 per month.
 - (iv) Further, a proper report that should be furnished by those employees after the end of the conference, as required by the above letter, had not been furnished to the Ministry even by 22 July 2014.
- (b) The Events Management Programme of the National Unity Conference had been implemented by a private institution and the following observations are made in this connection.
- (i) A sum of Rs.451,600 had been paid to a private institution for activities such as to produce a 'Facebook' page of Events Management Activities of the Conference and for registration and seating arrangements. But, it was revealed that those functions could have been fulfilled comparatively at a lesser cost by utilizing the physical and human resources of the Ministry.
 - (ii) A sum of Rs.600,000 had been paid to a private company on 17 March 2014 to publish a newspaper advertisement regarding the Conference which was one of the functions of the Events management. The Ministry

too had spent Rs.50,000 to publish a newspaper advertisement regarding the conference.

(iii) According to the agreement entered into between the Ministry and the private company on 7 March 2014, an opportunity should be given to the respective company to improve services with lesser quality by appointing a Technical Appraisal Committee and examining each function. However, reports relating to appointment of such a committee and observations made on those functions had not been furnished to audit. The following deficiencies in the functions of the Events Management had been reported by the report of the Technical Appraisal Committee of the Ministry dated 28 May 2014 after 6 weeks of the end of the Conference.

- Brochures had not been printed and distributed before or during the period of the conference.
- The conference should have been made aware of, by 4 broadcasting channels. But, only 2 channels had been made use of.
- Instead of utilizing 3 channels of television, 2 channels only had been made use of.

3.7 Losses and Damages

Action had not been taken even by 15 August 2015 to write off losses and damages totalling Rs.1,243,301 which continued to exist for over 4 years.

3.8 Uneconomic Transactions

The particulars of transactions entered into devoid of economy revealed during the course of audit test checks are given below.

- (a) According to the circular of the Presidential Secretariat No.CA/1/17/1 of 14 May 2010, the maximum number of official vehicles that could be allocated for use and security activities of Deputy Ministers are 03. However, a Prado motor vehicle obtained from the Ministry of Economic Development on 08 December 2010 and 3 vehicles obtained by the Ministry on annual hire basis (Excluding VAT) of Rs.375,000, Rs.275,000 and Rs.180,000 respectively had been allocated for use of the Deputy Minister.
- (b) According to the letter of the Secretary to the Ministry of Finance No.MF/TE/1/2003 of 28 March 2003, the monthly rent payable with all including fees to all persons other than the Honourable Ministers and Deputy Ministers should not exceed Rs.40,000. However, a sum of Rs.1,370,880 had been paid as rent to a private company for a period of 3 months, as at 30 November 2014 at the rate of Rs.91,392 per month for use of the private staff of the Deputy Minister.

3.8 Human Resources Management

----- Approved Cadre and the Actual Cadre -----

The position on the cadre as at 31 December 2014 had been as follows.

Category of Employee	Approved Cadre	Actual Cadre	No.of Vacancies
-----	-----	-----	-----
(i) Senior Level	23	12	11
(ii) Tertiary Level	04	02	02
(iii) Secondary Level	434	156	278
(iv) Primary Level	120	90	30
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Total	581	260	321
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4. Head – 236 – Department of Official Languages

4.1 Appropriation Account

Budgetary Variance

The entire net provision amounting to Rs.215,000 made for 02 Objects had been saved.

4.2 Reconciliation Statements of Advances to Public Officers Accounts

The following deficiencies were observed during the course of audit test checks of the Reconciliation Statement as at 31 December 2014 relating to the Advances to Public Officers Account, Item No.23601.

- (a) The sum of Rs.83,442 recoverable from an officer who had retired on 29 March 2012 had not been recovered even by 31 December 2014.
- (b) Action had not been taken even by 31 December 2014 to recover the sums of Rs.3,700 and Rs.74,116 respectively due from 2 officers who had vacated posts on 10 April 2007 and March 2013.

4.3 Good Governance and Accountability

4.3.1 Internal Audit

An internal audit had not been carried out by the Internal Audit unit of the Ministry for the year 2014.

4.4 Assets Management

Conduct of Annual Board of Survey

Action had not been taken in terms of Financial Regulation 760 with regard to the shortages indicated in the board of survey reports for the year 2014.

4.5 Non-Compliance

Non-compliance with Laws, Rules and Regulations

The loss caused to a cab vehicle belonging to the Department by an accident occurred in January 2014 amounted to Rs.361,894. A complete report relating to the loss had not been furnished to the Auditor General in terms of Financial Regulation 104(3) in this regard.

4.6 Performance

The observations regarding the progress of the Department as per Budgeted Estimate and the Action Plan for the year 2014 appear below.

- (a) Although it was expected that 48,300 candidates would be participated to the Viva Test of Proficiency in Official Languages in the year 2014, the number of participants were 29,360.
- (b) A Self Language Translation Software had not been established even by 31 December 2014.
- (c) A workshop had not been held by conducting a Research on Correct Usage of Languages even by 31 December 2014.
- (d) Establishment of an examination method based on computer for evaluation of language proficiency, establishment of an intercom system and analysis and revision of recruitment procedures had not been fulfilled even by 31 December 2014.

4.7 Management Weaknesses

The following management weaknesses were revealed during the course of audit test checks of transactions of the Department.

- (a) The entire course fees of Rs.315,000 had been paid to 2 officers of the Institution to follow Master and Bachelor courses while half of the course fees of Rs.75,000 had been paid to 2 other officers. Action had not been taken by the Department even by 15 January 2015 to enter into agreements with the officers stipulating the conditions of recovery of those amounts in instances of vacation of posts or abandonment of courses half way.
- (b) According to the Procurement Plan of the Department for the year 2014, provision had not been made for purchase of consumable items. Departmental officers had purchased stationery by obtaining advances.

4.8 Human Resources Management

----- Approved Cadre and the Actual Cadre -----

The position on the cadre as at 31 December 2014 had been as follows .

Category of Employee	Approved Cadre	Actual Cadre	No.of Vacancies	Excess
-----	-----	-----	-----	-----
(i) Senior Level	05	03	02	-
(ii) Tertiary Level	15	11	04	-
(iii) Secondary Level	212	149	63	-
(iv) Primary Level	12	10	02	-
(v) Others (Casual/ Temporary/ Contract basis)	-	06	-	06
	-----	-----	-----	-----
Total	244	179	71	06
	=====	=====	=====	=====

The following observation is made.

Officers had been recruited on contract basis for 6 posts not included in the approved cadre.