

## **Head 332- Report of the Auditor General on Department of National Community Water Supply – Year 2017**

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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 National Community and Water Supply. 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**

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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 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**

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The audit of The Department of National Community and Water Supply- Head 332 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 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 of National Community Water Supply on 31 October 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 National Community and Water Supply for the year ended 31 December 2017 revealed in audit had been mentioned in detail in the Management Audit Report mentioned in the paragraph 1.3 above. The material and significant audit observations out of those observations appear in paragraph 2.1 to 2.8 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 Regulations 128 of the Financial Regulations 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 of the report which included the Observation</b>
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Financial Regulations			
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128(1)(e)	Adequate & proper arrangements are made for the safe custody and preservation of money, store, equipment and other assets belonging to the Government, or in its custody, and that these are verified from time to time; and, where they are disposed of, such disposal is according to the prescribed regulations and instructions.	Weaknesses in Asset Management	2.2
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 authorised, and that an endeavour is made to complete the programme of work laid down for the year and/ or to attain the target specified.	1.Under-utilized Assets 2. Non – maintenance of registers and books	2.2 (a) 2.5
128(1)(c)	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.	Non Compliances	2.6

128 (1)(g) Returns showing the progress of Approved maximum 2.4 collection of dues to Government are expenditure limit rendered regularly to the Chief regarding advance Accounting Officer. payments to public officers had been exceeded.

## **2. Material and Significant Audit Observations**

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### **2.1 Performance**

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#### **2.1.1 Sustainable Development**

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Water for all, sustainability management and confirming the receipt of sanitation had been identified as sustainability development goals of Department of National Community Water Supply. However any internal circular, guidelines and workshops had not been conducted by the organization and officers in the department had participated only to the awareness programmes conducted in the Ministry of City Planning and Water Supply.

#### **2.1.2 Annual Performance report**

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Performance report for the year under review should be tabled in Parliament within 150 days after closure of financial year by department in terms of the Public Finance circular No. 402 dated 12 September 2002. However the performance report of the department for the year 2017 had not been tabled in the Parliament even by 20 August 2018.

### **2.2 Asset Management**

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#### **(a) Under Utilized Assets**

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Six printing machines and a multi task-printing machine received to the warehouse during the month of December 2017 had been remained idling in the warehouse with packaging even by the audited date of 29 August 2018.

#### **(b) Idle Bank Accounts**

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Under the Gazette notification of the Democratic Socialist Republic of Sri Lanka No.1881/6 dated 22 September 2014, functions of National Community Water Trust had been transferred to Department of National Community Water Supply. As per the

accounting records of National Community Water Trust as at 31 December 2014, a fixed deposit account of Rs.1,794,454 and a current account of Rs.682,554 had been maintained. However, it was observed that it had been remained idling from that date up to now without transferring to the department or crediting to the government revenue.

Further as per information gathered by audit, It was observed that the balance of fixed deposit account and current account as at 31 December 2017 was Rs.2,326,495 and 837,323 respectively.

**(c) Utilizing vehicles belonging to projects**  
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Three vehicles belonging to Lunawa Community Development Project and Water Supply and Sanitation Project had been utilized by the Department of National Community water supply during the year under review.

**2.3 Utilization of the Provisions Provided by the Parliament for the Execution of the Duties.**  
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Information on provisions provided to the Department for the period of 03 years ending of 31 December 2017, the utilization, savings and audit observations are given below.

<b>Year</b>	<b>Type of Expenditure</b>	<b>Net Provision</b> ----- Rs.millions	<b>Utilization</b> ----- Rs.millions	<b>Savings</b> ----- Rs.millions	<b>Savings as a percentage of Net Provision</b> -----
2015	Recurrent	44.9	39.8	5.1	11.4
	Capital	200.0	109.5	90.5	45.3
	<b>Total</b>	<b>244.9</b>	<b>149.3</b>	<b>95.6</b>	<b>39.0</b>
2016	Recurrent	96.6	93.7	2.9	3.0
	Capital	122.2	89.7	32.5	26.6
	<b>Total</b>	<b>218.8</b>	<b>183.4</b>	<b>35.4</b>	<b>16.2</b>
2017	Recurrent	143.1	128.0	15.1	10.6
	Capital	104.3	103.1	1.2	1.2
	<b>Total</b>	<b>247.4</b>	<b>231.1</b>	<b>16.3</b>	<b>6.6</b>

## 2.4 Advances to Public Officers Account

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### Limits Authorized by Parliament

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The limits authorized by Parliament for the Advances to Public Officers Account under Item No.33201 of the Department and the actual values are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
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Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
4.00	3.88	1.80	2.66	8.00	4.99

## 2.5 Non- Maintenance of Registers and Books

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In terms the section 891 (1) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka, a security register containing the names of all officers required to give security shall be maintained by the Department. However it had been failed to do so.

## 2.6 Non Compliances

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### 2.6.1 Non-compliance with Laws, Rules & Regulations

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Instances of non-compliances with the provisions in laws, rules regulations observed during the course of audit test checks are analysed below.

In terms of the section 3.7 of chapter XXIV of Establishment Code of the Democratic Socialist Republic of Sri Lanka, the recovery of loans given to employees should be commenced from the succeeding month and monthly interest should be charged from the date of loan given as appropriate. However, it had not been done so.

## 2.7 Human Resources Management

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### (a) Approved Cadre, Actual Cadre and Expenditure on Personal Emoluments

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The particulars relating to the approved cadre, actual and vacant cadre as at 31 December 2017 are given below. The Department had incurred a sum of Rs.101 million for the object of personal emoluments for the year under review. Accordingly, the approximate per capita expenditure had been Rs.444, 718.

### (b) Approved cadre & the actual cadre

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The particulars relating to employees as at 31 December 2017 are as follows.

	Category of Employees	of Approved Cadre	Actual Cadre	Number of Vacancies	of Percentage of Vacancies
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(i)	Senior Level	28	09	19	68
(ii)	Tertiary Level	340	137	203	60
(iii)	Secondary Level	41	28	13	32
(iv)	Primary Level	70	53	17	24
	<b>Total</b>	<b>479</b>	<b>227</b>	<b>252</b>	<b>53</b>
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It was observed that number of vacancies has exceeded more than 20 percent of approved cadre under each employee category. It had been as high as 53 percent of total approved cadre.

## 2.8 Security of Public Officers

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It had not been acted as per the section 880 (I) of financial regulations regarding officers required to give security in the department.