

Head 121 - Report of the Auditor General of the Ministry of Home Affairs – Year 2017

The Appropriation Account, the Reconciliation Statement and the Revenue Account relating to the Codes mentioned in 3.1.1 of Annual Budget Estimate, 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 Home Affairs. The financial and physical performance reflected from the account and the reconciliation statement 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 and the Revenue 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. 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 Home Affairs – Head 121 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 11 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 Home Affairs 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 2.17 of this report. The audit observations revealed in the execution of accountability as the 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 Accounting Officer in terms of Financial Regulation 127	Non-compliance with that Provision by the Accounting Officer	Reference to the Paragraph included Observation
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Financial Regulation -----		
127(1)(a)	To plan the all the financial work of his Department so that the business is transacted with correctness and financial propriety.	1. Non-preparation of Action Plan properly. 2.1 2. Procurements not planned adequately. 2.4 3. Non-maintenance of books and Registers. 2.15
127 (1)(b)	It should be evolved a system which provides adequate controls over expenditure and the collection of revenues.	1. Management weaknesses 2.8 2. Unresolved audit paragraphs 2.7 3. Non-compliances 2.16 4. Weaknesses in Human Resource Management 2.17
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. Delays in accomplish of Projects 2.3.2 2. Non-accomplishment of progress of Foreign Funded Projects. 2.3.2
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.	1. Non -confirmation of safety of Assets. 2.5 (b) 2. Weaknesses in Vehicle utilization. 2.5 (c) 3. Weaknesses of Vehicle utilization under Financial and Operational Lease 2.5(d) 4. Weaknesses in Office Maintenance. 2.5(e)

		5.	Assets given to external parties	2.5(f)
		6.	Irregular use of Assets belonging to other Institutions	2.5(g)
		7.	Weaknesses in Execution of Services to the Public	2.9
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.	1.	Weaknesses in General Deposit Account	2.14
127 (5)	Important variations between Departmental Estimates and expenditure receive critical examination at the Ministry.	1.	Weaknesses of utilization of provisions made by Supplementaries.	2.11(c)
127 (6)	The collection of Revenue or other Government dues for which Accounting Officers are responsible is closely watched and examined by the Ministry.	1.	Weaknesses in the Revenue Account.	2.12
		2.	Weaknesses in the Advances to Public Officers Account.	2.13
127 (7)	The procedure laid down in Financial Regulations 103 to 108 is followed by the Accounting Officers, in case of losses caused to government by the delays, negligence, fault or fraud on the part of officers /employees and surcharges are imposed on the officers /employees responsible for such losses, in terms of Financial Regulation 156 (1). It is also a duty of the Chief Accounting Officer to appear		Losses and Damages	2.6

before the Committee on Public Accounts and to assist it along with his Accounting Officer in explaining and justifying the accounts of the departments for which he is responsible.

2. Material and Significant Audit Observation

2.1 Performance

Planning

The Action Plan prepared for the year 2017 had been amended in the year 2018 in accordance with the Public Finance Circular No 01/2014 dated 17 February 2014. Accordingly, an Action Plan had been prepared including 125 activities in order to implementing the 11 major activities to be performed by the Ministry. Nevertheless The Imprest Requirement Plan for the annual activities had not been prepared.

2.2 Non-execution of Activities

The following observations are made.

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

According to the Annual Action Plan, the Ministry should have performed 125 activities. Nevertheless, six activities of them had not been performed.

(b) Expected output level not Achieved

Even though, a provision amounted to Rs. 10,280.11 million had been utilized for the 16 projects out of the 17 projects planned to be implemented the 125 activities included in the Annual Action Plan, the non achievement of the expected outcome level of 14 items thereof had ranged 28 per cent to 100 per cent.

(c) Delays in Accomplish of Projects

Even though the Ministry had estimated Rs. 353.5 million for the 9 projects and a sum of Rs. 83.001 had been utilized thereof in the year under review, the progress of those projects had not been reported.

2.3 Implementation of Projects under Domestic and Foreign Financing

2.3.1 Domestic Projects

The provisions amounted to Rs.307.46 million had been made available by a Foreign Funded Project for flood relief activities of the 8 Districts out of the Districts affected by the floods

and landslides and a sum of Rs. 287.98 million had been utilized thereof. Accordingly, a sum of Rs.19.48 million out of that or a 6.33 per cent of the provisions made available had been saved.

2.3.2 Foreign Funded Project

Performance of the Foreign Funded Project

Even though an agreement had been entered into with a supplying Institution following the procurement procedure to purchase the four Generators by the District Secretariat Galle on 19 January 2018, those Machines had been received on 23 June 2018 under the project. However, since the time period of project has been extended up to 9 March 2018 by 4 months and the cost of these four Generators amounted to Rs. 18,232,557 had been shown as the fixed Assets acquired under the Project as at the end of the year under review while further extension had been rejected.

2.4 Supplies and Services obtained through Procurement Procedure

The provisions amounted to Rs. 744.13 million had been made available by the Ministry for the supplies and services which should be obtained following the Procurement Guideline and a sum of Rs. 519.66 million had been utilized out of that. Accordingly, a sum of Rs. 224.47 million or a 30.16 per cent of provisions made available had been saved.

2.4.1 Planning of Procurements

The Provisions amounted to Rs.744.13 million had been made available to the Ministry in the year under review for the supplies and services to be obtained following the Procurement Procedure and out of that a sum of Rs. 519.66 million had been utilized. Nevertheless, a Master Procurement Plan, a Preliminary Procurement Plan had not been prepared by the Ministry.

2.4.2 Implementation of the Procurement Process

It had been decided that to purchase 100 numbers of Computers incurring Rs. 10,060,000 for the ' Nila Mehewara' Mobile Service Programme in December 2016 and it was observed that the approval of the Procurement Committee for that had been granted before receiving of recommendation of the Technical Committee. Even though the District Secretariat Galle has taken over the goods in January 2017 as per the Goods Dispatch Note, those computers had been received to the Ministry in February 2017.

2.5 Assets Management

The following deficiencies were observed during the course of audit test checks in respect of the assets of the Ministry.

(a) Recording of Assets

The Ministry had failed to furnish all the particulars that should be included in the Formats to be submitted to comptroller the General office in terms of the Assets Management Circular No.01/2017 dated 28 June 2017.

- (i) The Particulars on values of the vehicles had not been furnished in the vehicle information sheets.
- (ii) The existing quantities and the codes thereon had not been included in the Register of Office Equipment and Household Equipment.

(b) Non confirmation on Safeguard of the Assets

The Driver had left his responsibility due to the accidents occurred with regard to 02 motor vehicles in two times inside the car park and at aside of the road had incurred Rs. 117,116 for the repairs.

(c) Motor Vehicles Utilization

Forty three motor vehicles belonging to the Ministry had remained by the end of the year under review and the particulars such as the number of kilometres run, expenditure for fuel and lubricants, vehicle services, vehicle repairs and vehicle insurance were furnished only for 33 vehicles.

The Following observations are made in this connection.

- (i) The Fuel Consumption Test had been carried out only on three motor vehicles in terms of Paragraphs No 3.1 of the Public Administration Circular No.30/2016 dated 29 December 2016.
- (ii) Even though the vehicles which are not in running conditions should be disposed before 30 June 2018 in terms of Circular No.01/2018 dated 19 March 2018 issued by the Ministry of Finance and Mass Media, the action had not been taken in respect of a vehicle belonging to the Ministry which was being at a disposable condition.

(d) Utilization of Motor Vehicles under the Financing and Operating Lease

The Ministry had purchased 16 Motor Vehicles under the Financing Lease method and one vehicle under the Operating Lease method and a sum of Rs. 488,750 had been incurred per month as Operating Lease rentals and Rs. 104,848 for fuel and lubricants.

(e) Expenditure on Office Maintenance

The following observations are made.

- (i) The Head Office is being maintained at a rent free Building and another office is being maintained at a building obtained on rent basis amounted to Rs. 29,559,600 per Annum. The other office is being maintained at a building obtained under lease method for the period of two years since 2016 and it was observed that the value of the rent for that had not been assessed and the follow up actions thereon had not been made and water and electricity bills had not been settled as per the agreement even by August 2018.
- (ii) The annual cleaning charge was Rs. 4,812,060 and the security service charge was Rs.4,698,300. Accordingly, the expenditure for the buildings had been totalled to Rs. 39,069,960. Accordingly, the per capita office maintenance expenditure had been Rs. 136,132.

(f) Conduct of Annual Boards of Survey

The action had not been taken as per the recommendations in respect of the 122 excess items and 295 shortage items pointed out by the Board of Survey Report in the year 2017.

(g) Assets given to External Parties

Two motor vehicles belonging to the Ministry by the Ministry of Power and Renewable Energy and one motor vehicle belonging to the Ministry by the Presidential Secretariat are being used since 2015 and the actions had not been taken to take over them formally in terms of the Treasury Circular No. MF/CG/02/ (Cir) dated 21 December 2017 before 30 June 2018.

(h) Irregular use of Assets belonging to other Institutions

Nine vehicles belonging to the other Ministries, Departments and District Secretariats are being used by the Ministry and the actions had not been taken to take over them formally by 30 June 2018 in terms of the Treasury Circular No. MF/CG/02/(Cir) dated 21 December 2017.

2.6 Losses and Damage

The following observations are made.

- (a) Five vehicles in 09 instances in the year 2016 and 12 vehicles in 13 instances had met with accidents in the year under review and the value of the loss had not been identified in this regard as per the Financial Regulations and the actions had not been taken to record the loss and to take action as per the Financial Regulations 103 (3) and (4).

- (b) As per the Financial Regulations No. 104 (2) (b), it is stated that if there is a failure to recover any loss in fully or promptly will result in the payment being surcharged against officers responsible for the losses. Nevertheless, the losses occurred by 09 and 12 accidents in the year 2016 and during the year under review respectively had not been identified clearly and actions had not been taken as per the terms above in respect of that.

2.7 Unresolved Audit Paragraphs

Even though actions had been taken to recruit approximately 1000 number of Grama Niladhari Officers in 2015 only 1452 Grama Niladhari Officers had been recruited in May 2018. However, further 939 vacancies remained by August 2018, the major objective of the Ministry to establish a citizen friendly participatory development mechanism in the areas of district, regional and rural administration had not been achieved.

2.8 Management Weaknesses

A capacity building training programme for 34 Grama Niladhari Officers had been conducted in India during the period from 09 January to 13 January 2018. The following observations are made in this connection.

- (a) Even though only one officer from each District had been selected for the training programme through an interview besides the Galle District, Six Grama Niladhari Officers had been selected from Galle District without confirming their qualifications and not complying with the selection criteria.
- (b) Even though it had been mentioned that 35 officers would participate for this programme as per the Memo dated 01 December 2016 sent by the Secretary to the Ministry of Home Affairs, an additional amount of Rs. 574,121 had to be incurred due to supplying of air ticket, food and beverage and accommodation for 38 officers.

2.9 Execution of Services to the Public

The following observations are made.

- (a) An information officer had been appointed for the purpose of giving information to the public in accordance with the Right to Information Act. Although, the information had been given only for 16 requests while 56 requests were received during the year under review and the requests rejected and requests submitted to the Commission were 10 and 3 respectively, the number of requests that are still being updated were such a massive quantity of 27.
- (b) As the response for the information requests made by the public are being done through the separate divisions, it was observed that the follow up actions in this regard were at a poor level.

2.10 Achieving the Sustainable Development Goals

The following observations are made.

- (a) Every public institution should act in compliance with the United Nations Sustainable Development Agenda for the year 2030 and with respect to the year under review, the Ministry of Home Affairs had not been aware as to how to take measures relating to the activities under purview of their scope.
- (b) Due to failure of the being aware of the said Agenda for the year 2030 Ministry of Home Affairs, actions had not been taken to identify the Sustainable Development Goals and targets relating to the activities thereof, along with the milestones in respect of achieving those targets, and the indicators for evaluating the achievement of such targets.

2.11 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 three years period for the end of the 31 December 2017 and the audit observations in this regard 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	
2015	Recurrent	7,983.6	7,354.3	629.2	7.88
	Capital	16,706.5	14,346.1	2360.3	14.12
	Total	24,690.1	21,700.4	2989.2	12.10
2016	Recurrent	9,440.8	7,602.3	1,838.4	19.47
	Capital	12,765.9	6,015.4	6,750.5	52.87
	Total	22,206.7	13,617.7	8,588.9	38.67
2017	Recurrent	8,916.4	7,924.5	991.9	11.12
	Capital	18,025.6	9,282.8	14.60	48.5
	Total	26,942.1	17,207.3	9,734.7	36.1

The following observations are made in this regard

Appropriation Account

(a) Non utilization of Provisions made available

The total net provisions made available for the three Objects amounted to 108 million had been saved without any utilization.

(b) Excess Allocation made available

The total net provision relating to 26 objects in the year under review was Rs. 21,743.9 million and the total expenditure relating to those Objects was Rs. 12,124.4 million at the end of the year under review. Accordingly, the total savings was Rs. 9,619.5 million and that had ranged from 16 per cent to 94 per cent out of the net provision made for those Objects.

- (c) The action had been taken to allocate the additional provisions amounted to Rs. 5,128.2 million in 07 instances by the Supplementary Provisions in terms of the Financial Regulations 74. However, the Secretary had made his comments that non-receiving of imprest from the Treasury was the major reason for the saving of Rs 2,105.8 million or ranged from 26 per cent to 98 per cent out of those provisions.

2.12 Estimated and Actual Revenue

A collection of Revenue amounting to Rs. 182.44 million had been estimated relating to the Revenue Code No.10.03.07.99 for the year 2017 by the Ministry and the Revenue collected in the year under review totalled to Rs. 194.86 million. That had been 106.8 per cent out of the estimated Revenue.

10.03.07.99 Revenue Code- Licence Fees and Other Revenue

The following observations are made.

- (a) Whilst the revision of initially estimated value of four District Secretariats had been increased ranging from 10 per cent to 35 per cent, However the actual revenue had been increased ranging from 40 per cent to 99 per cent exceeding the revised estimates of those offices.
- (b) The initially estimated values had been reduced at the point of amending the Revenue Estimates by the 11 District Secretariats and that had ranged from 1.82 per cent to 70 per cent. The actual revenue had been increased by exceeding the revised estimates of 8 District Secretariats ranging from 11.36 per cent to 101.68 per cent.
- (c) According to the Fiscal Policy Circular No. 01/2015 dated 20 July 2015, it had been mentioned that the Estimates should be reviewed regularly in the context of changing economic conditions and actual revenue received. Nevertheless, the Revenue Estimates had been revised without paying attention to the Actual Revenue level as at 31 May 2017 by the 10 District Secretariats.

2.13 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.12101 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
650.00	643.03	230.00	235.20	1600.00	797.38

The following observations are made in this connection.

(a) Settlement of Balance

A difference amounted to Rs. 920,182 between the Department Books and the Treasury Print Out relating to the Advance 'B' Account in 15 District Secretariats was observed. The necessary actions had not been taken by the Ministry and District Secretariats to rectify the difference.

(b) Non-recovery of Outstanding Loan Balances

According to the Reconciliation Statement submitted to the audit, the balance that remained outstanding as at that date totalled Rs 2,217,324 besides the loan balances of the officers transferred out. Even though, those outstanding balances remained over periods ranging from 01 year to 04 years, the follow-up actions on the recovery of outstanding balances had been at a weak level.

(c) Non recovery of loan balances of officers transferred in

The action had not been taken to recover the loan balances amounted to 2.79 million due from 50 officers who had station transfers in 14 District Secretariats and the officers of another two District Secretariats through the monthly accounts summery of relevant District Secretariats or by the officers responsible as per the Provisions of the National Budget Circular No. 118 dated 11 October 2004.

2.14 General Deposit Account

The balances of 05 General Deposit Accounts of the District Secretariats as at 31 December 2017 totalled to Rs.6.45 million. Due to the balance of General Deposit Account No 6000/0000/00/0008/0012/000 amounted to Rs. 995,688 had remained unchanged at the beginning and at the end of the year under review, it was observed that the action had not been taken to settle the account.

2.15 Non-maintenance of Registers and Books

It was observed during audit test checks that the Ministry had not maintained the following Registers while certain other Registers had not been maintained in the proper and updated manner.

	Type of Register	Relevant Regulation	Observations
(i)	Log entries as per the General 267.	Financial Regulation 1645(a)	Had not maintained in an updated manner.
(ii)	Register of Losses and Damage	Financial Regulation 110	Had not maintained
(iii)	Register of Security Bond	Financial Regulation 891 (1)	Had not maintained
(viii)	Register of Fixed Assets on Computers, Accessories and Software	Treasury Circular No. IAI/2002/02 dated 28 November 2002.	Had not maintained.

2.16 Non-compliances

2.16.1 Non-compliance with Laws, Rules and Regulations

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

	Reference to Laws, Rules and Regulations	Value	Non-compliance
(a)	Constitutional Provisions		
	Section 151(2) and 151(3) of the Motor Vehicle Act No. 14 of 1951	-	The vehicles belonging to the Ministry had met with accidents at 06 instances in the years 2016 and in the year under review due to unintentionally or in dangerous manner or in high speed and running without reasonable care of the pedestrians and the loss had not been calculated.

(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

Financial Regulation 103(b)

- The action had not been taken to complain to the police regarding two vehicle accidents occurred during the year under review and in the previous year.

(c) Public Administration Circular

(i) Section 2 of the Circular No.09/2009 dated 16 April 2009

- The finger scanners should be used for confirm their arrival and departure by the every public officers. Even though the drivers in the Ministry had used the finger scanner to record their arrival, the departure had not been recorded in the Finger Scanner.

(ii) Paragraph XXX of the Circular No.22/99 dated 17 November 2014 425,880

A female officer who works as an Accountant grade II/III in the Ministry of Home Affairs had used a vehicle for private purposes under the permission of a Assistant Secretary during the period of July 2015 to February 2018. It was observed that this was a ruling out from the Provisions of the Circular.

2.17 Human Resources Management

2.17.1 Approved Cadre, Actual Cadre and Expenditure for Personal Emoluments

The particulars on approved cadre, actual cadre, vacancies and the excess cadre as at 31 December 2017 to execute the functions of the Ministry are given below. The Ministry had incurred a sum of Rs. 7,488.78 million for Personal Emoluments Expenditure Category for the year under review.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess Cadre
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(i) Senior Level	34	24	10	-
(ii) Tertiary Level	06	03	03	-
(iii) Secondary Level	193	187	06	26
(iv) Primary Level	89	72	18	-
(v) Casual/ Contract Basis	-	01	-	-
Total	322	287	37	26
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The following observations are made in this connection.

- (a) The formal approval for the recruitment of 26 officers by exceeding the approved cadre had not been furnished to the Audit.
- (b) The particulars on vacancies existed as at end of the year under review had not been furnished accurately and due to the submission of information contradicted with regard to the approved cadre, the accurate particulars on cadre had not been furnished.
- (c) According to the Budget Estimate for the year 2017, the total approved cadre had not been recorded and the actual cadre had been mentioned as 18,425. Being mentioned the actual cadre as 287 as per the cadre information sheet submitted by the Ministry, the Development Officers who were assigned to the Ministry in 2015 by the Ministry of Economic Development and approval not obtained for the cadre of the Planning Service were the reasons for this.

(d) Staff Training

The following observations are made.

- (i) Even though, there is a need to train the staff regularly, according to the information submitted to the audit, the information had not been revealed that all the staff was got trained and since the Ministry had not maintained enough information on their staff training, the exact number of staff trained had not been revealed.
- (ii) According to the information furnished to audit, the number of Officers who had not get any type of training opportunity were 151, further, Officers who had get trained locally and internationally had been offered more trainings continuously.
- (iii) The utilization of provisions made available to the training purposes for the year under review and previous two years had ranged from 43.04 per cent to 69.64 per cent.