

## **Head 288 - Auditor General's Report on Department of Survey General – Year 2016**

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The audit of Appropriation Account, Reconciliations Statements and the Revenue Account including the financial records, books, registers and other records of the Head 288-Department of Survey General for the year ended 31 December 2016 was carried out in pursuance of provisions in Article 154(1) of the constitutions of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Survey General on 29<sup>th</sup> June 2017. The Audit observations, comments and findings on the accounts and the reconciliations statements were based on a review of the Accounts and Reconciliation Statements presented to audit and substantive test 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 the Reconciliations Statements.**

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The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, Preparation and the fair presentation of the Appropriation Account, Revenue Account and the Reconciliations Statements in accordance with the provisions in Articles 148,149,150 and 152 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 preparations and fair presentation of Accounts and Reconciliations 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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#### **(a) Total Provision and Expenditure**

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The total net provision made for the Department amounted to Rs. 3,607.85 million and out of that Rs.3.528.86 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provisions of the Department amounted to Rs.78.99 million or 2.19 percent. Details are given below.

Expenditure	As at 31 December 2016			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. million	Rs. million	Rs. million	
Recurrent	3,360.19	3,326.86	33.33	0.99
Capital	247.66	202.00	45.66	18.44
<b>Total</b>	<b>3,607.85</b>	<b>3528.86</b>	<b>78.99</b>	<b>2.19</b>

**(b) Utilization of Provisions made available by other Ministries and Departments**

A sum of Rs.249 million had been utilized from the provision of Rs.250 million made available by Ministry of Land for the Department for Bimsaviya Programme by the end of the year under review. Accordingly, a sum of Rs.1 million or 0.4 per cent of the provisions made had been saved.

**2.2 Revenue Account**

**Estimated and Actual Revenue**

The Department had estimated the Revenue totalling Rs.320 million in respect of the Revenue Code 20-03-02-04 for the year 2016 and revenue totalling Rs.465.02 million had been collected for the year under review.it had been 145.31 per cent from the estimated revenue.

### 2.3 Advance to Public Officers Account

#### ----- Limits Authorized by the Parliament -----

The limits authorized by the Parliament for the Advances to Public Officers Account of the Department under Item No.28801 and the actual amounts are given below.

<b>Expenditure</b>		<b>Receipts</b>		<b>Debit Balance</b>	
<b>Maximum</b>	<b>Actual</b>	<b>Minimum</b>	<b>Actual</b>	<b>Maximum</b>	<b>Actual</b>
<b>Limit</b>		<b>Limit</b>		<b>Limit</b>	
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<b>Rs. Million</b>	<b>Rs. Million</b>	<b>Rs. Million</b>	<b>Rs. Million</b>	<b>Rs. Million</b>	<b>Rs. Million</b>
148.00	143.96	105.00	123.32	400.00	334.26

### 2.4 Imprest Account

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The balance of the Imprest Account No.7002/0000/00/0044/0015/000 of the Department as at 31 December 2016 amounted to Rs. 25.18 million.

### 2.5 General Deposit Account

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The balances of the three Deposit Accounts under the department as at 31 December 2016 totalled Rs.17.22 million. Details appear below.

<b><u>Deposit Account Number</u></b>	<b><u>Balance as at 31 December 2016</u></b>
	<b>Rs. Million</b>
6000/0000/00/0002/0117/000	3.26
6000/0000/00/0013/0077/000	3.11
6000/0000/00/0016/0065/000	10.85
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<b>Total</b>	<b>17.22</b>
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## 2.6 **Audit Observation**

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The Appropriation Account, Revenue Account and the Reconciliation Statements for the year ended 31 December 2016 of the Department of Survey General 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 important audit observations out of the audit observations included in the Management Audit Report appear in paragraph 3.

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

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### 3.1 **Non-Maintenance of Books and Records**

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It was observed during audit test checks that certain registers stated below had not been maintained and certain registers had not been properly maintained and updated by the department.

<b><u>Type of Register</u></b>	<b><u>Relevant Regulation</u></b>	<b><u>Observations</u></b>
(a) Fixed Assets Register	Treasury Circular No 842 of 19 December 1978/ Financial Regulations 502(2)	Had not maintained.
(b) Fixed Assets Register on Computers, Accessories and Software	Treasury Circular No. IAI/2002/02 of 28 November 2002	Had not maintained.
(c) Register on Electrical Equipment	Financial Regulations 454(2)	Had not maintained
(d) Register of Losses	Financial Regulations 110	Had not updated
(e) Inventory Books	Financial Regulations 754 & Financial Regulations 751(1)	Had not updated

## **3.2 Appropriation Account**

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### **3.2.1 Mandatory Savings**

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Sum of Rs.7,869,136 of two expense objects that should be saved mandatory as per second chapter of budget circular No 07/2015 of 29 December 2015 had been expensed despite the relevant circular instructions.

### **3.2.2 Obtaining Over Provisions**

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Sum of Savings of Rs.65,805,109 after utilization of provisions had been amounted from 6 per cent to 57 per cent from the net provisions relevant to those expense subjects due to the over provision for 35 expense objects.

### **3.2.3 Provisions under the Supplementary Estimates**

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Even though sum of Rs.27,001,461 had been given to a recurrent expense object under the supplementary provisions ,sum of Rs. 125,000,000 that provided under that expense object had been transferred in to another expense object under the Financial Regulation 66.

### **3.2.4 Disclosure of Liabilities**

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Sum of Rs. 212,655 of liabilities had not been disclosed in Appropriation Account.

### **3.2.5 Losses and Dismissals**

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The required authority had not been taken to write off sum of Rs,4,274,993 of debt balances which are disclosed as losses and dismissals from the books.

## **3.3 Revenue Account**

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The following matters were observed during the audit test checks carried out in respect of the Surveyor General revenue code of 20-03-02-04.

- (a) Even though the revenue of Rs.320 million had been estimated to collect, revenue of Rs.465 million had been collected in the year under review.
- (b) Sum of revenue Rs.25,160 had been in arrears since four years.
- (c) Surveyor General Revenue had been reduced by 15 per cent in current year compared to the previous year.

### **3.4 Reconciliation Statement of Public Officers Advance Account**

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The following matters were identified for the year under review for Public Officers Advance Account under item No. 28801

- (a) Total arrears balances collected amounting to is summed as Rs. 7,967,185 and under the time period between 1 year to 34 years. The follow up action on the loan balances in arrears had been in weak level.
- (b) The department had not maintained a Loan control account. And also the balances of CC 10 register and Treasury computer printouts had not been reconciled with the balances of control account at the end of each month.
- (c) Based on the department records, the loan advance payment contained a difference of Rs. 104,809 when compared the Treasury computer printouts
- (d) Actual values of loan receivables had a difference of Rs. 343,764 when compared the Treasury computer printouts
- (e) Based on Treasury computer printouts, the actual value of maximum debit Limit has a difference of Rs. 93,403 when compared with actual values in summary reports of provincial offices.

(f) Loan balances of officers who in and out the Department internally had been a difference of Rs.1,576,792.

(g) During the Audit tests checks for the distress loans documents pertaining to the Head office and Western province office there had been missing in entering, delays in entering, incorrectly entering and delays in installments recovery in distress loans amounting to Rs.946,150 which granted to ten officers.

### 3.5 Assets Management

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The following deficiencies were observed during the audit test checks carried out in respect of assets of the department.

#### (a) Idle and underutilized Assets

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Details of idle and under utilised Assets is as follows

Type of Assets	No. of Units	Idle or Underutilised duration
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<b>Building:</b>		
• Official quarters of Institute of survey and mapping in Diyathalawa	23	From 01 year to 03 year
• Technical officer's official quarter of Uva Province Surveyor General's Office	01	3 years
• Badulla Senior Superintendent of Surveyor quarters	01	1 Year

**(b) Utilizing other assets belonging to the other institutions**  
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- (i) 16 vehicles belonging to the Ministry of Land are being utilized since 2014 without properly acquiring their ownership.
- (ii) Various capital assets including Surveyor equipments had been purchased by the Bimsaviya Provision by spending Rs. 312 million and buildings that has build by spending Rs.82 million have been utilized without properly acquiring their ownership from the Ministry of Land.

**(c) Unsettled Liabilities**  
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Value of unsettled liabilities amounted to Rs. 27,301,262 by the departments as at 31 December 2016.

**3.6 Non-compliance**  
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**Non-compliance to Laws, Rules and Regulations**  
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Non compliance to the laws, rules and regulations observed during the audit test checks were analyzed as follows.

<b><u>Reference to the Laws, Rules and Regulations</u></b>	<b><u>Value</u></b> <b>(Rs.)</b>	<b><u>Non-compliance</u></b>
<b>Financial Regulations of Democratic Socialist Republic of Sri Lanka</b>		
(i) Financial Regulations 104(3)	754,128	Initial Reports for damages to 11 vehicles had not presented during the year under review.
(ii) Financial Regulations 104(4)	315,264	Complete Reports for damages to 4 vehicles during the year under review were not presented within 3 months



### 3.7 Performance

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According to the annual budget estimate and the action plan for the year 2016, the progress of the department are given below.

#### (a) Main functions that were not adequately performed.

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Main functions of the department were not adequately performed and some of such observations are given below.

- (i) Remaining Surveying orders from year 2009 up to 31 December 2016 were 18,511, and remaining surveying orders for the last 7 years have been increased gradually.
- (ii) Even though the total surveying orders to be completed were amounted to 32,924 in the year under review only 18,413 plots had been completed or 49 per cent from the total surveying orders.
- (iii) Only 18 per cent of surveying requisitions by Ministry of Plantation industry have been completed at the end of the present year.
- (iv) The overall progress of the Bimsaviya Programme from the year 2012 to 2016 was 10 per cent. But sum of Rs. 245 million had been paid as incentives.

#### (b) Planning

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The Physical performance had been displayed by 200 per cent growth due to the planning based on not increasing the standard 20 minimum lots (Norms) by the usage of current modern technical equipment, that should be measured by the surveyor.

### **3.8 Irregular Transactions**

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Certain transactions executed by the department are avoided of regularity. Several such instances observed during the audit test checks are given below.

#### **3.8.1 Deviation from the Public Procurement Guidelines**

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##### **(a) Execution of the procurement plan**

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- (i) Purchases of Rs.15.22 million based on procurement plan had not been carried out and procurements of Rs. 8.68 million which not included in the procurement plan had been carried out.
- (ii) Estimation with overestimation of Rs. 9.80 million for 5 goods & equipments in the procurement plan and Rs. 19.54 million for construction had been made.
- (iii) Underestimation of Rs. 5.68 million have been estimated for 9 items goods and equipment listed on procurement plan.

##### **(b) Constructing surveyor offices and Circuit Bungalow**

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Main issues Observed under the construction survey offices in Trincomalee, Vavuniya, Kekirawa and Kuchchaweli circuit bungalow and its water tank for Rs. 60.19 million are detailed below:

- (i) In this construction, there were payments exceeding the works completed, payments for works not completed, payments exceeding estimated value and sum of Rs.8.24 million had been paid for the items which were not in the estimations.
- (ii) When preparing the total cost estimations, it was not prepared for Building Scheduled Rates (BSR). Furthermore, basic documents for price variances were not prepared, some items were included in the estimate more than

required quantities, calculating fines so that to accumulate a loss for the department are some of the basic mistakes observed.

- (iii) Proper evaluation had not been carried out in connection with offered contract quotations by examine the pre-qualifications of bidders. It was observed adverse variance of Rs.3.47 million between the selected price and lowest price offered.
- (iv) When observing the construction of Vavuniya District Surveyor Office on 12 October 2016, completion was not observed for fixing of Doors and Windows, applying concrete to the floor, fixing water and drainage systems, completing the roof. Further a sum of Rs 3.06 million was over paid for the contractor as completed work at the date.
- (v) Rs. 444,000 excess was paid for fixing 74 automated doors to Trincomalee district surveyor office and Kuchchaweli circuit bungalow without any construction. It was observed shortcomings such as drainage system was fixed with lower quality, low quality bricks were used instead of proposed bricks, lower quality glass used on windows and partitions. In addition to that it was observed the relevant building had been constructed using greater thickness iron bars were used than what was mentioned in Bill of quantity of the circuit bungalow.

**(c) Repairs in office of Survey and Mapping office - Diyathalawa**

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During the year under review, Rs 985,005 was spent for repairs of a road and a garage belonged to the Institute of Survey and Mapping Diyathalawa. However, the contract had been unsuccessful since it was carried out without any appropriate technical instructions relevant to the estimation.

**(d) Purchasing Total Stations and related equipment**

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25 Total Stations, 189 Handheld GPS and 165 computers valued at Rs. 46.39 million had been purchased for the department in the year under review to enhance the efficiency. The Total Stations were purchased under false pretense of high quality Italian made items due to an incorrect advice by the Technical Evaluation Committee. Therefore, the equipment displayed various technical defects in less than a year. Further it had not been carried out to purchase laptops as indicated in the specification. Other relevant observations are given below.

- (i) Procurement decisions had been made without calling quotations which were sealed sufficiently in purchasing of Hand Held GPS.
- (ii) Bidders who placed lowest bidding for Desktop and Laptop computers declined to reply once the biddings were chosen. Rs 152,000 bid security by the bidders were not taken into confiscated.

**(e) Establishing CORS system**

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A need was raised to establish 40 CORS systems to cover the whole island. However, during the year under review only 6 Proposed Continuous Operating Reference Station Networks (CORS) were established for Rs. 30.46 Million.

Despite that fact that the project is worth exceeding Rs 200 million, a feasibility study was not carried out. The project was delayed by 2 years due to the fact that procurements were not properly planned. When calling for quotations, the National Competitive Bidding method was changed to the Two Envelope method. Specifications were changed and not informed to the bidders in an orderly manner. Further when evaluating biddings several biddings were rejected without reasons. Since fines for delays demurrages were not included, demurrages could not be collected for contracts which were delayed by 10 months.

**(f) Other Observations**

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- (i) During the year under review, seven vehicles have been repaired for Rs .3.39 million quotations were called against the procurement guidelines as well as 3 vehicles have been delayed five months to return. repair expenses have not been recommended by a qualified officer for these vehicles deployed to repairs.
  
- (ii) Trincomalee District Survey office had been has spent Rs.1.62 million for different supply and services and bid receiving, bid opening and evaluations has not been proceed independently and reliably.
  
- (iii) Also, when purchasing Rs. 469,597 of office furniture for Trincomalee District Survey office, quotations were received with huge price differences since none present of specifications and non-presented to bidders.
  
- (iv) Sum of Rs.3.75 million had been spent for the district survey offices in Uva Provice; Badulla District and Nuwaraeliya District and Institute of Survey and Mapping for their procurement. Bidders were been selected without any competitive quotation method.as well as sufficient procedures were not been followed at the bid opening and evaluating. There were no retention money deposits when the payment made and have spent Rs. 300,360 for pest control activities and even they have not received any warranty certificate for that.

**3.8.2 Un Authorized Transactions**

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In the year under review and the previous year, Rs. 12,490,598 and Rs.52,301,234 respectively as total amount of Rs.64,791,832 has been spent under Bimsaviya Program without proper approval of the Director of Establishments.

### **3.9 Uneconomic transactions**

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As per audit test checks, it was observed the below expenditures which proceed without frugality.

- (a) In year 2015, papers worth of Rs. 5.64 million including litho papers and other two types of papers have been purchased without identifying the proper requirement. End of the year under review, 97 per cent of those has been remained after different damages.
- (b) Non-usable 17 tyres and 64 tubes which the value not disclosed have been found and those have been purchased 15 years back without any requirement.

### **3.10 Management weakness**

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Following matters had been observed during the audit test checks

#### **(a) Incentive Method**

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Monthly norm had been decided to pay the incentives for a survey officer. But, without deciding levels as for payments as a percentage on basic salary, or maximum number of lots when paying monthly, incentives and supervising charges had been proceeded from the year 2012 to 2016. In year 2016, only a sum of Rs .128.69 million payments had been made as incentives and supervising charges and some instances even exceeds their annual basic salary.

#### **(b) Stores control**

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Following matters were observed during audit test checks relevant in four stores.

- (i) Unable to count the all stock items due to improper organizing in Building material store.
- (ii) Number of 4,285 goods items of 146 goods were in deficit as well as number of 17,715 goods items of 237 goods were found with excess.

- (iii) Number of 9,858 goods items of 84 goods had been issued from two of main stores and also number of 157 goods items received one of those stores had not recorded in stock registers. Also, 173 types of goods with 10,311 items of goods were identified as expired or non-moving goods.
- (iv) Few of the stores were found without board of survey for the year under review and the previous year. Deficits and excesses had not been identified by board of surveys which were previously held. Also, it was found that there were 493 high valued surveying instrument equipments in store and 278 items of goods out of them are in deficit. These equipment's were not organized in order and tidiness.
- (v) In welfare store, 139 items of goods have been received last few years ago and it was not entered in store ledger accounts
- (vi) Space of the material store was not adequate as it contained number of 690 items of goods due that some of items were in damaged.
- (vii) One officer has been assigned for 20 years as a store keeper for 3 stores. That officer has taken 53 leaves in 2016 and 2017 without approval. In 2016, he has taken total 83 ½ leaves including no pay leave as well. There was no disciplinary action was taken against this and this has lead to many weaknesses in store controlling.

(c) **Other observations**

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- (i) Katumana bungalow garage has been used as a store to keep doors, windows and wastages and due to that it has become unusable. Institute of Survey and Mapping's number of 2,646 goods items has not condemned and action not taken to obtained income to the government.
  - (ii) Sum of Rs. 52,943 worth 83 books had been lent by both Academic and non-academic staff over 9 years and had not been return to the Library on the date of 27 January 2017 of Institute of Survey and Mapping - Diyathalawa

- (iii) Bandarawela District survey office is located in a building which is not suitable for office activities and it was rented for two years paying Rs. 216,000 per each year.

### 3.11 Human resource management

#### (a) Approved cadre and actual cadre

Employee status as at 31 December 2016 as follows.

Employee Type	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	1,139	995	144
(ii) Tertiary Level	83	60	23
(iii) Secondary Level	1,345	967	378
(iv) Primary Level	4,853	3,883	970
<b>Total</b>	<b>7,420</b>	<b>5,905</b>	<b>1,515</b>

- (b) Even though the department is present using new technology equipment computer software and GPS technology, not review the quantity of post of 4,154 survey assistants.
- (c) 695 survey assistants had been used for junior level other activities which were not under their job roles.
- (d) In year 2013, 123 female employees have been appointed as survey assistants and they have been assigned for office and other activities since they are not able to deliver that duty.