

## Report of the Auditor General on Head 106 – Ministry of Disaster Management - Year 2015

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 106-Ministry of Disaster Management for the year ended 31 December 2015 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 22 September 2016. The audit observations, comments and findings on the accounts and 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.

### 1.1 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 Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and the Public Finance and Administrative Regulations. This responsibility includes: designing, implementing, 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 amounted to Rs.3,501.92 million and out of that Rs.2,485.93 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provisions of the Ministry amounted to Rs.1,015.99 million or 29.00 per cent of the net provisions. Details appear below.

Expenditure	As at 31 December 2015			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	1,292.50	732.96	559.54	43.29
Capital	2,209.42	1,752.97	456.45	20.66
<b>Total</b>	<b>3,501.92</b>	<b>2,485.93</b>	<b>1,015.99</b>	<b>29.00</b>

## 2.2 Advance Accounts

### 2.2.1 Advances to Public Officers Accounts

The limits authorized by Parliament for the Advances to Public Officers Accounts of the Ministry under Item No.10601 and the actual amounts are given below.

<b>Expenditure</b>		<b>Receipts</b>		<b>Debit Balance</b>	
<b>Maximum Limit</b>	<b>Actual</b>	<b>Minimum Limit</b>	<b>Actual</b>	<b>Maximum Limit</b>	<b>Actual</b>
Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
140.00	112.87	70.50	104.43	300.00	12.81

## 2.3

### Imprest Account

The balance of the Imprest Account No. 7002/0000/00/0385/0015/000 of the Ministry as at 31 December 2015 amounted to Rs. 142,077.

## 2.4 Deposit Accounts

The balances of 03 Deposit Accounts of the Ministry as at 31 December 2015 totalled Rs.2.13 million. Details appear below.

<b>Deposit Account Number</b>	<b>Balance as at 31 December 2014</b>
	Rs.Millions
6000/0000/00/0013/0056/000	0.11
6000/0000/00/0016/0037/000	1.98
6000/0000/00/0012/0079/000	0.04
<b>Total</b>	<b>2.13</b>

## 2.5 Audit Observation

According to the Financial Records and Books for the year ended 31 December 2015, it was observed that subject to the audit observations appearing in paragraph 1.1 of the Management Audit Report, the Appropriation Accounts and the Reconciliation Statements of the Ministry of Disaster Management have been satisfactorily prepared. The material and significant observations out of the observations included in this Management Audit Report appear in Paragraph 3 herein.

### 3. Material and Significant Audit Observations

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#### 3.1 Non – maintenance of Register and Books

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

Type of Registers	Relevant Regulation
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(i) Attendance Register of Procurement Committee and Technical Evaluation Committee	Guideline 2.11.2 of the Government Procurement Guidelines
(ii) Register of Fixed Assets	Treasury Circular No. 842 dated 19 December 1978.
(iii) Register of Fixed Assets on Computers, Accessories and Software	Treasury Circular No. IAI/2002/02 dated 28 November 2002.
(iv) Register of Cheques and Money Orders etc.	Financial Regulation 451
(v) Register of Electrical Fittings	Financial Regulation 454 (2)
(vi) Record of Losses	Financial Regulation 110
(vii) Register of Counterfoil Books	Financial Regulation 341
(viii) Vehicles Log Book	Financial Regulation 1645 (b)
(ix) Register of Listing of Motor Vehicles	Financial Regulation 1647 (e)

#### 3.2 Reconciliation Statement on Advances to Public Officers Account

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According to the Reconciliation Statement as at 31 December 2015 on Advances to Public Officers Account Item No.10601, the balances that remained outstanding for more than a period of 02 years as at that date totalled Rs. 215,893. Nevertheless, the steps taken by the Ministry on the recovery of those outstanding loan balances had been unsuccessful.

### 3.3 Assets Management

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The following deficiencies were observed during the course of audit test check carried out on the assets of the Ministry.

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

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The following observations are made.

- (i) According to the Public Finance Circular No.02/2014 of 17 October 2014, the Board of Survey for the year 2015 should be conducted and the reports thereon should be furnished to the Auditor General before 17 March 2016. Nevertheless, the Ministry had furnished those reports to Audit on 11 October 2016.
- (ii) Action in terms of the Financial Regulations had not been taken on the excesses, shortages and other recommendations pointed out by the Board of Survey Reports of the National Disaster Relief Service Centre pertaining to the year 2015.

#### (b) Assets Given to the External Parties.

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The Ministry had provided 32 vehicles for the Disaster Management Centre.

#### (c) Irregular Utilization of the Assets Owned by Other Institution.

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Although the land, 3 Roods and 36.5 Perches in extent and the 4 storied building valued at Rs.3,848,889 owned by the Department of Meteorology had been utilizing since the year 2012, action had not been taken to acquire that land and the building. Even though the letters dated 09 January 2016 and 05 April 2016 had been forwarded to the Land Commissioner General's Department informing to vest the Ministry building and the land, the Director General had informed the Audit the fact that the Provincial Land Commissioner's Department had informed that transfer of the land owned by the Department of Meteorology to the Ministry had been temporarily suspended as the action is in progress to shift the Government institutions to the locations outside Colombo.

### 3.4 Non-compliances

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#### Non-compliances with Laws, Rules and Regulations

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

Reference to Laws, Rules and Regulations	Value	Non-compliance
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<b>(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka</b>	<b>Rs.</b>	
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Financial Regulation 104 (3)	-	Although a preliminary report should be furnished within 7 days from causing a motor vehicle accident, action in terms of the Financial Regulation had not been taken on the relevant parties in connection with the motor vehicles owned by the Ministry which had met with accidents.
<b>(b) Government Procurement Guidelines</b>		
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(i) Guideline 2.8.3	988,475	For the purchase of curtains, specifications had not been prepared by the Technical Evaluation Committee.
(ii) -Do-	1,782,828	For the fabrication of pantry cupboards, specifications had not been prepared by the Technical Evaluation Committee
(iii) Guideline 2.14.1	988,475	In order to purchase goods up to the value of Rs. 01 million, bids should be called for from at least 03 institutions. Nevertheless, after calling for bids only from one institution, purchases had been made from that institution.
(iv) Guidelines 4.3.1 and 4.3.2	-	In the purchase of Udometers, a cost estimate had not been prepared.
(v) Guideline 7.7		As an estimate had not been prepared for the purchase of Udometers, the prices quoted by the bidders could not be compared.

### 3.5 Foreign Aid Projects

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The Ministry had implemented 03 projects under foreign financed during the year under review. The estimated cost thereof according to the project agreement totalled Rs. 249.22 million and out of that, a sum of Rs. 54.78 million had been spent during the year under review. The following observations are made in connection with these Foreign Aid Projects.

#### (a) Performance of the Foreign Aid Projects

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The following observations are made.

- (i) According to the Annual Work Plan for the year 2015 approved under the Adaptation to Climatic Change Project on 03 September 2015, provisions amounting to Rs.172.12 million had been made. That provision had been 40.74 per cent of the initial investment cost of the project amounting to Rs.422.54 million. Further, the actual investment of the project for the year 2015 amounted to Rs.148.14 million and it had represented 35.06 per cent of the initial investment cost of the project.
- (ii) Out of the provisions amounting to Rs.34.09 million received under the Adaptation to Main Access for the Disaster Reduction for Disaster Risk Management Project, provisions amounting to Rs.12.36 million only had been used. Out of that, provisions amounting to Rs. 21.73 million had been returned by 31 December 2015.  
Further, out of the main functions of the Project, the preparation of vulnerable profile for 10 towns in North and East provinces had to be prepared. Moreover, the Ministry of Disaster Management should have carried out capacity development of the staff of the institutions functioning under the Ministry and the other relevant institutions on the disaster risk management. The Project Management Unit had failed to initiate and complete the said two components during the period of implementation of the project.
- (iii) The following observations are made on the physical performance of the Adaptation to Climatic Change Project.
  - The deficiencies such as the growth of aquatic plants immensely due to non-removal of silt properly in the Nikaweratiya Tank, cracking the bank of the tank due to failure to compress the bank with the use of graveled earth properly, failure to construct the dam system and not cultivating paddy field for 4 seasons were observed.
  - Although the final bill had been settled according to the measurement sheets of the Kumbukgaha Tank, constructions had been further done even after that. A leakage was also observed in the bank of the tank.

**(b) Abandonment of Certain Projects Included in the Foreign Aid Projects**  
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The following observations are made.

- (i) The Agriculture Development Programme should have been implemented according to the Annual Work Plan for the year 2015 of the Adaptation to Climatic Change Project. That programme had not been implemented during the year under review and a sum of Rs.10,823,520 had been paid to the Chief Secretary (North-western) as the advances on 29 December 2015.
- (ii) The Nutrition Hen Project initiated in the year 2014 at a cost of Rs.21,596,740 by the Ministry of Economic Development under the Divineguma Programme implemented in combination with the Adaptation to Climatic Change Project had been abandoned without implementing.
- (iii) According to the Action Plan prepared by the Adaptation to Climatic Change Project for the year 2015, awareness programmes on the minimization of climatic change risks for the national, districts and rural level officers had not been implemented in the year 2015.
- (iv) The training under the Project had not been commenced in the year 2015.
- (v) The cultivation activities and the activities connected to the tanks which were coming under the project had been implemented in Kurunegala district only.

**(c) Idling the Goods Purchased by the Project**  
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Out of the 8 category of goods granted to the Adaptation to Climatic Change Project by the Divineguma Project functioned under the Ministry of Economic Development on 20 May 2015, thirty six items of goods had stored in the stores of the Project Management Unit for a period of 9 months without being used. Further, out of 9 category of goods issued to the Wariyapola Field Office on 20 May 2015, ten items of goods had not been utilized even by the date of Physical Verification on 17 February 2016.

**3.6 Performance**  
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The observations on the progress of the Ministry according to the Annual Budget Estimate and Action Plan for the year 2015 are as follows.

**Key Functions not Executed Adequately**  
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For the construction of 71 homes resisting to natural disasters, provisions amounting to Rs. 35.50 million had been made for 24 districts during the year under review. Only 21 homes in 07 districts had been completed by the end of the year under review. Further, out of 145 homes

proposed to be completed in the year 2014, 24 homes had been completed in the year 2015 and the remaining 42 homes had not been completed even by July 2016.

### 3.7 Losses and Damages

As the clearance of 2 Diesel Generators with the capacity of 3000/KVA received as an aid of the Republic of China from the Port had been delayed, a sum of Rs.3.30 million had been paid as demurrage charges. Further, tax amounting to Rs.35.01million had been paid for those goods. However, these two generators had been released to the Ceylon Electricity Board.

### 3.8 Human Resources Management

#### (a) Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2015 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i)	Senior Level	23	20	03
(ii)	Tertiary Level	04	02	02
(iii)	Secondary Level	445	393	52
(iv)	Primary Level	47	34	13
	Total	519	449	70

#### (b) Human Resources Management of the Adaptation to Climatic Change Project

The following differences were observed between the designations and the cadre approved by the Department of Management Services for the Ministry of Industrial Development and the designation to which those officers were appointed by the Ministry of Disaster Management and the number of Posts.

Designation approved by the Department of Management Services	Approved cadre	Designation given by the Ministry of Disaster Management	Designation given	Difference of the cadre
<b>Project Management Unit</b>				
Project Officer	01	-	-	01
Development Officer	03	Development Assistant	02	01
Driver	01	-	-	01



<b>Ministry of Economic Development</b>		Ministry of Disaster Management		
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Development Assistant	01	-	-	01
-	-	Management Assistant	02	(02)
<b>District Secretariat</b>				
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Deputy Project Coordinator	03	-	-	03
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Total	09		04	05
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The Ministry of Disaster Management had not taken action to amend the posts and the functions approved by the Ministry of Economic Development to suit the posts and the functions of the Disaster Management Unit which executes the project activities at present.