

Head 227 – Report of Auditor General on the Department of Registration of Persons - Year 2015

The audit of the Appropriation Account, Revenue Account and Reconciliation Statements including the financial records, books, registers and other records and Revenue Account of the Department of Registration of Person – Head 227 for the year ended 31 December 2015 was carried out in pursuance of provisions in Article 154 (1) of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Commissioner General on 18 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 and the Accounting Officer for the Accounts and Reconciliation Statements

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

(a) Total Provision and Expenditure

The total net provision for the Department amounted to Rs.674.58 million and out of that Rs. 667.80 million had been utilized by the end of the year under review. Accordingly, savings out of the net provision made for the Department amounted to Rs.6.78 million or 1.01 per cent. Details are given 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	571.24	566.93	4.31	0.75
Capital	103.34	100.87	2.47	2.39
Total	674.58	667.80	6.78	1.01

2.2 Revenue Account

Estimated and Actual Revenue

The Department had prepared Revenue Estimates totalling Rs.140 Million in respect of 20.03.02.03 Revenue Code for the year 2015 and revenue totalling Rs.172 million had been collected during the year under review. It had been increased by 22.93 per cent of the estimated revenue. Details are shown below.

Revenue Code	As at 31 December 2015			Excess as a Percentage of the Estimate
	Estimated Revenue	Actual Revenue	Excess	
	Rs.Millions	Rs.Millions	Rs.Millions	
20.03.02.03	140.00	172.10	32.10	22.93

2.3 Advance Account

2.3.1 Advances to Public Officers Account

Limits Authorized by the Parliament

The limits authorized by the Parliament for the Advances to Public Officers Account under item number 22701 of the Department and the actual values 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
23.43	22.08	16.00	18.86	65.00	47.54

2.4 Imprest Account

The balance of the imprest account number 7002/0000/09/0033/0015/000 under the Department as at 31 December 2015 was Rs.2.89 million.

2.5 General Deposits Accounts

The total of Balances of 4 Deposit Accounts under the Department as at 31 December 2015 was Rs.6.38 million. Details are shown below.

Deposit Account Number	Balance as at 31 December 2015
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	Rs. Millions
6000/0000/00/0001/0055/000	2.72
6000/0000/00/0002/0073/000	0.12
6000/0000/00/0016/0023/000	3.51
6000/0000/00/0018/0030/000	0.03

Total	6.38
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2.6 Audit Observation

Appropriation Accounts, Revenue Accounts, and the Reconciliation Statements of the Department for the year ended 31 December 2015 had been prepared satisfactorily subject to the audit observation appearing in the management audit report referred in the paragraph 1.1 above. The material and significant observations of the Management Audit Report appear in paragraph 3.

3. Material & Significant Audit Observations

3.1 Non – maintenance of Registers and Books

Register of Fixed Assets Relating to Computer Accessories and Software had not been maintained by the Department in terms of Treasury Circular No IAI/2002/02 dated 28 November 2002.

3.2 Appropriation Account

Budgetary Variance

Provisions had not been utilized and savings remained in a range of 12 to 88 per cent of the net provision, relating to 10 Objects due to non issuance of sufficient imprest to the Department by the Treasury Operation Department.

3.3 Revenue Account

The duties relating to the preparation of Revenue Estimates, collection of Revenue, accounting and the presentation of accounts relating to Revenue code No. 20.03.02.03 had been assigned to the Head of Department as the Revenue collecting officer. The following observations were made during the course of audit test check of the Revenue code.

- (a) According to the Annual Budget Estimate it had been estimated to collect a revenue of Rs. 140 million relevant to the Revenue Code. A sum of Rs. 172 Million had been collected exceeding 23 per cent of the estimate revenue at the end of the year under review.
- (b) The revenue collected during the year under review amounted to Rs. 172.10 million and it was an increased of Rs. 69.64 million or 68 per cent when compared with the revenue collect in the previous year.

3.4 Reconciliation Statement relating to Advances to Public Officers Account

According to the Reconciliation Statement relating to item No 22701 presented to audit, the outstanding balances to be recovered as at 31 December 2015 totalling to Rs.644,054. Even though those outstanding balances had been lapsed for a period ranging from 01 to 11 years, the Department had failed to recover those balances.

3.5 Assets Management

Conduct of Annual Board of Survey

According to the Public Finance Circular Number 02/2014 dated 17 October 2014 the annual Board of Survey for the year 2015 had been conducted. The Department had not taken action in relating to excesses, shortages and recommendation of the Board of survey report in accordance paragraphs No. 3.4 of the above circular.

Similarly, according to the paragraph No. 3.5 of the above circular action should be taken in respect of the items to be destroyed, repaired and auctioned before 26 February 2017, but action had not been taken even by 30 April 2017.

3.6 Non-compliances

Non-compliances with Laws, Rules and Regulations

The Instances of non compliance 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 Rs.	Non-compliance
(a) Government Procurement Guideline		
(i) Guideline 5.4.10	4,425,000	Although it was required to furnish 10 per cent of the contract amount as performance guarantee to safeguard the procuring entity, relevant performance guarantee had not been taken in two instances of purchasing 50 computers.
(ii) Guideline 6.3.3 (a)	1,430,000	Bid opening committee had not been appointed for the purchase of ADF scanners.
(iii) Guideline 6.3.6	1,430,000	There were no members' name or signatures in the Bid opening format and in the minutes relevant to purchasing of printers, ribbons and ADF scan machines for one day Service Section of the Department.

3.7 Performance

The following observations are made.

- (a) The project of Electronic Identify Cards commenced in 2007 had been cancelled in 2009 and the approval of the Cabinet of Ministers had been received to commence this project again on 17 August 2011. The initial estimated cost of this project was Rs.14,500 million. Later steps had been taken reduce it to Rs. 8,000 Million and Rs.755.82 Million had been spent by 31 December 2015. The Cabinet had decided to offer the contract to scan electronized the application including personalized data & service relating distribute the data collected under stage I on 31 October 2013. After having the approval of President Operational Committee on 10 July 2014, pilot project of personalized data collecting had been commenced in 27 Divisional

Secretariats in Southern Province in September 2014. Following observations are made in regarding this project.

- (i) Although 491,975 applications had been issued to collect the project data out of that 275,000 applications or 55.8 per cent of the application issued had been received. The following had been revealed from the information received from six Divisional Secretaries in Southern Province.

Divisional Secretariat Office	Population Over 15 years	No. of Data Collected	As a Percentage of No. of Population over 15 years
Kadawathsathara	84,200	528	0.63
Imaduwa	34,323	1,999	5.82
Karandeniya	47,700	22,272	46.62
Goonapeenuwala	18,188	1,120	6.16
Malimbada	29,068	1,392	4.79
Kinnda Puhulwella	16,560	5,055	30.53

The data collection of above Divisional Secretariat offices had been at a low level.

- (ii) Although a sum of Rs. 94,000,000 had been allocated to obtain completed applications by post of the 331 Divisional Secretariats representing all the provinces of the Island only a sum of Rs 1,086,540 or 1.1 per cent of the provision had been spent as the action had been taken to implement the relevant pilot project only in the Southern Province.
- (iii) The project for issue of Electronic Identity card which was commenced in 2007 was slow even by 31 August 2016, due to the delay in obtaining approval of Parliament relating to collection of electronic data and other amendment to the Registration of Persons Act. The Commissioner General had explained to Audit that it had been planned to get recommendation from Legal Draftman Department and to get the approval of the Cabinet and Parliament.
- (b) The contract of printing identity card had been offered to a private company. More than ten per cent of the card in use are wasting and out of the No.of cards 717,941 printed in the year 2015, 88,347 cards or 12 per cent had been wasted.

3.8 Human Resources Management

Approved & Actual Cadre

Cadre position as at 31 December 2015 was as follows.

Category Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	25	24	01
(ii) Tertiary Level	04	02	02
(iii) Secondary Level	1,195	1,027	168
(iv) Preliminary Level	142	127	15
Total	1,366	1,180	186