

Report of the Auditor General on Head 159 - Ministry of Tourism Development and Christian Religious Affairs - Year 2016

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 159 – Ministry of Tourism Development and Christian Religious Affairs 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 to the Ministry on 10 October 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 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.742.62 million and out of that Rs.388.33 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision of the Ministry amounted to Rs.354.29 million or 47.71 per cent. Details are given below.

Expenditure	<u>As at 31 December 2016</u>			Savings as a Percentage of Net Provisions
	Net Provision	Utilization	Savings	
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	Rs.Millions	Rs.Millions	Rs.Millions	
Recurrent	118.29	115.00	3.29	2.78
Capital	624.33	273.33	351.00	56.22
Total	742.62	388.33	354.29	47.71
	=====	=====	=====	

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.15901 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
3.00	2.98	0.30	1.66	8.00	6.62

2.3 Imprest Account

The balance of the Imprest Account No.7002/0000/00/0457/0016/000 of the Ministry as at 31 December 2016 amounted to Rs.1.78 million.

2.4 General Deposit Accounts

The balances of 03 General Deposit Accounts under the Ministry as at 31 December 2016 totalled Rs.31,560. Details appear below.

Deposit Account Number	Balance as at 31 December 2016
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	Rs.
6000/0000/00/0002/0151/000	4,000
6000/0000/00/0013/0105/000	12,743
6000/0000/00/0016/0096/000	14,817
Total	----- 31,560 =====

2.5 Audit Observation

The Appropriation Account and the Reconciliation Statements of the Ministry of Tourism Development and Christian Religious Affairs 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

The Register of Fixed Assets had not been maintained by the Ministry in terms of Treasury Circular No.842 of 19 December 1978.

3.2 Assets Management

(a) Conduct of Annual Board of Surveys

Action in terms of Financial Regulations had not been taken on excesses of 28 items and shortages of one item pointed out by the Board of Survey Reports of the year 2016.

(b) Irregular Use of assets belonging to Other Institutions

Six motor vehicles belonging to three other Ministries had been used by the Ministry in the year under review.

(c) **Unsettled Liabilities**

The unsettled liabilities less than one year of the Ministry as at 31 December 2016 amounted to Rs.798,968.

3.3 Performance

The observations on the progress of the Ministry according to the Action Plan 2016, is given below.

Key Functions not carried out adequately

The following observations are made.

- (a) Even though it had been planned to improve the facilities of water based sports and to construct a conference hall with a seating capacity of 7000 as per the Action Plan of the year 2016, it had not been so done.
- (b) Provisions amounting to Rs.500 million had been made for the year under review in respect of 43 projects for the development of tourist attractions in 12 districts. However, out of Rs.275.83 million allocated for 14 projects of the above, a sum of Rs.196.15 million had not been utilized in the year due to the failure in the completion of projects. Further, the following matters were revealed in a sample test of files relating to 04 projects for which a sum of Rs.10,894,639 had been spent.
 - (i) The charges monthly payable to a private institution for internet facilities and the parties payable had not been determined at the commencement of the project. As such, the Closed Circuit Television (CCTV) installed at 04 places in the Ella town at a cost of Rs.1.08 million on 30 December 2016 had remained idle even by 10 October 2017.
 - (ii) Therefore, out of the guarantee period of two years granted for the Closed Circuit Television (CCTV), 10 months had elapsed, and the opportunity of rectifying the defects that may occur in the Closed Circuit Television (CCTV), had missed.
- (c) An Agreement for a sum of Rs.16.76 million in respect of the development of the pond close to the Watadageya at Medirigiriya and its surrounding premises, had been entered into by a private institution with the Secretary to the Chief Minister of the North Central Province. According to the said Agreement which had been entered into on 28 December 2016, the work should have been completed within 02 months. An advance of 80 per cent out of Rs.5,786,000 being the value of five bills, had been claimed by the said contractor for raw materials of the worksite on the agreement date itself. Out of the total sum of Rs.5,323,120 comprising the said advance of Rs.4,628,800 and the Value Added Tax of Rs.694,320 thereto, a sum of Rs.3,992,340 (75 per cent) had been released to the contractor.

It was observed in audit that the following bills submitted by the contractor to confirm the said payment, could not be accepted.

- (i) Submission of bills with the date of agreement and with dates prior to that.
- (ii) Bills obtained for solar panels from an advertising firm
- (iii) Submission of the summary of supplies amounting to Rs.3,500,000 made in respect of 100,000 interlocking paving stones supplied from a private firm on 28 December 2016 as a bill issued in supplying goods. However, the said firm had not supplied any interlocking paving stone on that date.

3.4 Losses and Damages

The following observation is made.

The expenditure on repairs to a motor vehicle met with an accident in the year 2016 was higher than the amount received from the insurance, thus a loss of Rs.437,277 had sustained.

3.5 Human Resources Management

Approved Cadre and Actual Cadre

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

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	14	12	02
(ii)	Tertiary Level	04	02	02
(iii)	Secondary Level	30	24	06
(iv)	Primary Level	19	13	06
(v)	Other	04	02	02
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	Total	71	53	18
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