

Report of the Auditor General on Head 145 - Ministry of Resettlement - Year 2014

Paragraphs 1 and 2 of this Report contain the general information on the Accounts of the Ministry and audit observations relating to the Head appear in paragraph 3 onwards.

1.1 Scope of Audit

The audit of the Appropriation Account and the Reconciliation Statement including the financial records, books, registers and other records of the Ministry of Resettlement 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 Secretary to the Ministry on 06 October 2015. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the Accounts and Reconciliation Statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

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

The Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with the provisions in Articles 148,149,150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Finance and Administrative Regulations. The 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 Account

Total Provision and Expenditure

The total net provision made for the Ministry amounted to Rs.403.45 million and out of that, Rs.398.41 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provision of the Ministry amounted to Rs.5.04 million or 1.25 per cent of the net provision. Details appear below.

Expenditure	<u>As at 31 December 2014</u>			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
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	Rs.Millions	Rs. Millions	Rs. Millions	
Recurrent	174.11	172.30	1.81	1.04
Capital	229.34	226.11	3.23	1.41
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Total	403.45	398.41	5.04	1.25
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2.2 Advance Accounts

2.2.1 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account of the Ministry and the actual amounts 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
14501	4.0	3.12	2.0	2.3	12.5	7.8

2.3 General Deposit Account

The balance of the General Deposit Account of the Ministry as at 31 December 2014 amounted to Rs.0.195 million.

2.4 Audit Observation

According to the Financial Records and Books for the year ended 31 December 2014, the Appropriation Account and the Reconciliation Statement of the Ministry of Resettlement had been satisfactorily prepared subject to the audit observations appearing in the Management Audit Report referred to in Paragraph 1.1 above. The material and important Observations out of the observations included in the Management Audit Report appear in Paragraph 3.

3. Head 145 – Ministry of Resettlement

3.1 Non – maintenance of Registers and Books

It was observed during audit test checks that the Ministry had not maintained the following registers while certain other registers had not been maintained in the proper and updated manner.

Type of Register -----	Relevant Regulation -----	Observations -----
(a) Register of Fixed Assets on Computers, Accessories and Software	Treasury Circular No.IAI/2002/02 of 28 November 2002	Not maintained.
(b) Register of Official Telephone	Financial Regulation 845 (1) Appendix 26	Not maintained.
(c) Register of Electric Equipment	Financial Regulation 454 (2)	Not maintained.
(d) Attendance Register of Procurement Committee and Technical Evaluation Committee	Guideline 2.11.2 of Government Procurement Guidelines	Not maintained.
(e) Register of Fixed Assets	Treasury Circular No.842 of 19 December 1978	Not updated.

3.2 Reconciliation Statement of the Advances to Public Officers Account

According to the Reconciliation Statement of the Advances to Public Officers Account, Item No.14501 as at 31 December 2014, the balances that remained outstanding as at that date totalled Rs.338,755. Even though those outstanding balances remained for a period of about 4 years, the Ministry had failed to recover those outstanding balances.

3.3 Internal Audit

Even though an Internal Audit Unit had been established, an Internal Auditor had not been appointed. Provisions of Rs.403,458,000 had been made in the Annual Budget Estimate of the Ministry and the cadre of the Ministry amounted to 101. The value of the assets of the Ministry had been Rs.187,350,460. Provisions of Rs.262,000,000 had been made for welfare activities for the resettlement of the people displaced in 08 districts of Northern and Eastern Provinces while provisions of Rs.58,000,000 had been made to construct 357 houses in Welioya. Even though the internal audits to be carried out on those activities had been included in the Internal Audit Plan for the year under review, no internal audit had been carried out thereon.

3.4 Performance

Key Functions not Executed Adequately

The key functions of the Ministry had not been executed adequately and several instances so revealed are given below.

(a) Construction of Houses in Welioya – Second Stage

The constructions of 357 houses under the second stage of the Integrated Housing Development Project in Welioya for the persons displaced due to the attacks of the terrorists, could not be completed as planned in the year 2013. Provisions of Rs.40,000,000 had been obtained through Supplementary allocations in May 2014, and a sum of Rs.38,157,804 had been incurred for constructions of houses by 31 December 2014. The following observations are made in this connection.

- (i) In executing housing constructions activities from the provisions obtained through Supplementary Estimate allocations amounting to Rs.40,000,000 in the year 2014, a sum of Rs.37,562,397 consisting of Rs.17,904,594 and Rs.19,657,803 had been incurred during the year by the District Secretary. Mulatiuv and the Ministry respectively. The constructions of those houses had not been completed even by 31 December 2014 and the information relating to the number of houses which fully completed as at that date was not made available for audit.
- (ii) Out of the 500 houses constructed during the year 2012 there were 26 houses in which the occupancy was not confirmed even by the year 2014. Since the position had been pointed out by audit, it was reported that another 23 houses were also not completed revealed by the Ministry on their follow-up actions. According to the follow-up report, it was observed that 16 houses, out of 26 houses mentioned above had been abandoned. The future actions that will be taken by the Ministry relating to those houses had not been furnished to audit. Further, the

National Housing Development Authority had given their contribution to construct these houses to the Ministry, but the Ministry had not obtained the list of the goods provided to each beneficiary and the details of the entire expenditure incurred for houses from the Authority.

(b) Supply of Drinking Water and Sanitation Services

According to the Action Plan prepared by the Ministry, for the year under review for the supply of Drinking Water and Sanitation Services to displaced persons in 08 Districts in Northern and Eastern Provinces provisions of Rs.143,963,092 had been made. The following observations are made in this connection.

- (i) According to the Action Plan of the Ministry, provisions of Rs.143,963,092 had been made to supply of drinking water and sanitation services for 8 Districts in Northern and Eastern Provinces and provisions of Rs.149,998,450 had been released by the Ministry for above 08 Districts. Accordingly, a sum of Rs.6,035,450 had been released over the provisions included in the Action Plan. While the particulars relating to the release of money over the provisions were not made available for audit.
- (ii) According to the Accounts of the Ministry for the year under review, a sum of Rs.85,705,093 had been incurred for the activities carried out in 03 Districts of Northern and Eastern Provinces. Nevertheless, the details relating to the expenditure thereon had not been obtained by the Ministry from the respective District Secretariats.
- (iii) Adequate action had not been taken by the Ministry to recover the balance money totalling Rs.1,366,866 from the relevant parties, out of the money released by the Ministry to execute above activities.

- (iv) Even though the activities such as the completion of the work of these projects and handed over to the beneficiaries should be execute before September of the year under review, no work of a project had been completed and handed to the beneficiaries during that period.

3.5 Human Resources Management

(a) Approved Cadre and Actual Cadre

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

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	11	09	02
(ii)	Tertiary Level	06	02	04
(iii)	Secondary Level	85	61	24
(iv)	Primary Level	27	26	01
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	Total	129	98	31
		=====	=====	=====

(b) Human Resources obtained from Other Parties

The particulars relating to the human resources obtained from other Government Institutions by the Ministry are given below.

Category of Employees -----	Number -----	Other party -----	Period -----
Secondary Level	01	Department of Information	From 03.04.2005 continuously.
Tertiary Level	01	Department of Census and Statistics	From 02.05.2014 continuously.