

Head 323 - Report of the Auditor General on the Department of Legal Affairs – 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 Department of Legal Affairs. 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 and the 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 Department of Legal Affairs – Head 323 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 Director General of the Department on 20 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

The audit observations of the Department of Legal Affairs 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 appear in paragraph 2.1 to 2.4 of this report. It was observed that the accountability as the 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 Regulation 128 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

Accountability of the Accounting Officer in terms of Financial Regulation 128(1)	Non-compliance with that Provision by the Accounting Officer	Reference to the Paragraph of the report which included the Observation
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Financial Regulations		

128(1)(a) That 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,	1. Failure to prepare the Action Plan 2. Making overprovision	2.2.1 2.3
128(1)(e) That adequate and proper arrangements are made for the safe custody and preservation of money, stores, equipment, and other assets belonging to the Government, or is in its custody, and that these are verified from time to time; and, where they are disposed of, such disposal is according to prescribed Regulations and instructions.	Deficiencies in Assets Management	2.2

2. Material and Significant Audit Observations

2.1 Performance

Planning

The Action Plan for the year 2017 had not been prepared in terms of Public Finance Circular No.01/2014 of 17 February 2014.

2.2 Assets Management

Recording of Assets

A difference of Rs.2,871,149 was observed between the value of assets submitted to the Comptroller General in terms of Assets Management Circular No.01/2017 of 28 June 2017 and the value shown in the Report on Movement of Non-current Assets in the Form DGSA (1) of the Appropriation Account. The Director General had informed the Audit that unsettled balances were included continuously in the Appropriation Account since the year 2008 and only the value of assets physically identified have been reported to the Comptroller General.

2.3 Utilization of Provisions authorized by Parliament to Perform Functions

Information on the utilization and savings of provision made for the Department during the 05 years ended as at 31 December 2017 and the audit observations pertaining to the information of the year under review are given below.

Year	Category of Expenditure	Net Provision	Utilization	Savings	Savings as a Percentage of Net Provision
		Rs. Million	Rs. Million	Rs. Million	
2013	Recurrent	13.465	12.847	0.618	4.59
	Capital	0.900	0.358	0.542	60.22
	Total	14.365	13.205	1.160	8.08
2014	Recurrent	17.530	17.168	0.362	2.07
	Capital	0.650	0.281	0.369	56.77
	Total	18.180	17.449	0.731	4.02
2015	Recurrent	19.035	11.087	7.948	41.75
	Capital	1.065	0.798	0.267	25.07
	Total	20.100	11.885	8.215	40.87

2016	Recurrent	9.970	9.632	0.338	3.39
	Capital	0.680	0.646	0.034	5.00
	Total	10.650	10.278	0.372	3.49
2017	Recurrent	10.238	8.931	1.307	12.77
	Capital	0.900	0.130	0.770	85.55
	Total	11.138	9.061	2.077	18.65

The following observation is made in this connection.

Making Overprovision

Excess provision of Rs. 1.15 million had been made for 07 Objects in the year under review and as such the savings, after the utilization of provisions amounting to Rs.0.88 million, ranged between 23 per cent to 78 per cent of the net provisions relating to the respective Objects.

2.4 Human Resources Management

The particulars relating to the approved cadre, actual cadre, and vacancies as at 31 December 2017 to perform the function of the Department are given below. The Department had spent a sum of Rs.7.046 million on the category of Personal Emoluments in the year under review. Accordingly, the annual per capita expenditure had been Rs.587,167.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	14	04	10
(ii)	Tertiary Level	01	-	01
(iii)	Secondary Level	05	04	01
(iv)	Primary Level	05	04	01
	Total	25	12	13
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The following observations are made in this connection.

(a) Approval of Cadre exceeding the Requirement

The Director General had informed the Audit that the cadre had been revised from 21 May 2018 as per the review of the Department of Management Services and as such the total cadre had been decreased to 19.

(b) Training of Staff

(i) Even though regular training was required for the staff, the Department had not provided at least a training of 08 hours per annum in respect of three officers.

(ii) Provisions totalling Rs.1,415,000 had been made for training purposes during the 05 preceding years and out of that provision, a sum of Rs.766,718 had been utilized. The entire provision made for trainings in the year 2013 had not been utilized while only 50 per cent and 51 per cent had been utilized in the years 2015 and 2014 respectively. It was observed that only 31 per cent of the relevant provision had been utilized in the year 2012 whereas only 33 per cent had been utilized in the year under review.