

Report of the Auditor General on Head 311- National Physical Planning Department- Year 2016

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records on Head 311 National Physical Planning Department 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 03 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

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

2.1 Appropriation Account

Total Provision and Expenditure

The total net provision made for the National Physical Planning Department amounted to Rs.291.80 million and out of that Rs.184.39 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.107.41 million or 36.81 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 | 182.70 | 175.93 | 6.77 | 3.71 |
| Capital | 109.10 | 8.46 | 100.64 | 92.25 |
| Total | 291.80 | 184.39 | 107.41 | 36.81 |

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.31101 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 |
| 12.00 | 11.57 | 7.00 | 8.13 | 60.00 | 33.96 |

2.3 General Deposit Account

The balance of the General Deposit Account No.6000/0000/00/0018/0020/000 of the Department as at 31 December 2016 amounted to Rs.4.13 million.

2.4 Audit Observation

The Appropriation Account and Reconciliation Statements of the National Physical Planning Department 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

3.1 Non- maintenance of Registers and Books

It was observed at the audit test checks that the following registers had not been maintained by the Department.

| Type of Register | Relevant Regulation |
|---|--|
| ----- | ----- |
| (i) Register of Fixed Assets | Treasury Circular No.842 of 19 December 1978. |
| (ii) Register of Damages | Financial Regulation 110. |
| (iii) Register of Liabilities | Financial Regulation 214. |
| (iv) Attendance Registers of the Technical Evaluation Committees and the Procurement Committee. | Guideline 2.11.2 of the Government Procurement Guidelines. |

3.2 Appropriation Account

3.2.1 Budgetary Variance

Excess provisions had been made for 03 Objects and as such savings after the utilization of provisions ranged from 25 per cent to 62 per cent of the net provisions relating to the respective Objects.

3.2.2 Utilization of Provisions made by other Ministries

Provisions totalling Rs.62.06 million had been received by the Department from two Ministries for various activities and a total sum of Rs.6.07 million of those provisions had been utilized. As such, provisions totalling Rs.55.99 million had been saved by the year under review.

3.3 General Deposit Account

A sum of Rs.4.11 million provided for various functions by other parties had been retained in the Deposit Account without executing the relevant functions.

3.4 Reconciliation Statement on Advances to Public Officers Account

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.31101.

- (a) According to the Reconciliation Statement presented to audit, the outstanding balance as at that date totaled Rs.1.29 million and the Department had failed to recover a sum of Rs.987,278 of that outstanding balance even by 30 September 2017.
- (b) Documents of 07 loan balances relating to individual balances totalling Rs.157,273 included in the Reconciliation Statement prepared as at 31 December 2016 had been misplaced.

3.5 Good Governance and Accountability

3.5.1 Annual Action Plan

The Annual Action Plan had not been prepared in terms of the Public Finance Circular No.01/2014 dated 17 February 2014 by the Department.

3.5.2 Annual Procurement Plan

Provisions totalling Rs.9.1 million had been made available in the year under review to obtain goods and services by acting according to the Guidelines of the Government Procurement Guidelines. The Procurement Plan had not been prepared for the utilization of those provisions in terms of the National Budget Circular No.128 of 24 March 2006.

3.5.3 Annual Performance Report

Even though the Performance Report should be tabled in Parliament within 150 days after the end 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 by preparing, with a copy to the Auditor General even by 03 August 2017.

3.6 Assets Management

The following deficiencies were observed during the course of audit test checks of the assets of the Department.

(a) Idle and Underutilized Assets

Even though a motor car belonging to the Department had been subjected to an accident on 26 February 2014, that motor car remained being halted in the Department premises even by the end of the year under review without properly taking action relating thereto in terms of Financial Regulations. The Department had not been able to obtain insurance compensation relating to the loss occurred due to that vehicle not being insured by the Department. Even though it was observed in the examination of the relevant documents that the Cassette Recorder and the driver's seat of that motor vehicle, which remained being halted in the premises of the Institution, had been misplaced, a proper inquiry had not been carried out relating to those losses and damages and information relating thereto had not been included even in the Register of Damages of the Department.

(b) Conduct of Annual Boards of Survey

Relevant action had not been taken relating to the deficits, surpluses, goods that should be destroyed, goods that should be repaired, goods that should be sold and the goods that should be handed over to other Government Institutions in terms of Paragraph 3.2.5 of the Public Finance Circular No.5/2016 of 31 March 2016.

3.7 Implementation of Projects under Domestic Financing

Provisions amounting to Rs.100 million had been received from the Treasury for the Anuradhapura Lolugaswewa Project in the year 2016 and as such, imprests amounting to Rs.20 million had been issued to the Department. However, the entire provision made available had been saved on not executing the procurement and technical process as intended and on not being able to execute any function whatsoever relating to that project in the year under review on the approval of the Cabinet of Ministers had to be re-obtained for the project.

3.8 Performance

Even though the key function of the Department are preparing a National Physical Design Policy, preparing a National Physical Plan and regulating the implementation of the Physical Plan, the regulatory activities of the structural plan prepared for the sacred areas development activities as per that plan had not been carried out by the Department.

3.9 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 | 51 | 12 | 39 |
| (ii) Tertiary Level | 08 | 01 | 07 |
| (iii) Secondary Level | 115 | 79 | 36 |
| (iv) Primary Level | 213 | 188 | 25 |
| Total | 387 | 280 | 107 |

The following observations are made.

Even though 36 vacancies of officers remained in the Secondary Level in the Department, 04 officers had been released to other parties by 31 December 2016.