

Head 157 – Report of the Auditor General on the Ministry of National Co-existence, Dialogue and Official Languages - 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 Ministry of National Co-existence, Dialogue and Official Languages. 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 on the Financial Management and Accountability of the Chief Accounting Officer

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 Minister of Finance appoints the Chief Accounting Officers to discharge above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all 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 Article 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 the Ministry of National Co-existence, Dialogue and Official Languages – Head 157 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, applying of internal control systems, compliance with laws, rules and regulations and maintenance of updated books, registers, records and reconciliation statements, 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 Secretary to the Ministry on 12 September 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 Ministry of National Co-existence, Dialogue and Official Languages 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 those observations included in paragraph 2.1 to 2.12 of this report. The audit observations revealed in the execution of accountability as the Chief Accounting Officer in accordance with provisions of the Financial Regulation 127 of the Democratic Socialist Republic of Sri Lanka, to ensure the adequacy of the financial administration are summarized and shown in the undermentioned table.

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 included Observation
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Financial Regulations -----		
127(1)(a) To plan all the financial work so that the business is transacted with correctness and financial propriety.	1. Non-preparation of Action Plan correctly . 2. Sustainable Development Goals 3. Non-maintenance of books and Registers. 4. Management Weaknesses	2.1.1 2.1.3 2.9 2.5
127(1)(b) It should be evolved a system which provides adequate controls over expenditure and the collection of revenues.	1. Non-compliances 2. Weaknesses in Human Resource Management	2.10 2.11
127(2) Existing items of expenditure, as well as proposals for new or increased expenditure in the Departments under his control, are closely examined in the Ministry from the points of view of economy and efficiency.	1. Non-execution of activities 2. Weaknesses in implementing of Procurement Process.	2.1.2 2.2.1

127(3)	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.	<ol style="list-style-type: none"> 1. Weaknesses in vehicle utilization. 2. Ideal and underutilize assets. 3. Guarantees on Government Officers. 	<p>2.3(a)(i)(ii)</p> <p>2.3(b)</p> <p>2.12</p>
127(4)	Appropriation Accounts are duly rendered by each of his Accounting Officers, and examined at the Ministry before he signs them; and that important differences in the Estimates and the actual expenditure are critically investigated by him.	<ol style="list-style-type: none"> 1. Enter into liabilities over Annual Budget Limits. 2. Weaknesses in Imprest Account 	<p>2.4</p> <p>2.8</p>
127(5)	Important variations between Departmental Estimates and expenditure receive critical examination at the Ministry.	Non-utilize of provisions made.	2.6
127(6)	The collection of Revenue or other Government dues for which Accounting Officers are responsible is closely watched and examined by the Ministry.	Weaknesses in the Advances to Public Officers Account.	2.7

2. Material and Significant Audit Observations

2.1 Performance

2.1.1 Planning

- (i) The Action Plan had been prepared for the year 2017 accordance with the requirements of the Public Finance Circular No 01/2014 dated 17 February 2014. However, the initial Action Plan prepared at Rs.75.6 Million for 30 activities under 04 main roles during the year under review had been amended in two instances up to Rs.300 Million.
- (ii) An extra cost of Rs.489,727 had to be incurred for additional chairs and tables without plaining of requirements properly in planning of All-religious Conference.

2.1.2 Non-execution of Activities

The following observations are made.

(a) Non-execution of Activities included in the Action Plan

Whereas 30 activities to be performed according to the amended Action Plan, 17 activities only had been executed. The provision totaled Rs.97.37 million had been arranged for 13 such non-executed activities.

(b) Expected output level not Achieved

Although the provision of Rs.123.8 million for 17 activities had utilized according to the Annual Action Plan, expected output level had not been achieved owing to the total provision of Rs.32.08 million were not utilized for 05 activities in Coexistence Dialog Division and 02 activities in Language Rights Division.

2.1.3 Sustainable Development Goals

The following observations were made in this connection.

(a) Although National Secretariat for Non-Governmental Organizations, Department of Official Languages and Official Languages Commission had identified as interested parties relevant to duties of Ministry of National Co-existence, Dialogue and Official Languages for implementing Sustainable Development Goals, the awareness programmes for those interested parties had not been implemented.

(b) Whereas the Sustainable Development Goals and targets had identified by the Ministry, it was observed that specific numeric indexes difficult to identify without trained officers in Sustainable Development.

2.2 Supplies and Services obtained through Procurement Procedure

The provisions amounted to Rs.67.91 million had been made available by the Ministry for the supplies and services which should be obtained by following the Procurement Guideline and a sum of Rs.59.01 million had been utilized out of that. Details are as follows.

Object code	Description of Object code	Net provision made	Utilization	Savings
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		Rs. million	Rs. million	Rs. million
	Supplies			
1201	- Stationary and office requisites	3.60	3.39	0.21
1203	- food and uniforms	0.21	0.14	0.07
	Acquisition of Capital Assets			

2101	Vehicles	43.00	39.98	3.02
2102	Furniture and office Equipment	15.50	12.91	2.59
2103	Plant, Machinery and Equipment	5.60	2.59	3.01
		-----	-----	-----
	Total	67.91	59.01	8.90
		=====	=====	=====

2.2.1 Implementation of the Procurement Process

The following observations are made.

- (a) The Total Cost Estimate including all associated costs shall be prepared by the Procurement Entity according to guideline 4.3.1(a) of the Procurement Guideline 2006. However, Total Cost Estimate needed had not been prepared for 04 procurements such as conducted All-religious Conference by incur Rs.6.25 million, launching ceremony of the book titled “People of Sri Lanka” of Rs.11.23 million, purchasing of chairs for Coexistence Societies of Rs.5.43 million and purchasing of Canopy Huts for Coexistence Societies of Rs.11.97 million.
- (b) The responsibilities and duties of Technical Evaluation Committees had been emphasized by the guideline 2.6.1(a), (II) and (IV) of the Government Procurement Guideline 2006. However, the deviations from Guidelines were observed relating to 03 procurements on behalf of conducting All-religious Conference, Purchasing of chairs and Canopy Huts for Coexistence Societies totaled Rs.23.65 million.

(c) Purchase of 300 Nos. Canopy Huts for Coexistence Societies

The following observations were made in this connection.

- (i) Even though it was revealed that the quotations had called from 10 institutions including 6 institutions recommended by the Senior Assistant Secretary to the Ministry in procurement procedure for purchase of 300 Nos. Canopy Huts agreed valued at Rs.11.97 million hadn’t included in Procurement Plan for the year under review, the documentary evidence had not been presented to the audit for confirm it. Actions had not been done as confirm the maximum competition and transparency according to 1.2 of the Government Procurement Guideline 2006 because of the selected supply’s institution shall be the one of 06 above recommended institutions and quotations were presented only from 02 institutions.
- (ii) Even though there should be minimum 03 years’ experience on manufacture, supply and fixing of Canopy Huts according to No.18 of Contract Data Sheet, the selected bidder had not been fulfilled these requirements.
- (iii) The supply’s institution shall be manufactured and distributed 300 Nos. Canopy Huts as at 18 November 2017 according to the No.26 of the agreement. Manufacture of balance 200 Nos. of Canopy Huts had been cancelled as at 19

April 2018 due to 100 Nos. of Canopy Huts only were manufactured even as at 16 February 2018. A situation had been arisen that liquidated damages couldn't be charged on late period due to provisions for charges on late fees weren't provided according to the agreement.

2.3 Assets Management

The following deficiencies were observed during the course of audit test checks in respect of the assets of the Ministry of National Co-existence, Dialogue and Official Languages.

(a) Vehicles Utilization

Eighteen vehicles belong to the Ministry had remained at the end of the year under review as follows and 321,488 Kilometres had been run from that vehicles. A sum totalled Rs.17.57 million had been disbursed for that as Rs.4.13 million for fuel and lubricants, Rs.1.03 million for vehicle services, Rs.10.52 million for vehicle repairs and Rs.1.89 million for vehicle insurances. Accordingly, the vehicle running cost of the Ministry (excluding salaries and allowances) had ranged from Rs.28.24 to Rs.89.91 per Kilometre.

The following observations are made in this connection.

(i) Failure to check fuel consumption

The economic fuel consumption had not been checked out of 13 vehicles in terms of Paragraphs No.3.1 of the Public Administration Circular No.30/2016 dated 29 December 2016.

(ii) Vehicle Repairs

A Defender vehicle had purchased by the Precedential Secretariat during 2001 had been transferred to this Ministry as at 24 May 2017. A total sum of Rs.168 million had been disbursed for this vehicle as Rs.4,750 for fuel, Rs.25,389 for services, Rs.0.22 million for minor repairs and Rs.1.43 million as major repairs during month of September 2017 and 1,117 Kilometres only had been run within 10 days during months of September and October. However, a sum of Rs.1.26 million had been disbursed again as repair expenses during month of January 2018.

(b) Idle and Underutilized Assets

The Assets such as Office Equipment, Computers and Computer Accessories purchased from the provisions of the Facilitating Initiatives for Social Cohesion and Transformation Project (FLICT) had been handed over to the Ministry and 89 items thereof were being underutilized. These assets had not been ascertained and entered in the books.

2.4 Commitments and Liabilities

(a) Entering commitments over limit of the annual budget

The Commitments of Rs.2.07 million had been entered over the provision of Rs.7.66 million by Rs.2.05 million for 03 object codes contrary to the paragraph 02(a) of the State Accounts Circular No.255/2017 dated 27 April 2017.

(b) Non-disclose of Liabilities

The value of liabilities amounted to Rs.29.5 million to be paid on behalf of activities conducted by the National Education and Training Institute during the year 2017 had not been disclosed.

2.5 Management Weaknesses

500 Nos. of books had been printed at Rs.1,047.75 each by an expense of Rs.523,875 for the requirement of Sinhala Akuru Books had requested by the Government Institutions with the object of improvement of the official languages proficiency to be achieved by the government officers. However, a stock of 4,919 copies of that book had printed in that manner by the Official Languages Department under the Ministry at that time were being existed. A balance stock of 200 Nos. books out of 500 Nos. books were printed in that manner by the Ministry at the month of August 2018 were remaining in stock.

2.6 Utilization of Provisions made by Parliament to execute Activities

The particulars relating to the provisions made available to the Ministry, Utilization and Savings during the 05 years period ended at 31 December 2017 are given bellow.

Year	Category of Expenditure	Net Provision	Utilization	Savings	Savings as a Percentage of Net Provision
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		Rs. Millions	Rs. Millions	Rs. Millions	
2013	Recurrent	245.18	193.99	51.20	20.88
	Capital	189.23	136.74	52.49	27.74
	Total	434.41	330.73	103.69	23.87
2014	Recurrent	241.97	231.46	10.51	4.35
	Capital	231.12	151.93	79.20	34.26
	Total	473.09	383.39	89.71	18.96

2015	Recurrent	287.07	260.68	26.39	9.19
	Capital	305.30	145.23	160.07	52.43
	Total	592.37	405.91	186.46	31.48
2016	Recurrent	363.25	327.39	35.86	9.87
	Capital	309.01	124.72	184.30	59.64
	Total	672.26	452.11	220.16	32.75
2017	Recurrent	401.18	359.68	41.49	10.34
	Capital	502.74	258.19	244.55	48.64
	Total	903.92	617.87	286.04	31.65

The following observations are made in this regard.

(a) The utilization of Capital Grants during 05 years period since year 2013 to the year 2017 had been ranged from 40 per cent to 66 per cent.

(b) The following observations are made in connection with the year under review.

(i) Non utilization of Provisions made available

The total net provisions made available for three Objects amounted to Rs.1.1 million had saved totally without being utilized.

(ii) Excess Allocations made available

The total excess provision relating to 18 objects were Rs. 474.74 million and a sum of Rs. 221.86 million only had utilized out of provisions relevant to those Objects. Thus, the savings had ranged from 21 per cent to 93 per cent out of the net provision made available.

2.7 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account of the Ministry, Item No.15701 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
18.00	15.19	5.00	8.88	50.00	36.88

The following observations are made.

Non-recovery of Outstanding Loan Balances

According to the Reconciliation Statement presented to the audit, 04 loan balances totalled Rs.318,462 included in total loan balance of Rs.36,880,600 remained over period ranged from 01 year to 05 years. The follow-up actions on the recovery of such loan balances were being at a weak level.

2.8 Imprest Account

A sum of Rs.607.032 million applied for imprest for the year under review and a sum of Rs.318.48 million only had been received. Therefore, the activities planned during the year under review had not been achieved due to an imprest of Rs.288.55 million were not received.

2.9 Non-maintenance of Registers and Books

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

	Type of Register	Relevant Regulation
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(a)	Register of Security Bond	Financial Regulation 891 (1)
(b)	Register of Counterfoil Books	Financial Regulation 341
(c)	Register of Attendance for Technical Evaluation Committees	Guideline 2.11.2 of the Government Procurement Guideline 2006

2.10 Non- Compliances

Non-Compliances with Laws, Rules and Regulations

Even though the Contract Agreement should be registered within 60 days after award of contract and if the contract value over Rs.5 million, every contractor should register under Public Contract Act according to the Sub section 6(1)(a) of Public Contract Act No.3 of 1987, an action had not been taken according to the Act relating to 04 contracts totalled Rs.34.88 million over the above limit.

2.11 Human Resources Management

Approved Cadre, Actual Cadre and Expenditure for Personal Emoluments

The particulars on approved cadre, actual cadre and vacancies as at 31 December 2017 to execute the functions of the Ministry are given below. The Ministry had incurred a sum of Rs.191.42 million for Personal Emoluments Expenditure Category for the year under review. Therefore expenditure per person was Rs.0.54 million.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i) Senior Level	25	10	15
(ii) Tertiary Level	06	04	02
(iii) Secondary Level	436	250	186
(iv) Primary Level	105	91	14
Total	572	355	217
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Staff Training

Whereas there is a need to train the staff regularly, a sum of Rs.0.97 million had been disbursed to train its staff by the Ministry, the number of officers who hadn't received any training was 241. The officers who hadn't received any training compare with actual cadre was 68 per cent.

2.12 Government Officers required to give securities

Officers who were entrusted with receipt and custody of money and officers entrusted with stores had not been given securities in accordance with the provisions made in Financial Regulation 880.