

## Report of Auditor General on Head 121 Ministry of Home Affairs - Year 2016

The audit of the Appropriation Account, Revenue Account, and the Reconciliation Statements, including the financial records, books, registers and other records of the Ministry of Home Affairs - Head 121 for the year ended 31 December 2016 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 of the Ministry on 26 July 2017. 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, 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

#### Total Provision and Expenditure

The total net provision made for the Ministry amounted to Rs. 22,206.86 million and out of that Rs. 13,617.82 million had been utilized by the end of the year under review. Accordingly, a sum of Rs. 8,589.04 million or 38.68 per cent had been saved out of the total net provision made available for the Ministry. Details are given below.

Expenditure	As at 31 December 2016			Savings as a Percentage of Net Provisions
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	9,440.88	7,602.39	1,838.49	19.47
Capital	12,765.98	6,015.43	6,750.55	52.87
<b>Total</b>	<b>22,206.86</b>	<b>13,617.82</b>	<b>8,589.04</b>	<b>38.68</b>

## 2.2 Revenue Account

### ----- Estimated and Actual Revenue -----

The Ministry had prepared the Revenue Estimates totalling Rs. 169.82 million in respect of Revenue Code 10.03.07.99 for the year 2016 and the Revenue totalling Rs. 199.69 million had been collected in the year under review. That represented 117.60 per cent of the Estimated Revenue. Details appear below.

Revenue Code	As at 31 December 2016			Excess / (Shortfall) as a percentage of Estimate
	Estimated Revenue	Actual Revenue	Excess/ (Shortfall)	
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	Rs. Millions	Rs. Millions	Rs. Millions	
10.03.07.99	169.82	199.69	29.87	17.60

## 2.3 Advances to Public Officers Account

### ----- Limits Authorized by Parliament -----

The limits authorized by Parliament for the Advances to Public Officers Accounts Item No.12101 of the Ministry and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
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Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
300.00	295.53	180.00	188.39	700.00	389.54

## 2.4 Imprest Account

A balance of Rs. 660,552 was observed in the Imprest Account No. 7002/0000/00/0061/0016/000 under the Ministry as at 31 December 2016.

## 2.5 General Deposit Accounts

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The total of the balances of 05 Deposit Accounts under the Ministry as at 31 December 2016 was Rs. 6.41 million. Details appear below.

<b>Deposit Account No.</b>	<b>Balance as at 31 December 2016</b>
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	<b>Rs.</b>
6000 /0000 /00 /0016 /0070 /000	12,432
6000 /0000 /00 /0001 /0091 /000	68,000
6000 /0000 /00 /0013 /0081 /000	328,881
6000 /0000 /00 /0002 /0121 /000	5,043,412
6000 /0000 /00 /0008 /0012 /000	955,688
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<b>Total</b>	<b>6,408,413</b>
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## 2.6 Audit Observation

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The Appropriation Account, Revenue Account and the Reconciliation Statement for the year ended 31 December 2016 of the Ministry of Home Affairs had been prepared satisfactorily subject to the Audit Observations appearing in the Management Audit Report referred to in paragraph 1.1 above. The material and significant observations out of the Audit Observations included in that Management Audit Report appear in paragraph 3.

## 3. Material and Significant Audit Observations

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### 3.1 Non-maintenance of Registers and Books

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It was observed during audit test checks that the Ministry had not maintained the Registers shown below while certain other registers had not been updated.

<b>Type of Register</b>	<b>Relevant Regulation</b>	<b>Observations</b>
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(i) Register of Fixed Assets for Computers, Accessories and Software	Treasury Circular No. IAI/2002/02 of 28 November 2002	Had not maintained
(ii) Register of Security Deposits	Financial Regulation 891(1)	Had not maintained
(iii) Register of Losses and Damages	Financial Regulation 110	Had not updated

## **3.2 Appropriation Account**

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### **3.2.1 Budgetary Variance**

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The following observations are made.

- (a) The total net provision totalling Rs. 5,700,000 made available for 03 Capital Objects had been fully saved.
- (b) As a result of over provision made available for 14 Recurrent and Capital Objects, savings after utilizing the Provision totalling Rs. 7,722.67 million and that had ranged from 18 per cent to 99 per cent out of the net provision relating to those Objects.

## **3.3 Revenue Accounts**

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The duties relating to the preparation of Revenue Estimates, collection of Revenue, Accounting and the presentation of Accounts relating to 10-03-07-99 Revenue Code had been assigned to the Secretary to the Ministry as the Revenue Accounting Officer. The following deficiency was observed during the course of the test audit of those Revenue Codes.

According to the Annual Budget Estimates in the year under review a collection of Revenue amounting to Rs. 169.82 million had been estimated relating to the Revenue Code and the collected Revenue was Rs. 199.69 million. As a result of the increase of the collection of the Revenue by issuing the Monthly Revenue Certificates Annual Revenue Certificates, Valuation Certificates and License Copies on the requirements of the clients by the District Secretariats and Divisional Secretariats, it had been possible to collect a Revenue 117 per cent out of the Estimated Revenue. However, 04 District Secretariats where the initial estimate had revised as well as another District Secretariat where the initial estimate had not revised, had failed to fulfill the Estimated Revenue targets.

## **3.4 Reconciliation Statements on Advances to Public Officers Account**

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The following deficiencies were observed during the audit test checks carried out in respect of the Reconciliation Statement as at 31 December 2016 on the Advances to Public Officers ' Account No. 12101.

- (a) According to the Reconciliation Statements furnished to audit the balances remained outstanding as at the date had been Rs. 10,306,649. An age analysis with regard to those outstanding loan balances had not been furnished and the Ministry had failed to recover those outstanding loan balances.

- (b) A difference of Rs. 287,150 was observed between the Treasury Books and the Department Books relating to the Advances to Public Officers' Account in 20 District Secretariat Offices.
- (c) According to the Register of Members Loans and the Reconciliation Statement, a difference of Rs. 119,263 was observed in the total of the 10 Officers' individual loan balances .
- (d) Actions had not been taken to take over the loan balances of the officers who had station transfers to the 15 District Secretariats amounted to Rs. 6,158,294. Similarly, actions had not been taken to take over the loan balances amounted to Rs. 38,500 from 06 Officers who had station transfers to the Ministry and recover the installments.
- (e) The Distress Loan amounted to Rs. 253,780 had been over paid more than the limit amounted to Rs. 250,000 to an Officer in contrary to the Public Administration Circular No. 30/ 2008 of 31 December 2008.

### **3.5 Good Governance and Accountability**

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#### **3.5.1 Annual Action Plan**

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An Action Plan had not been prepared including the information such as the Organizational Chart of the Ministry, Approved Cadre in terms of Section 03 of Public Finance Circular No. 01/2014 of 17 February 2014.

#### **3.5.2 Internal Audit**

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Even though an Internal Audit Unit had been established, existence of the vacancies in cadre had been a barrier to the audit procedure.

#### **3.5.3 Audit and Management Committee**

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Although only 02 Audit and Management Committee meetings had been conducted in the year under review, because of the adequate contribution of the Chief Accounting Officer had not been received, it could not be satisfied in respect of the validity of the decisions taken at the Committees.

### **3.6 Assets Management**

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The following deficiencies were observed during the course of audit test checks in respect of the assets of the Ministry.

**(a) Conduct of Annual Boards of Survey**  
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The following observations are made.

- (i) Even though according to the Public Finance Circular No. 05/ 2016 of 31 March 2016 the Boards of Survey should be conducted in respect of the goods valued at Rs. 1,031.33 million for the year 2016 and the reports thereon should be furnished to the Auditor General before 17 March 2017, the report had been furnished on 28 June 2017.
- (ii) Completion of the activities in respect of the shortages and the excesses in the Board of Survey Reports in terms of the Paragraph 3.1.4 of the above Circular and actions should be taken in terms of Paragraph 3.1.5, actions had not been taken in terms of the Circular in respect of the 133 excess items in 12 Divisions and 370 shortage items in 12 Divisions revealed in the Board of Survey Reports relating to the year under review.

**(b) Assets given to External Parties**  
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A Double Cab and a Defender belonging to the Ministry had been taken away by a former Deputy Minister and actions had not been taken to hand over those two vehicles to the relevant Ministry or to hand over to the Ministry of Home Affairs.

**(c) Irregular use of Assets not vested**  
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Even though it had been mentioned as the transfers in the Report of the Movement of Non - current Assets the Appropriation Account of the Ministry of Public Administration and Management as such the non-current assets valued at Rs. 39,641,418 had been rendered to the Ministry of Home Affairs by the Ministry of Public Administration and Management during the year under review, those had not been acquired by the Ministry of Home Affairs.

**(d) Unsettled Liabilities**  
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The following observations are made.

- (i) The value of the liabilities unsettled by the Ministry less than one year as at 31 December 2016 was Rs. 53.15 million.
- (ii) It had been entered in to the liabilities amounted to Rs. 16.17 million for 08 Expenditure Objects beyond the net provision in contrary to the terms of the Financial Regulations 94 .

### **3.7 Non - Compliances**

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#### **Non - compliance with Laws, Rules and Regulations**

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A loss valued at Rs. 3,810,988 had been in receivable from 6 vehicles which had met with accidents in 13 instances of the Ministry. Inquiry Reports had not been furnished by appointing Boards of Inquiry in terms of Financial Regulations 104 and 105 of Financial Regulations of Democratic Socialist Republic of Sri Lanka and actions had not been taken to recover the losses from the responsible persons or to take disciplinary action against them.

### **3.8 Performance**

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The observations in respect of the Performance of the Ministry in accordance with the Performance Report of the year 2016 are appear below.

#### **(a) Key Functions not executed adequately**

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

- (i) It had been planned for implementing construction of buildings in the Divisional Secretariats of Kalawana, Katharagama, Ukuwela and Karuwalagas Wewa and Awaken Polonnaruwa Programme by providing Rs. 69.13 million and Rs. 9,400 million respectively. Because of the Financial Progress of those Programmes had ranged from zero to 65 per cent it was observed that the expected activities had not been achieved adequately.
- (ii) Revision of the Scheme of Recruitment of the Technical Officer post and the Technical Assistant post and even though the training programmes had been planned for the Technical Officers and the Technical Assistants by Provincial Level, those had not been implemented.

### **3.9 Management Weaknesses**

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The following observations were made in respect of the examination conducted to recruit for the posts of Gramasevaka Officers by spending Rs. 43.79 million in the year under review.

- (a) A Gazette Notification had been published on 12 February 2016 to fill the vacancies approximately a number of 1000 posts remained in the year 2015. The Commissioner General of Examination had informed that the results of the examination conducted on 03 September 2016 would be able to hand over by the end of the November 2016. However, even though the 10 months had lapsed after conducting the examination the required activities with regard to the recruitments had not been commenced even up to 31 July 2017.

- (b) The Gramasevaka Officers who are executing the objective for the establishment and maintenance of Government service more close to the people, approximately 2000 number of posts being in vacant out of the 14,022 approved posts by the month of April 2017 therefore it had been disturbed to achieve those objectives. The Secretary had informed that the actions were taken to recruit 79 retired Gramasevaka Officers for a 03 months time period.

### 3.10 Human Resources Management

#### Approved Cadre and the Actual Cadre

The position of the cadre as at 31 December 2016 appear below.

Category of Employee	Approved Cadre	Actual Cadre	Number of Vacancies	Number of Excess
(i) Senior Level	30	22	08	-
(ii) Tertiary Level	07	04	03	-
(iii) Secondary Level	155	127	31	03
(iv) Primary Level	75	65	10	-
<b>Total</b>	<b>267</b>	<b>218</b>	<b>52</b>	<b>03</b>

The following observations are made.

- (a) The approval of the Department of Management Services had not been taken for the including of 15,639 officers who were adopted from the Ministry of Economic Development in the year 2015 to the approved cadre.
- (b) Actions had not been taken to fill the 52 vacancies by the end of the year under review and it was observed that the vacancies were remained in 30 per cent of the posts of the senior and tertiary levels.