

## **Report of the Auditor General on Head 309- Department of Buildings- Year 2016**

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The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records on Head 309 Department of Buildings for the year ended 31 December 2016 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 Director General of the Department on 04 August 2017. The audit observations, comments and findings on the accounts and 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 on the**

#### **Accounts and Reconciliation Statements**

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The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with the provisions in Article 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. The 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**

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#### **2.1 Appropriation Account**

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##### **Total Provision and Expenditure**

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The total net provision made for the Department amounted to Rs.353.04 million and out of that Rs.345.36 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision made for the Department had been Rs.7.68 million or 2.18 per cent. 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	315.54	308.99	6.55	2.07
Capital	37.50	36.37	1.13	3.02
<b>Total</b>	<b>353.04</b>	<b>345.36</b>	<b>7.68</b>	<b>2.18</b>

## 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.30901 of the Department 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
18.00	17.99	11.00	13.82	75.00	47.56

## 2.3 Imprest Account

The Imprest balance of the Department as at 31 December 2016 under the Account No.7002/0000/00/0067/0016/000 had been a sum of Rs.5.56 million.

## 2.4 General Deposit Account

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The total of the balances of 03 Deposit Accounts under the Department as at 31 December 2016 amounted to Rs.1,130.53 million. Details appear below.

<b>Deposit Account Number</b>	<b>Balance as at 31 December 2016</b>
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	Rs. Millions
6000/0000/00/0016/0033/000	148.77
6000/0000/00/0013/0052/000	981.03
6000/0000/00/0002/0012/000	0.73
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	<u>1,130.53</u>

## 2.5 Audit Observation

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The Appropriation Account and Reconciliation Statements of the Department of Buildings for the year ended 31 December 2016 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 Audit 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 Appropriation Account

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#### Budgetary Variance

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Excess provisions had been made for 03 Objects and as such the savings after the utilization of provisions ranged from 20 per cent to 93 per cent of the net provisions relating to the respective Objects.

### 3.2 General Deposit Account

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Action had not been taken in terms of the Financial Regulation 571 relating to four Deposits totalling Rs.53.66 million which had lapsed over 2 years.

### 3.3 Reconciliation Statement on Advances to Public Officers Account

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The following weaknesses were observed at the audit test check carried out in respect of the Reconciliation Statement as at 31 December 2016 on Advances to Public Officers Account Item No.30901.

- (a) According to the Reconciliation Statement presented to audit, the outstanding balance as at that date totalled Rs.378,650. Even though those outstanding balances had lapsed over a period ranging from 01 year to 04 years, the Department had failed to recover those outstanding balances.
- (b) The loan balance amounting to Rs.238,330 of a retired female Officer in the year 2012 had not been recovered even by the end of the year under review.

### 3.4 Good Governance and Accountability

#### ----- Annual Procurement Plan -----

The Procurement Plan for the utilization of provisions made available in terms of the National Budget Circular No.128 of 24 March 2006 had not been prepared even by 31 December 2016.

### 3.5 Non- compliances

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

Instances of non- compliance with the provisions in laws, rules and regulations observed during the audit test checks are analyzed and given below.

<b>Reference to Laws, Rules and Regulations</b>	<b>Value</b>	<b>Non- compliances</b>
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	Rs.	
Financial Regulations of the Democratic Socialist Republic of Sri Lanka		
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Financial Regulation 94(1)	461,444	Had been committed to liabilities exceeding provision money in 03 Objects.
Financial Regulation 104(3)	477,605	The appointment of Boards of Inquiry had been delayed.

Financial Regulation 396(c)

297,857

Action had not been taken in terms of Financial Regulations relating to cheques which had lapsed over 6 months.

### 3.6 Performance

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#### **Key functions not executed adequately**

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The following observations are made.

Becoming the technical authority in building works by ensuring the public sector organizations possess safe, economical, sustainable and elegant built environments to deliver high quality services to the nation had been the Vision of the Department of Buildings. Moreover, providing excellent services for the development of public sector building works by provision of architectural design and engineering design, construction, maintenance, project management and supply of technical assistance ensuring technical accountability in quality, economy, functionality, and soundness for the total satisfaction of the stakeholders by a team of dedicated multidisciplinary professionals had been the Mission of the Department.

Details on the functions and powers of the Department are given from Financial Regulations 787 to 789 and it had been stated that construction and maintenance activities of the Government Buildings should be carried out in terms of Financial Regulations.

The key functions of the Department of Buildings had been stated as given below.

- Preparing plans, preparing estimates and the construction necessary for Government Departments, Ministries, buildings for other Government Institutions and other services.
- Supplying consultancy services and project management services for Government Institutions for building construction activities.
- Executing the functions of building maintenance activities, addition and development in the Government Departments and Ministries.
- Constructing buildings for Sri Lanka Foreign Delegations and executing rehabilitation functions.

However, all contracts carried out by the Department had been handed over to various contractors for carrying out by the sub- contract method. Fifty- two Turnkey construction projects of which the estimated cost being a sum of Rs.1,514 million had been included into the Action Plan in the year under review and all of those projects had been executed by the sub- contract method. Any performance whatsoever had not been achieved in 06 projects of which the estimated cost being a sum of Rs.154.37 million and of which the functions should be completed as at 31 December 2016 and the performance remained at a low level of 5 per cent in 08 projects of which the estimated cost being a sum of Rs.178.35 million, out of these

projects. Moreover, the performance achieved in 04 projects of which the estimated project cost being a sum of Rs.226.6 million ranged from 43 per cent to 50 per cent.

### 3.7 Losses and Damages

The ability of covering the loss amounting to Rs.193,350 from the insurance had been loss on not repairing the motor vehicle which subjected to an accident on 29 March 2016, even up to the end of the year 2016.

### 3.8 Human Resources Management

#### Approved Cadre and Actual Cadre

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

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Number of Excess
(i) Senior Level	116	75	41	-
(ii) Tertiary Level	23	01	22	-
(iii) Secondary Level	285	182	103	-
(iv) Primary Level	178	125	53	-
(v) Others (Casual/Temporary/ Contract Basis)	-	10	-	10
<b>Total</b>	<b>602</b>	<b>393</b>	<b>219</b>	<b>10</b>

The number of vacancies being 219 had directly affected to the performance of the Department.