

Head 309 - Report of the Auditor General of the Department of Buildings – 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 Buildings. 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 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 Department of Buildings – Head 309 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 General of the Department on 23 August 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 Buildings 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 Accounting Officer had discharged the accountability as to ensure the adequacy of the financial control. subjected to the audit observations summarized in the under mentioned table revealed in execution of 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 included Observation
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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.	1. Non-Fulfil activities 2.2.1 2. Expected level of output not obtained. 2.2.2
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 2.7

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 2.3
128(1)(h)	Special arrangements are made to recover outstanding dues and that the officers assigned that task report to him at least once a quarter or as otherwise directed regarding arrears and action pursued to expedite their recovery.	Not recover the outstanding Loan balances of the government officers advance accounts. 2.6
128 (1)(i)	The activities of his Department are under taken with due regard to economy, efficiency, propriety and integrity expected in the transaction of public business. (In this context economy means not merely keeping within the estimates, but also ensuring that the Government receives best value for Government receives best value for money expended)	Utilisation of provision made available by other Ministries and Departments. 2.5
128 (1)(o)	The procedure laid down in Financial Regulations 103 to 108 is adhered to in case of losses to Government by the delays, negligences, faults or frauds on the part of officers/ employees and surcharges are	Removal of assets by cost or without efficiently. 2.3(d)

imposed on officers/
employees responsible for
such losses in terms of
Financial Regulation 156(1)

2. Material and Significant Audit Observations

2.1 Key Activities of the Department

- (a) Preparing plans, preparing estimates and the construction necessary for government Departments, Ministries, and buildings for other Government Institutions and other services.
- (b) Supply consultancy service and project management service for Government Institutions for building construction activities.
- (c) Executing the functions of building maintenance activities, addition and development in the Government Departments and Ministries.
- (d) Constructing building for Sri Lanka Foreign Delegations and executing rehabilitation functions.

2.2 Performance

2.2.1 Functions Not Executed

It was shown as a Key function that is constructing buildings for Sri Lanka Foreign Delegations and executing rehabilitation functions it had not been done by the Department.

2.2.2 Expected Level of Output not Received

All contracts done by the Department had been given to various contractors to function those as sub contract method.

Action plan of the Department had been included the estimated cost of Rs.1,847.9 million 142 Turnkey Construction projects during the year 2017. All of those had been done by Sub-contract method. Out of those the activities should be completed as at 31 December 2017 any activity had not executed at estimated cost of Rs.57.56 million of 11 projects which estimated cost of Rs.287.27 million had low level range of from 10 per cent up to 30 per cent.

2.3 Assets Management

(a) Assets given to External parties

A building belonging to the Department which situated at Torrington area had been assigned on month of May 2016 by incomplete agreement to the Ministry of Home Affairs valuation of that had not been done in properly in respect of that collecting of rent had been failed.

(b) Non assigned assets utilised as improperly

It had been identified the ownership of the 30 plots of lands out of 40 plots of lands which continue official quarters situated in different places and circuit bungalows etc. of the Building Department and identified ownership of the 04 plots of lands are existing the Department relevant deeds had not been obtained.

(c) Deficiencies in Operating Bank Accounts

Security deposits and 419 various deposits accounts with a opening balance of Rs.781,035 which was opened in National Savings Bank by the Department was idling since a long time.

(d) Non Disposal of vehicles

Although the process of the disposal of vehicles should be done in identifying the disposal should be done once a every year as per the section of Public Finance Circular No.02/2015 dated 10 July 2015, but in respect of 2 vehicles were eliminate from running elapse more than one year but taking steps in that manner had been delayed.

2.4 Utilization of Provisions made available by parliament for the performance of functions

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

Year	Type of Expenditure	Net Provision	Utilisation	Savings	Savings as a Percentage of Net Provision
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		Rs.Millions	Rs.Millions	Rs.Millions	%
2013	Recurrent	239.32	229.66	9.66	4.04
	Capital	42.99	25.36	17.63	41.01
	Total	282.31	255.02	27.29	9.67

2014	Recurrent	250.05	248.07	1.98	0.79
	Capital	48.56	48.47	0.09	0.19
	Total	298.61	296.54	2.07	0.69
2015	Recurrent	292.90	286.73	6.17	2.11
	Capital	52.40	52.23	0.17	0.32
	Total	345.30	338.96	6.34	1.84
2016	Recurrent	315.54	308.99	6.55	2.08
	Capital	37.50	36.37	1.13	3.01
	Total	353.04	345.36	7.68	2.18
2017	Recurrent	316.24	316.06	0.18	0.61
	Capital	39.90	38.91	0.99	2.48
	Total	356.14	354.97	1.17	0.33

2.5 Utilisation of Provisions made available by Other Ministries and Departments

A sum of totalling Rs.2,204.67 million had been given to the Department for the construction activities. Out of that, provisions only amounted of Rs.1,189.17 million had been utilized during the year under review. Therefore a sum of Rs.1,015.50 million or 46.06 per cent had saved as at 31 December 2017.

2.6 Advances to Public Officers' Account

Limit Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers' Account Item No. 30901 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
26.00	25.44	13.50	14.86	90.00	58.15

Following observation is made in this connection.

A loan balance of Rs.145,850 of the deceased officer remaining more than one year and action had not been taken to settle it.

2.7 Non-compliances with Laws, Rules and Regulations

Following observation is made.

As per the instructions stated in the paragraph 06(i),(ii) and 07 of the Circular No. 01/2016 dated 01 January 2016 of the Management Department the details about the vehicle including added in newly, disposal of vehicles, transfer of vehicles, other changes should be send to the Management Audit Department if there is no changes it should be send a nil report but the Department had not taken action in that manner.

2.8 Human Resources Management

Approved Cadre and Actual Cadre

The position on the actual cadre and the vacancies as at 31 December 2017 for the performance of the function mentioned in Paragraph 2.1 above is given below.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Number of Excess
(i) Senior Level	124	81	43	-
(ii) Tertiary Level	24	4	20	-
(iii) Secondary Level	285	231	54	-
(iv) Primary Level	178	159	19	-
(v) Other (Contract Basis)	-	20	-	20
Total	611	495	136	20

The following observation is made.

- (a) Action had not been taken to fill 136 vacancies up to now by the Department.
- (b) The Post of Additional Director General (Consultancy Service) had been vacant since the month of October 2016 which is directly affected to the performance of the Department .