

Report of the Auditor General on Head 196 – Ministry of Science, Technology and Research – Year 2015

Head – 196 The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Ministry of Science, Technology and Research 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 04 November 2016. 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. 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 Account

Total Provisions and Expenditure

The total net provisions made for the Ministry amounted to Rs. 3,756.90 million and out of that, Rs. 3,148.13 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provisions made for the Ministry, amounted to Rs. 608.77 million, representing 16.20 per cent. Details appear below.

Expenditure	As at 31 December 2015			Savings as a Percentage of the Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	1,500.35	1,425.78	74.57	4.97
Capital	2,256.55	1,722.35	534.20	23.67
Total	3,756.90	3,148.13	608.77	16.20

2.2 Advance Account

Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account under the Item No. 19601 of the Ministry, and the actual amounts are given below.

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
20.00	19.47	0.50	17.85	75.00	58.18

2.4 Imprest Account

The Imprest balance of the Ministry under the account No. 7002/0000/0292/0015/000 as at 31 December 2015 totalled Rs. 41.90 million.

2.3 General Deposit Account

The total of the balances of 03 deposit accounts under the Ministry totalled Rs. 6.39 million as at 31 December 2015. Particulars are given below.

Deposit Account No.	Balance as at 31 December 2015
	Rs. Millions
6000/0000/00/0001/0126/000	0.36
6000/0000/00/0002/0175/000	0.02
6000/0000/00/0016/0122/000	6.01
Total	6.39

2.5 Audit Observation

The Appropriation Account and the Reconciliation Statements of the Ministry of Science, Technology and Research` for the year ended 31 December 2015 had been satisfactorily prepared subject to the Audit Observations included in the Management Audit Report referred to in paragraph 1.1 above. The material and important audit observations included in that Management Audit Report appear in paragraph 3.

3. Material and Important Audit Observations

3.1 Non-maintenance of Registers and Books

The Register of Fixed Assets had not been maintained in accordance with Treasury Circular, No. 842, dated 19 December 1978.

3.2 Appropriation Account

3.2.1 Budgetary Variations

The following observations are made.

- (a.) The total net provision of Rs. 21 million allocated for 07 Objects, had been saved without being utilized.
- (b.) As 76 Objects had been overprovisioned, the saving after utilization ranged between 17 per cent to 99 per cent of the net provisions allocated to that Objects.

3.3 Imprest Accounts

The imprest balance of Rs. 14.34 million brought forward since the year 2005, had not been settled even up to 30 April 2016.

3.4 General Deposit Account

Action had not been taken in terms of Financial Regulation 571 on a deposit amounting to Rs. 2,400,000 that had been older than 2 years.

3.5 Accountability and Good Governance

3.5.1 Annual Procurement Plan

Provisions amounting to Rs. 130 million had been approved by the Parliament through the annual budget estimate in order to procure goods and services by adhering to Government Procurement Guidelines. However, the Procurement Plan had been approved after a delay of more than 06 months on 22 July 2015. As such, the objectives expected from the Plan, could not be achieved. The following observations are made in this connection.

- (a.) Of the goods planned to be procured through the Procurement Plan of the year under review, 36 items of goods valued at Rs. 37,524,500 had not been procured. Fourteen items of goods valued at Rs. 1,388,164 had been procured by deviating from the Procurement Plan.
- (b.) Although a sum of Rs. 2.00 million had been approved for the procurements of the Minister's Office, it had not been included in the Procurement Plan.

3.5.2 Internal Audit

The actual cadre of the Internal Audit Unit comprised 04 officers. According to the scope of the Ministry, it was observed that the audit staff and the performance of the Unit had not been adequate.

3.6 Assets Management

The following deficiencies were observed in the audit test check conducted on the assets of the Ministry.

(a.) Conducting Annual Board of Survey

The annual Board of Survey for the year 2015 should have been conducted in terms of Public Finance Circular, No. 02/2014, dated 17 October 2014, and the reports thereon should have been furnished to the Auditor General before 17 March 2016. However, those reports had been furnished by the Ministry to the audit after a delay of more than 03 months on 30 June 2016.

(b.) Assets Given to External Parties

Two vehicles valued at Rs. 13,152,500 belonging to the Ministry, had been released to the Prime Minister's Office, and the Ministry of Higher Education and Highways in the year under review.

(c.) Irregular Use of Assets Belonging to Other Institutions

Three vehicles valued at Rs. 60,700,000 inclusive of 02 vehicles belonging to the Senior Minister's Office, and another vehicle belonging to the Coconut Development Authority, had been used in the year under review without being taken over properly.

3.7 Implementation of Projects under Domestic Financing

The following observations are made.

(a.) A sum totalling Rs. 1,139,262 had been incurred by the end of the year under review on the Science and Technology Research Partnership Project launched in the year 2013, and the project had later been abandoned.

(b.) Sums of Rs. 3,794,385 and Rs. 4,828,738 had been incurred by the end of the year under review on 02 projects planned to be commenced in the year 2013 and completed by the year 2015. Nevertheless, action had not been taken to complete as planned.

3.8 Performance

The instances in which action had not been taken according to the Action Plan prepared in terms of Public Finance Circular, No. 01/2014, dated 17 February 2014, had been as follows.

(a.) Key Functions not Executed

Of the 12 *Vidatha* Programmes included in the Action Plan of the year under review, provisions had not been allocated for 02 programmes. Although provisions had been utilized for 03 programmes in the year under review, no progress had been achieved. No function had been executed out of the provisions allocated for the remaining 08 programmes.

(b.) Key Functions not Executed Adequately

When executing the functions relating to 09 *Vidatha* Programmes included in the Action Plan of the year under review, the provisions allocated for 04 programmes had been utilized, but the physical performance ranged between 20-25 per cent. Of the provisions allocated for the remaining 05 programmes, 35-75 per cent thereof had been utilized, but no progress had been achieved.

3.9 Irregular Transactions

Certain transactions entered into by the Ministry had been devoid of regularity. Several such instances observed are given below.

Deviation from the Government Procurement Procedure

The following observations are made.

- (a.) Contrary to Guideline 5:3:4 (c) of the Government Procurement Guidelines, the contract for the construction of *Vidatha* Centres had been awarded to the same institution that had provided consultancy services for the contract.
- (b.) A sum of Rs. 544,690 had been paid to an institution selected for obtaining consultancy services for the construction of *Vidatha* Resource Centres in Sandilipe, Saidanmadu, Nallur, and Kahawatta without calling for bids in terms of Guideline 3:4 of the Government Procurement Guidelines.

3.10 Uneconomic Transactions

Due to delays in the construction of 02 *Vidatha* Centres, a rent amounting to Rs. 288,000 had to be paid for the building obtained for the Centres in the year under review.

3.11 Management Weaknesses

The following observations are made.

- (a.) Of the 265 Science and Technology Centres established under the Ministry, 65 and 87 Centres are maintained at the buildings built by the Ministry, and Divisional Secretariats respectively whilst 113 Centres are maintained at buildings obtained on rent. The following observations are made in that connection.
 - (i) A majority of Centres are being maintained at the buildings obtained on rent. Lease rents for buildings amounting to Rs. 14,065,833 had been paid in the year 2015.

(ii) Of the 265 Centres, Officers in charge of 33 Centres had been appointed on acting basis.

(b.) Advances amounting to Rs. 13,000,000 had been given to an institution in December, 2014 for constructing 06 Vidatha institutes, and the constructions had begun in May, 2015. Nevertheless, due to failure of the Ministry to take follow-up action properly, construction of 2 Centres had been delayed.

(c.) According to the estimate prepared in the year 2014 for the construction of 02 Vidatha Centres, only a part thereof had been constructed. As such, the initial estimate had been exceeded by a sum of Rs. 2,147,294 as estimates had been prepared again in the year under review for completion of the rest of the construction.

3.12 Human Resource Management

(a.) Approved Cadre and Actual Cadre

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

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
(i) Senior Level	23	20	3	-
(ii) Tertiary Level	29	3	26	-
(iii) Secondary Level	742	666	76	-
(iv) Primary Level	234	306	08	80
(v) Others (Casual/ Temporary/ Contract Basis)	3	16	-	13
Total	1,031	1,011	113	93

The following observations are made.

- (i) Thirty one posts of the senior and tertiary levels had remained vacant, and although approval had been granted to appoint 25 district Vidatha Officers thereof, the appointments could not be made even up to December, 2016 as the Scheme of Recruitment had not been followed.
- (ii) In confirming the service of 134 out of 238 Development Officers appointed temporarily under the secondary level, appointments had been granted as Science and Technology Officers. As such, although the approved number of Science and Technology Officers had been 140, a number of 274 of them had been in service. Although an excess of the officers is

not indicated in general, 134 persons had been appointed in excess of the approved number of the Science and Technology Officers.

- (iii) The service of 80 watchmen appointed on temporary basis, had been confirmed in accordance with the Public Administration Circular, No. 25/2014, dated 12 November, 2014 without obtaining the approval of the Department of Management Services. The approval of the Department of Management Services had not been granted for those posts even up to December, 2016.
- (iv) Approval of the Department of Management Services had not been granted for 13 of the 16 employees officiating on temporary basis.

(b.) Human Resources Released Improperly to other Parties

Two Science and Technology Officers had been released to the National Institute of Fundamental Studies, and a Ministry.