

Report of the Auditor General on Head 157 – Ministry of National Co – existence, Dialogue and Official Languages Year 2016

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 157 – Ministry of National Co – existence, Dialogue and Official Languages 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 31 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 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, 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.672.26 million and out of that, a sum of Rs.452.10 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision made for the Ministry amounted to Rs.220.16 million or 32.74 per cent of the net provision. Details appear below.

Expenditure	As at 31 December 2016			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	363.25	327.39	35.86	9.87
Capital	309.01	124.71	184.30	59.64
Total	672.26	452.10	220.16	32.74

2.2 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account Item No.15701 of the Ministry and the actual amounts are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
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
18.00	15.45	6.50	7.46	60.00	30.10

2.3 Imprest Account

The balance of the Imprest Account No. 7002/0000/00/0362/0016/000 under the Ministry as at 31 December 2016 amounted to Rs. 0.127 million.

2.4 General Deposit Account

The balances of 2 Deposit Accounts under the Ministry as at 31 December 2016 totalled Rs.43,579. Details appear below.

<u>Deposit Account Number</u>	<u>Balance as at 31 December 2016</u>
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	Rs.
6000/0000/00/0013/0107/000	30,304
6000/0000/00/0018/0101/000	13,275

Total	43,579
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2.5 Audit Observation

The Appropriation Account and the Reconciliation Statement of the Ministry of National Co – existence, Dialogue and Official Languages for the year ended 31 December 2016 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 significant Audit Observations out of the Audit Observations included in the Management Audit Report appear in paragraph 3.

3. Material and Significant Audit Observations

3.1 Non-maintenance of Registers and Books

It was observed during the audit test check of the Ministry that certain Registers had not been maintained while certain other registers had not been properly updated.

Type of Register	Relevant Regulation	Observation
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(a) Fixed Assets Register on Computer, Accessories and Software.	Treasury Circular No.IAI/2002/02 dated 28 November 2002.	Not maintained.
(b) Register on Electrical Equipment.	Financial Regulation 454 (2)	Not maintained.
(c) Attendance Register of the Members of the Procurement Committee and Technical Evaluation Committees.	Guideline 2.11.2 of the Government Procurement Guidelines – 2006.	Not maintained.
(d) Register of Liabilities	Financial Regulation 214	Not maintained.
(e) Inventory Register	Financial Regulation 454	Not maintained.
(f) Register of Fixed Assets	Treasury Circular No.842 dated 19 December 1978 and Financial Regulation 502 (2).	Registers of the Ministry and the Secretariat Office of the Non-Governmental Organizations had not been updated.
(g) CC 10 Loan Register	Financial Regulation 502	Not updated.

3.2 Appropriation Account

3.2.1 Budgetary Variance

The following observation are made.

- (a) The entire net provision of Rs.1,450,000 made for 02 Recurrent Objects and Rs.50,900,000 made for 03 Capital Objects had been saved.

- (b) Excess Provision had been made for 33 Objects and as such the savings, after the utilization of provision, ranged from 10 per cent to 98 per cent of the net provisions relating to the respective Objects.

3.3 Reconciliation Statement of the Advances to Public Officers Account

According to the Reconciliation Statement presented to audit, the balances of interdicted officers that remained outstanding totalled Rs.235,320 and those outstanding balances remained over periods ranging from 04 years to 05 years. The Ministry had failed to recover those outstanding loan balances.

3.4 Assets Management

Following deficiencies were observed during the test check of assets of the Ministry.

- (i) A plot of land with buildings belonging to the District Secretariat, Kilinochchi had been vested to this Ministry on 01 January 2014 and a sum of Rs.9,998,311 and Rs. 254,259 had been spent for repair of those building during the years 2015 and 2016 respectively. Action had not been taken to assess the land and buildings and brought to the accounts.
- (ii) The tax amount charged on purchase of executive and meeting tables and chairs and the fixing charge of air conditioner were not included to the cost of the assets and as such the value of office equipment shown had been understated by Rs.557,505.

3.5 Performance

Observations on the progress of the Ministry according to the Annual Budget Estimate 2016 and the Action Plan are shown below.

(a) Main Activities not Executed Adequately

Following observations are made.

- (i) Twenty one District Coordinators had been appointed to monitoring the activities of the Non-governmental Organizations. Even though the Performance Reports should be obtained from the offices which were prepared in accordance with the criterias for the measurement of the performance of those Officers, the Monitoring Unit had not obtained the Performance Report for the year 2016.
- (ii) Even though there were 1500 Non-governmental Organizations had been registered under the Chief Secretariats of the Non-governmental Organizations, all the organizations are not functioning but only the numbers of 575 organizations are in operation at present. Out of these organizations only 175 had submitted the approved Action Plans and none of the organization had submitted the Annual Reports.

- (iii) Although, the progress review included in the activities of the Interim Languages Plan for the implementation of the policy of Official Languages 2015 – 2017 should be carried out once in 3 months and annually, the measurement or follow up action had not been done accordingly.

3.6 Irregular Transactions

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

Deviation from Government Procurement Procedure

Following observations are made.

- (i) Action had not been taken by the Ministry in accordance with the Guide Line 1.2.1 of Government Procurement Procedure – 2006 when selecting 3 places for conducting workshops of which Rs. 1,459,120 been spent to promote co-existence.
- (ii) A sum of Rs.411,961 had been spent to purchase 285 seminar bags to the University students and Media personals who had been participated for the awareness programme. These purchases had been made deviating the Guidelines 1.2.1 (a) and (f) of the Government Procurement Procedure – 2006 the purchases.

3.7 Management Activities

A National Integration Assistant who had proceeded overseas and not been reported for service from December 2013. The sum of Rs.97,400 payable to the Government according to the agreement signed in making application for leave had not been recovered even by the date of audit.

3.8 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2016 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	24	14	10
(ii) Tertiary Level	04	03	01
(iii) Secondary Level	432	268	164
(iv) Primary Level	111	96	15
Total	571	381	190

Thirty two Development Officer posts, 27 Government Management Assistant posts and 90 National Integrated Coordinator posts included in the 164 vacant posts of Secondary Level.