

Report of the Auditor General on Head 332 - Department of National Community Water Supply -- Year 2016

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 332 – Department of National Community Water Supply 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 Director General of the Department on 22 September 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 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 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. The 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 Department of National Community Water Supply amounted to Rs.218.76 million and out of that, Rs.183.37 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provision of the Department amounted to Rs.35.39 million or 16.2 per cent. Details appear below.

| Expenditure | As at 31 December 2016 | | | Savings as a Percentage of the Net Provisions |
|--------------|------------------------|---------------|--------------|---|
| | Net Provision | Utilization | Savings | |
| | Rs.Millions | Rs.Millions | Rs.Millions | |
| Recurrent | 96.56 | 93.66 | 2.90 | 3.0 |
| Capital | 122.20 | 89.71 | 32.49 | 26.6 |
| Total | 218.76 | 183.37 | 35.39 | 16.2 |

2.2 Advances to Public Officers Account

Limits Authorized by Parliament

Limits authorized by Parliament for the Advances to Public Officers Account, Item No.33201 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 |
| 1.00 | 0.99 | 0.20 | 1.57 | 4.00 | 3.47 |

2.3 General Deposit Accounts

The balances of 04 General Deposit Accounts of the Department of National Community Water Supply as at 31 December 2016 totalled Rs.81.63 million. Details appear below.

| Deposit Account Number | Balance as at 31 December 2016 |
|----------------------------|--------------------------------|
| | Rs. Millions |
| 6000/0000/00/0013/0127/000 | 76.18 |
| 6000/0000/00/0016/0117/000 | 5.38 |
| 6000/0000/00/0018/0112/000 | 0.06 |
| 6000/0000/00/0020/0020/000 | 0.01 |
| Total | 81.63 |

2.4 Audit Observation

The Appropriation Account and the Reconciliation Statements for the year ended 31 December 2016 of the Department of National Community Water Supply have 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 the said 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 course of audit test checks that the Department of National Community Water Supply had not maintained the following registers.

| Type of Register ----- | Relevant Regulation ----- | Observation ----- |
|---|---|-------------------------------------|
| (a) Register of Fixed Assets on Computers, Accessories and Software | Treasury Circular No. IAI/2002/02 of 28 November 2002 | Not maintained |
| (b) Log Book of Motor Vehicles | Financial Regulation 1645 | Not maintained in an updated manner |
| (c) Inventory Book | Financial Regulation 454 | Not maintained in an updated manner |

3.2 Appropriation Accounts -----

3.2.1 Budgetary Variance -----

The following observations are made.

- (a) The entire net provisions amounting to Rs.700,000 made for an Object had been saved.
- (b) Excess provision had been made for 04 Objects and as such the savings, after the utilization of provision, ranged between 23 per cent and 72 per cent of the net provision relating to the respective Objects.

3.2.2 Understatement of Liabilities in the Appropriation Account -----

Out of the liabilities mentioned under (1) of DGSA 08 Format, liabilities of Rs.11,085 had been understated in accounts.

3.3 Good Governance and Accountability -----

Annual Performance Report -----

Even though the Performance Report should be tabled in Parliament within 150 days after closure of the financial year by the Department in terms of the Public Finance Circular No.402 of 12 September 2002, that Report had not been tabled in Parliament even by 31 July 2017.

3.4 Non-compliances -----

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

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 | Non-compliance |
|---|--------------|--|
| ----- | ----- | ----- |
| | Rs. | |
| (a) Establishments Code of the Democratic Socialist Republic of Sri Lanka ----- Section 13.5 of Chapter XXIV | 21,250 | Even though the festival advance is recoverable in 10 monthly instalments or earlier, it had not been so done. |
| (b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka ----- Financial Regulation 1646 | | Even though the running charts and monthly performance summaries should be presented to Audit before 15 of the following month, it had not been so presented. |
| (c) Public Administration Circulars ----- Paragraph 2.11 of the Public Administration Circular No.41/90 of 10 October 1990. | | Testing of consumption of fuel had not been carried out. |
| (d) Public Finance Circulars ----- Circular No.03/2015 of 14 July 2015 | 960,000 | Even though advances should be settled immediately after the completion of the purpose for which Imprests had been granted, there had been instances where it had not been so carried out. |

3.5 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 |
|------------------------------|-----------------------|---------------------|----------------------------|
| ----- | ----- | ----- | ----- |
| (i) Senior Level | 24 | 09 | 15 |
| (ii) Tertiary Level | 307 | 147 | 160 |
| (iii) Secondary Level | 61 | 30 | 31 |
| (iv) Primary Level | 70 | 25 | 45 |
| Total | 462 | 211 | 251 |
| | ===== | ===== | ===== |

The Department had not taken action to fill 251 vacancies by the end of the year under review.