

## **Head 298 - Report of the Auditor General of the Department of Measurement Units, Standards and Services – Year 2017**

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The Appropriation Account and a 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 Department of Measurement Units, Standards and Services. The financial and physical performance reflected from 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, Accounting Officer and the Revenue Accounting Officer**

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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. 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**

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The audit of Department of Measurement Units, Standards and Services – Head 298 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 Director of the Department on 31 July 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

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The audit observations of the Department of Measurement Units, Standards and Services for the year ended 31 December 2017 revealed in audit appear in Management Audit Report 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 2.8 of this report. It was observed that the accountability as the Accounting Officer has been executed, to ensure the adequacy of the financial control satisfactorily subjected to the following summarized audit observations revealed in the execution of the provisions of the Financial Regulations 128 of the Democratic Socialist Republic of Sri Lanka.

<b>Accountability of the Accounting Officer in terms of Financial Regulation 128</b>	<b>Non-compliance with that Provision by the Accounting Officer</b>	<b>Reference to the Paragraph included Observation</b>
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Financial Regulation -----		
128(1)(a)	The work of his Department is planned and carried out with due despatch, having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provision for the activities authorized and that an endeavour is made, to complete the programme of work laid down for the year and/ or to attain the targets specified.	<p>1. Cannot use the new Laboratory building. 2.1(a)</p> <p>2. Not achieved expected output. 2.1 (b), (c), (d)</p> <p>3. Not followed stipulated format to plan procurements 2.3</p> <p>4. Made over provisions 2.4</p> <p>5. Not established internal control unit 2.6</p> <p>6. Weaknesses of Human Resources Management 2.8</p>
128 (1)(d)	Ensure that, an adequate system of internal check for receipts, payments and issues is maintained and tested from time to time.	Not recovered outstanding balances 2.5
128(1)(f)	Information, statements and returns as are called for by the chief Accounting Officer or the Treasury are rendered correctly and promptly.	Not furnished performance report 2.2

128(1)(i)	The activities of his department are undertaken with due regard to economy, efficiency, propriety and integrity expected in the transaction of public business.	Not established Management and Audit Committee	2.7
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**2. Material and Significant Audit Observations**  
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**2.1 Performance**  
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The following observations are made.

- a) A sum of Rs.768 million had been incurred for the new laboratory building opened on 08 December 2015 but had not been used due to a harmful gas situation to the human body had inside the building. Eventhough it was planned to install a new air condition system in the year 2016 to avoid this harmful gas situation, the air condition system could not be installed even up to the end of the year 2017 due to a legal action had taken in the courts.
- b) Even though a plan had been made in the action plan to check 05 plants of pre-packed items and earn a sum of Rs.100,000 in 2017, no pack had been checked during the year under review.
- c) Purchased and installed of Laboratory equipments valued for sum of Rs.20 Million by using money from the department fund had been included to the 2017 Action Plan. Even though a sum of Rs.16 million had been incurred in this regard, but physical progress was only eight per cent.
- d) Construction works of National Survey Laboratory, opened in 2015, had not been completed even up to the end of the year under review. Therefore, a sum of Rs.30 million allocated for payment had been retained.

**2.2 Annual Performance Report**  
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In terms of Public Finance Circular No. 402 of 12 September 2002, the performance report of the department should be tabled in Parliament within 150 days after closing of the financial year of the year under review. This report had not been tabled in the Parliament even up to 30 June 2018.

**2.3 Procurement Planning**  
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The Procurement showing the continuation procurements from the previous year and new procurements had not been shown separately in accordance with format stipulated in the National Circular No. 128 of 24 March 2006.

## 2.4 Utilization of Provisions made by Parliament for the accomplishments of function

Information in respect of provisions made to the department during the 5 years ended 31 December 2017. utilization, savings and the audit observations thereon are given below.

Year	Expenditure type	Net Provision	Utilization	Savings	Savings as a Percentage of the Net Provision
		Rs.Millions	Rs.Millions	Rs.Millions	
2013	Recurrent	63.35	64.04	0.31	0.49
	Capital	225.50	212.36	13.14	5.83
	<b>Total</b>	<b>288.85</b>	<b>275.40</b>	<b>13.45</b>	<b>4.66</b>
2014	Recurrent	71.86	71.73	0.53	0.74
	Capital	230.50	221.48	9.02	3.91
	<b>Total</b>	<b>302.36</b>	<b>292.81</b>	<b>9.55</b>	<b>3.16</b>
2015	Recurrent	95.94	95.00	0.94	0.98
	Capital	220.50	220.36	0.14	0.06
	<b>Total</b>	<b>316.44</b>	<b>315.36</b>	<b>1.08</b>	<b>0.34</b>
2016	Recurrent	101.05	99.03	2.02	2.00
	Capital	210.00	130.84	79.16	37.70
	<b>Total</b>	<b>311.05</b>	<b>229.87</b>	<b>81.18</b>	<b>26.09</b>
2017	Recurrent	103.06	100.82	2.24	2.17
	Capital	70.00	21.58	48.42	69.17
	<b>Total</b>	<b>173.06</b>	<b>122.40</b>	<b>50.66</b>	<b>29.27</b>

The following observations are made in respect of the year under review.

- Even though provision of Rs.30 million made for a object, the entire net provision had been saved due to non-utilization of any provision.
- An over provision made to a object and after utilization of provision a sum of Rs.18.4 million was saved and it was 92 per cent from the total net allocation of the object.

## 2.5 Public Officers Advance Account

### Limits Authorized by Parliament

Limits authorized by Parliament in respect of the Public Officers Advances Account, bearing item No.29801 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
6.75	6.75	3.75	5.55	30.0	20.01

### Non recovery of outstanding loan balances

According to the reconciliation statement presented to audit, the total outstanding loan balances except the loan balances of officers who had gone on transfers, amounted to Rs.402,706. Even though, those balances had existed for the periods ranging from 1 to 5 years, they had not been recovered even by the end of the year under review.

## 2.6 Internal Audit

The Accounting Officer of the department should establish Internal Audit Unit in terms of the Financial Regulation 133 to discharge their own duties and responsibilities of the department mentioned in the Financial Regulation 128. But action had not been taken to establish a Internal Audit Unit by the department and approved Internal Auditor post had remained vacant even at the end of the year.

## 2.7 Audit and Management Committee

Action had not been taken to establish the Audit and Management Committee by the department.

## 2.8 Human Resources Management

### Approved Cadre, Actual Cadre and Expenditure on Personal Emoluments

Particulars on approved and actual cadre and the number of vacancies as at 31 December 2017 to perform the functions are given below. A sum of Rs.99.4 million had been spent by the Department for the year under review for the personnel emolument expenditure object.

	<b>Staff Category</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>Number of Vacancies</b>
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(i)	Senior Level	16	10	06
(ii)	Tertiary Level	30	09	21
(iii)	Secondary Level	198	119	79
(iv)	Primary Level	104	61	43
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	<b>Total</b>	<b>348</b>	<b>199</b>	<b>149</b>
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The following observations are made.

- a)
  - (i) 149 vacancies equivalent to forty three per cent from the approved cadre, including 06 vacancies in senior level, 21 vacancies in Tertiary level, 79 vacancies in secondary level, and 43 vacancies in Primary level had remained vacant even up to the end of the year under review and action had not been taken to identify and recruit employees to carry out department functions without disturbances.
  - (ii) Out of 16 approved senior level posts, 05 posts including Director posts, i.e. post of Deputy Director, post of Assistance Director, post of Assistance Director (Administration), post of Accountant (Internal Auditor) and out of 30 approved tertiary level posts 21 posts had remained vacant.
  - (iii) At the end of the year under review, 79 posts in secondary level had been remained in vacant including 15 posts of Measurement Survey Science Inspector Officers, 31 posts of Measurement Survey Services and Strategic Inspector Officers, and 04 posts of approved Laboratory Assistants and 05 posts of only one each approved post available had remained vacant.
- b) In terms of section 13.3 of II paragraph of the establishment code, an acting appointment should be made as a temporary treatment only till make a permanent appointment and if need a full time officers' service to the post the appointment should be done without delay. But after the retirement of the ex-director on 14 May 2009 an officer had been appointed on acting base without fill the vacancy even up to 31 December 2017.