

Head 252 - Report of the Auditor General on the Department of Census and Statistics 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 Census and Statistics. 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 the Department of Census and Statistics – Head 252 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 23 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 Census and Statistics for the year ended 31 December 2017 revealed in audit, appear in the Management Audit Report in detail, mentioned in paragraph 1.3 above. The material and significant audit observations out of the said observations, appear in paragraphs 2.1 to 2.10 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 authorised, 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 in preparing the Action Plan accurately. 2.1 2. Non-utilization of provisions made. 2.4 3. Failure in obtaining the expected level of output. 2.1 4. Failure in achieving expected results. 2.1 5. Uneconomic Transactions 2.3
128(1)(c)	That the Financial Regulations and other supplementary instructions of the Government are adhered to in his department, and that they are supplemented by departmental instructions, where necessary;	1. Non-compliance 2.7 2. Non-maintenance of Registers and Books 2.8
128(1)(d)	That an adequate system of internal check for receipts, payments and issues is maintained and tested from time to time;	Deficiencies mentioned in the Advances to Public Officers Account 2.5
128(1)(n)	That the officers liable to provide security do so in terms of the law and instructions in force.	Shortcomings in obtaining securities from relevant officers. 2.10

128(1)(o)	That the procedure laid down in Financial Regulations 103 to 108 is adhered to in case of losses to Government by the delays, negligence, faults or frauds on the part of officers/employees and surcharges are imposed on officers/employees responsible for such losses in terms of F.R.156(I).	Losses and Damage	2.2
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2. Material and Significant Audit Observations

2.1 Performance

Planning

The Action Plan for the year 2017 had been prepared in terms of the Public Finance Circular No.1/2014 of 17 February 2014. Accordingly, the following deficiencies were observed in respect of the Action Plan prepared for achieving anticipated outcome of 06 key functions that should be performed by the Department in the year under review.

- (a) Even though the Action Plan should be prepared according to the priorities based on the Annual Budget, instances of failure in indicating budget estimates for activities, were observed.

- (b) In determining the Performance Indicator, instances of non-preparation of indicators in a manner in which the anticipated outcome can be specifically measured, were observed. As such, **views** on the achievement of anticipated outcome of many key activities cannot be specifically expressed.

- (c) The estimated provision relating to 15 functions had been Rs.37.77 million and the savings amounted to Rs.28.75 million. Moreover, it was observed that relevant savings out of the estimated provisions ranged from 11 per cent to 100 per cent. Accordingly, deficiencies in utilization of budget estimated provisions for relevant functions, were observed.

- (d) Provisions of Rs.09 million had been made for trainings of the staff and a sum of Rs.8.7 million had been spent by 31 December 2017 for the said trainings. Local training programmes had been planned for Rs.4.06 million under 09 main activities according to the policy of improvement of skills and capabilities of employees of the Department. According to the Performance Indicator, out of three estimated activities valued at Rs.1.115 million, the anticipated outcome relating to relevant activities could not be achieved.

2.2 Losses and Damage

The Nissan Double Cab motor vehicle valued at Rs.5.3 million had been fully damaged due to an accident occurred on 05 May 2017. However, the full indemnity relating to the said motor vehicle accident could not be obtained even by 30 September 2018.

2.3 Uneconomic Transactions

A Cab motor vehicle of the Department had met with an accident on 11 January 2014 and the local agency for this vehicle type had informed that the said motor vehicle should be withdrawn from running as the repair of this motor vehicle is uneconomic. However, this motor vehicle had been repaired by a private garage and returned on 13 October 2015 and a sum of Rs.1,514,625 obtained from the Insurance Corporation had been spent therefor. However, a motor vehicle examiner had reported on 14 December 2015 that the mechanical condition of the vehicle was not satisfactory. The Department of Motor Traffic had been enquired on 22 September 2016 about the running condition of this motor vehicle and it had been informed that this motor vehicle was not suitable for running. Further, it was observed that despite having informed that the repair of this motor vehicle is uneconomic, the indemnity had been used for a fruitless activity without consulting the Department of Motor Traffic on the running condition of the motor vehicle. Even though 03 years had elapsed after the said accident, the loss on this motor vehicle had not been recovered even by the date of this report.

2.4 Utilization of Provisions made available by Parliament for the Performance of Functions

Information on provisions made for the Department during the period of 05 years ended 31 December 2017, utilization and savings thereof and audit observations thereon are given below.

Year	Type of Expenditure	Net Provision Rs. Millions	Utilization Rs. Millions	Savings Rs. Millions	Savings as a percentage of the Net Provision
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2013	Recurrent	637.50	632.40	5.10	1
	Capital	1,012.97	996.11	16.86	2
	Total	1,650.47	1,628.51	21.96	1
2014	Recurrent	683.90	673.17	10.73	2
	Capital	1,310.89	1,284.89	26.00	2
	Total	1,994.79	1,958.06	36.77	2
2015	Recurrent	812.25	805.38	6.87	1
	Capital	474.99	230.66	244.33	51
	Total	1,287.24	1,036.04	251.20	20
2016	Recurrent	857.98	838.28	19.70	2
	Capital	276.76	249.63	27.13	10
	Total	1,134.74	1,087.91	46.83	4
2017	Recurrent	942.05	851.03	91.02	10
	Capital	185.16	130.10	55.06	30
	Total	1,127.21	981.13	146.08	13

The following observations are made relating to the year under review.

- (i) The entire provision of Rs.14.53 million made for 02 Capital Objects had been saved without being utilized.
- (ii) The savings out of provisions totalling Rs.24,958,952 made from supplementary provisions relating to 03 Capital Objects, amounted to Rs.15,252,663 and it ranged from 55 per cent to 81 per cent of the net provision.
- (iii) The savings out of net provisions of Rs.49.12 million made for 03 Capital Objects, amounted to Rs.21.32 million, whilst savings out of net provisions of Rs.59.40 million made for 04 Recurrent Objects, amounted to Rs.16.14 million. That savings ranged from 27 per cent to 79 per cent.

2.5 Advances to Public Officers Account

The limits authorized by Parliament for the Advances to Public Officers Account, Item No.25201 of the Department and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
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Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
48.00	29.79	30.00	36.30	240.00	128.59

The following observations are made in this connection.

According to the Reconciliation Statement presented to Audit, a loan balance that remained recoverable from 16 officers who had vacated the post totalled Rs.588,116. Moreover, a loan balance comprised of a sum of Rs.70,750 over a period between 4 and 5 years and Rs.340,846 over a period of 5 years had remained unrecovered. A loan balance totalling Rs.77,150 recoverable from 06 officers who had gone on transfer, had been brought forward over a period of 05 years without being settled.

2.6 General Deposit Account

- (a) Action in terms of Financial Regulation 571 had not been taken on 09 deposits totalling Rs.6.54 million older than 2 years.
- (b) In terms of Fiscal Policy Circular No.01/2015/(04)(c) dated 30 July 2015, the revenue collected should not be kept in the Collection Account or Deposit Account and if any

balances remain in the Deposit Account as at the end of each month, it should be brought under respective revenue items within the first week of the following month. However, contrary to that, a sum of Rs.8.74 million collected over a period of one year had remained in the Deposit Account even by 30 September 2017.

2.7 Non-compliance

Non-compliance with Laws, Rules and Regulations

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

Contrary to the Financial Regulation 104(3), Preliminary Reports on 10 motor vehicle accidents occurred in the year 2017 had been submitted with a delay of a period between 10 days and 106 days and the Full Reports on 06 motor vehicle accidents had not been submitted within the relevant period.

2.8 Non-maintenance of Registers and Books

In terms of the Treasury Circular No.842 of 19 December 1978, the Register of Fixed Assets had not been maintained in an updated manner.

2.9 Human Resources Management

The position on the approved cadre, actual cadre, vacancies and excess cadre as at 31 December 2017 for the performance of the functions of the Department, appear below. The Department had spent a sum of Rs.671 million for the category of personal emoluments for the year under review. Accordingly, the annual per capita expenditure had been Rs.521,848.

	Category of Employees -----	Approved Cadre -----	Actual Cadre -----	Vacancies -----
(i)	Senior Level	319	161	121
(ii)	Tertiary Level	530	332	198
(iii)	Secondary Level	799	650	127
(iv)	Primary Level	174	141	33
(v)	Other/Casual/ Temporary Basis			
	Driver(Casual)	03	02	01
	Office Labourers	03	-	03
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	Total	1,828	1,286	483
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- ❖ Thirty seven posts of the Senior Statistician in the approved cadre in the senior level had been approved in a manner of personal to holder basis and of abolishing later and as such, it had been considered that vacancies are not available.
- ❖ The approved post of Statistical Assistant in the approved cadre in the secondary level stood at 202, whilst the actual cadre stood at 185, thus indicating 17 vacancies. However, the said post had been approved to be subjected to absorption into the post of Development Officer and as such, it had been considered that vacancies are not available. Further, two System Control Officers and three Senior System Control Officers are in the service at present and those posts had been approved in a manner of personal to holder basis and of abolishing later and as such, it had been considered that vacancies are not available.

2.10

Security of Public Officers

Action had not been taken in terms of Financial Regulation 880(1) in respect of officers of the Department, required to give securities.