

## **Report of the Auditor General on Head 166- Ministry of City Planning and Water Supply- 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 of the Ministry of City Planning and Water Supply -Head 166 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 July 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 for the Accounts and Reconciliation Statements**

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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**

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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 Ministry amounted to Rs. 34,731.40 million and out of that a sum of Rs. 26,577.15 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.8,154.25 million or 23.48 per cent of the total net provision. Details appear below.

<b>Expenditure</b>	<b>As at 31 December 2016</b>			
	<b>Net Provision</b>	<b>Utilization</b>	<b>Savings</b>	<b>Savings as a Percentage of Net Provision</b>
	<b>Rs. millions</b>	<b>Rs. millions</b>	<b>Rs. millions</b>	
Recurrent	171.16	166.95	4.21	2.46
Capital	34,560.24	26,410.20	8,150.04	23.58
<b>Total</b>	<b>34,731.40</b>	<b>26,577.15</b>	<b>8,154.25</b>	<b>23.48</b>

## 2.2 Advances to Public Officers Account

### Limits Authorized by Parliament

The limits authorized by the Parliament for the Advances to Public Officers Account of Object number 16601 of the Ministry and the actual amounts are given below.

<b>Expenditure</b>		<b>Receipts</b>		<b>Debit Balance</b>	
<b>Maximum Limit</b>	<b>Actual</b>	<b>Minimum Limit</b>	<b>Actual</b>	<b>Maximum Limit</b>	<b>Actual</b>
<b>Rs. millions</b>	<b>Rs. millions</b>	<b>Rs. millions</b>	<b>Rs. millions</b>	<b>Rs. millions</b>	<b>Rs. millions</b>
6.00	5.84	3.50	4.00	19.00	13.91

## 2.3 General Deposit Account

The balances of the 03 General Deposit Accounts of the Ministry as at 31 December 2016 totalled Rs.5.73 million. Details appear below.

<b>Deposit Account Number</b>	<b>Balance as at 31 December 2016</b>
	<b>Rs. Millions</b>
6000/0000/00/0002/0146-000	0.37
6000/0000/00/0013/0101/000	1.34
6000/0000/00/0016/0092/000	4.02
<b>Total</b>	<b>5.73</b>

## 2.4 **Audit Observation**

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The Appropriation Account ,Advance Account and the Reconciliation Statements of the Ministry of City Planning and Water Supply 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 important audit observations out of the audit observations included in the Management Audit Report appear in paragraph 03 .

## 3 **Material and Significant Audit Observations**

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### 3.1 **Non-maintenance of Registers and Books**

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It was observed during audit test checks that the Ministry had not maintained the following registers.

<b>Type of Register</b>	<b>Relevant Regulation</b>
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(i) Register of Damages	Financial Regulation 110
(ii) Register of Fixed Assets	Financial Regulation 502(2) and Treasury Circular No.842 of 19 December 1978.

### 3.2 **Misplaced Vouchers**

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The paying voucher of Rs.20,231 relevant to the year under review had been misplaced. It had not been disclosed on the misplaced voucher in the appropriation Account and action had not been taken in terms of Financial Regulations in that connection.

### 3.3 **Appropriation Account**

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#### **Budgetary Variance**

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The following observations are made.

- (a) The entire net provision amounting to Rs.159.7 million made for 08 Objects relating to 04 Projects had been saved.
- (b) Excess provision had been made for 12 Objects and as such the savings, after the utilization of provisions, ranged between 26 per cent to 90 per cent of the net provisions relating to the respective Objects.
- (c) Even though provisions amounting to Rs.2,729.9 million had been provided by the allocation of supplementary estimates relating to 09 Projects under the community facilities project in the water supply division, after the utilization of that provisions, a sum of Rs.1,860.9 million or 68 per cent of the provisions provided had been saved at the end of the year under review. Accordingly, the provisions had been obtained by allocation of supplementary estimates more than the required amount.

### 3.4 **Reconciliation Statement of the Advances to Public Officers Account**

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An outstanding loan balance of Rs.38,095 recoverable from an interdicted officer from 10 December 2005 had been brought forward continuously and the said officer had been dismissed from the service on 07 June 2013. Even though according to the reply letter received from the Secretary to the Ministry by the letter No.2/1/2015/09 dated 11 August 2017, it had been informed that action would be taken to recover the arrears of loan balance from the guarantors, no any action had been taken in that connection even by 30 September 2017.

### 3.5 **Good Governance and Accountability**

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#### 3.5.1 **Annual Performance Report**

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The Annual Performance Report should be prepared by the Ministry and tabled in Parliament within 150 days of the closure of financial year in terms of Public Finance Circular No. 402 dated 12 September 2002 . However, the said report had not been tabled in Parliament even by 31 July 2016.

### 3.6 **Assets Management**

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The following deficiencies were observed during the audit test checks carried out relating to the assets of the Ministry.

#### (a) **Conduct of Annual Board of Survey**

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In terms of Public Finance Circular No. 05/2016 dated 31 March 2016 , the Annual Board of Survey for 2016 should be carried out and those reports should be forwarded to the Auditor General before 31 March 2017. However, those reports had not been submitted to audit by the Ministry even by 31 May 2017.

#### (b) **Irregular use of Assets belonging to other Institutions**

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Following observations are made.

- (i) Sixteen vehicles belonging to 11 public institutions but not belonging to the Ministry had not been vested in a proper manner and had been utilized by the Ministry.
- (ii) Eleven vehicles belonging to National Water Supply and Drainage Board had been released to the Ministry in the years 2015 and 2016. Out of that vehicles, one vehicle had been returned on 04 August 2016 . Even though another vehicle had been sent to the agency institution for repairing on 06 September 2016, it had been mentioned that the vehicle was at a condition of unrepairable. A sum of Rs. 1,666,150 had been incurred by the Board in the year 2016 for that vehicles.

#### (c) **Human Resources obtained by other Parties**

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Forty three officers and employees deployed in the National Water Supply and Drainage Board had been released to the Ministry of City Planning and Water Supply in the year 2016. Out of those 43 officers and employees who released from the year 1995 to the year 2016, a sum of Rs.30,393,767 as salaries and allowances and a sum of Rs.3,129,687 for the contribution for Employee Provident Fund and Employee Trust Fund had been paid by the National Water Supply and Drainage Board in the year 2016 according to the particulars furnished to audit relating to 39 persons.

### 3.7 **Non-compliance**

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

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Instance of non-compliance with the Provision of laws, rules and regulations observed during the audit test check are analyzed below.

**Reference to Laws, Rules and Regulations**

**Non-compliance**

**(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka**

(i) Financial Regulation 371

Ad hoc sub-imprest issued for various activities in 6 instances had not been settled immediately after the completion of the relevant activity.

(ii) Financial Regulations 1646

Daily Running Charts and Monthly Summary Reports of pool vehicles of the Ministry had not been presented to the Audit.

**(b) Circulars of the Presidential Secretary Office**

The letter No.CA/1/17/1/2010 dated 14 May 2010

(i) Paragraph 3

The maximum number of vehicles allocated for the use and security of the Minister was 03. However, the Ministry had allocated 05 vehicles for that purpose.

(ii) Paragraph 3.4

Even though the Private Secretary and the Media Secretary of the Minister had been entitled for use one vehicle each, 02 vehicles had been allocated for them.

( c) **Public Administration Circulars**

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Paragraph 2.11 of the Circular  
No.41/90 dated 10 October 1990.

An examination on fuel consumption relating to the vehicles of the Ministry had not been carried out.

3.8 **Foreign Funded Projects**

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Provisions for Rs.25,000 million had been made for the implementation of 17 continuous projects under foreign financing by the Ministry in the year under review .A sum of Rs. 22,548.73 million had been utilized for that projects in the year under review. The following observations are made in respect of those Foreign Funded Projects.

(a) **Performance of the Foreign Funded Projects**

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The financial performance and physical performance as at 31 December 2016 relating to the foreign funded projects described below are as follows.

Project	Date planned for the completion of the project	Percentage of financial Performance	Performance of the Physical Performance
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Water Supply and Sanitary Project Jaffna-Kilinochchi.	14.05.2020	17	38
Urban Water and Sanitary Project of Dry Zone	31.12.2017	65.5	85.8
Greater Colombo Water and waste Water Management Promotion Investment Programme-Project 01	31.12.2016	36.25	24.07
Greater Colombo Water and waste Water Management Promotion Investment Programme-Project 02-Asian Development Bank	30.06.2019	8.41	3.66
Greater Colombo Water and waste Water Management Promotion Investment			

Programme-Project 02-AFD (Ambatale  
Power Conservation Project)

31.12.2019

4.36

3.32

### 3.9 Uneconomic Transactions

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Penalty of Rs.21,493 had been paid due to failure to pay the electricity bills of the Ministry before due date.

### 3.10 Human Resources Management

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#### Approved Cadre and Actual Cadre

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

<b>Category of Employees</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>Number of Vacancies</b>
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(i) Senior Level	27	22	05
(ii) Tertiary Level	05	02	03
(iii) Secondary Level	81	56	25
(iv) Primary Level	40	34	06
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<b>Total</b>	<b>153</b>	<b>114</b>	<b>39</b>
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