

Head 25 - Report of the Auditor General on the Delimitation Commission – Year 2017

The Appropriation Account and the Reconciliation Statement under Head and Item Number stated in the First Schedule and Third Schedule of the Appropriation Act, No. 24 of 2016 as amended by the Appropriation (Amendment) Act, No.32 of 2017 were presented to Audit by the Delimitation Commission. The financial and physical performance reflected by those accounts and the reconciliation statements were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

1.2 Responsibility of the Chief Accounting Officer for the Financial Management and Accountability

The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124 of the Democratic Socialist Republic of Sri Lanka. The Chief Accounting Officers have been appointed by the Minister of Finance to discharge the above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all the financial transactions of his Department in terms of Financial Regulation 125(1)(a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament 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, Government Financial Regulations and Administrative Regulations.

1.3 Scope of Audit

The audit of Delimitation Commission – Head 25 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources, apply of internal control systems, compliance with laws, rules and regulations and maintenance of books, registers, records and reconciliation statements in an updated manner, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The Management Audit Report for the year under review was issued to the Chairman of the Commission on 11 June 2018. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports 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.

1.4 Audit Observation

The audit observations of the Delimitation Commission for the year ended 31 December 2017 revealed in audit appear in Management Audit Report in detail, mentioned in paragraph 1.3 above. The material and significant audit observations out of the audit observations included in the Management Audit Report appear in paragraph 2.1 to 2.5 of this report. It was observed

that the accountability as the Chief Accounting Officer had been satisfactorily executed, to ensure the adequacy of the financial administration subjected to the following summarized audit observations revealed in the execution of the provisions of the Financial Regulations 127 and 128 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

Accountability of the Chief Accounting Officer in terms of Financial Regulation 127	Non-compliance with that Provision by the Chief Accounting Officer	Reference to the Paragraph of the report which included the Observation
127(1)(b) That a system which provides adequate control over expenditure and the collection of revenues,	Non-compliance with laws, rules and regulations.	2.4
127(3) That all cases of doubt or difficulty are referred to him so that he may bring his own administrative experience and Judgement to bear on them,	Non- presentation of reports on Annual Boards of Survey to the Auditor General.	2.1
127(5) That important variations between Estimates and expenditure receive critical examination at the Office,	1. Made excess provisions. 2. Failure to reach the minimum limit of receipt.	2.2 2.3

2. Material and Significant Audit Observations

2.1 Assets Management

Conduct of Annual Boards of Survey

In terms of paragraph 3.1.6 of the Public Finance Circular No. 05/2016 of 31 March 2016, the Annual Board of Survey for the year 2017 should be conducted and the reports thereon should be furnished to the Auditor General before 17 March 2018. Nevertheless, the Office of the Commission had not furnished those reports to the Auditor General even by 08 June 2018.

2.2 Utilization of Provisions authorized by Parliament to Perform Activities

Provisions had been made for the year 2017 under the Annual Appropriation Act after establishment of the Commission. The information on utilization and savings of those provisions, is given below.

Expenditure	As at 31 December 2017			Savings as a Percentage of the Net Provision
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs.Millions	Rs.Millions	
Recurrent	31.64	18.96	12.68	40.08
Capital	1.20	0.67	0.53	44.17
Total	32.84	19.63	13.21	40.23

The following observations are made in this connection.

Excess Provisions made

Excess provisions totalling Rs.20.83 million had been made for 07 Objects and as such the savings, after the utilization of provisions totalling Rs.8.37 million, ranged between 37 per cent and 97 per cent of the net provisions relating to the respective Objects.

2.3 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account, Item No.02501 of the Commission 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
1.50	0.56	0.40	0.06	4.00	0.79

The following observations are made in this connection.

Failure to reach the Minimum Limit of Receipts

The minimum limit of receipts for the Advances to Public Officers Account, Item No.02501 had been specified as Rs.0.40 million in the Third Schedule of the Appropriation Act, No.24 of 2016. A sum of Rs.0.06 million had been collected as receipts by the end of the year under review. Accordingly, that limit had not been reached by Rs.0.34 million. In terms of

provisions of Section 8.1 of the Appropriation Act, No.24 of 2016, limits could have been varied before 31 May 2018. Nevertheless, it had not been so done by the Commission even by 08 June 2018.

2.4 Non-compliance with Laws, Rules and Regulations

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

References to Laws, Rules and Regulations	Value	Non-compliance
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	Rs.	
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka		

Financial Regulation 137(1)	3,302,995	In the printing of Delimitation Committee Report, expenditure therefor had been certified and the cheque thereon had been written and retained in hand prior to obtaining the approval and placing the order therefor.
(b) Treasury Operations Circular		

Circular No.04/2017 of 02 November 2017		
(i) Paragraph 2.1	233,347	Even though the Cash Book should be balanced as at 31 December 2017 and the balance therein should be remitted to the Treasury on 02 January 2018, it had been remitted to the Treasury on 16 January 2018 with a delay.

(ii) Paragraph 2.4

3,302,995

A part of the imprest had been withheld in the closing of the Cash Book as at the end of the year 2017.

2.5 Human Resources Management

Approved Cadre, Actual Cadre and Expenditure on Personal Emoluments

The particulars relating to the approved cadre, actual cadre, vacancies and the excess cadre as at 31 December 2017 are given below. The Commission had incurred a sum of Rs.10.99 million for the personal emoluments for the year under review. Accordingly, the per capita expenditure had been Rs.1,098,815.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i)	Senior Level	02	02	-
(ii)	Tertiary Level	02	02	-
(iii)	Secondary Level	07	02	05
(iv)	Primary Level	04	04	-
	Total	15	10	05

The following observation is made in this connection.

Inadequacy of Training in the Staff

Provisions of Rs.100,000 had been made for trainings of the year 2017. Out of that, a sum of Rs.33,000 had been spent only for the purpose of training of two officers in the year under review. Accordingly, plans for providing adequate trainings for the staff, had not been made by the Office of the Commission.