

## **Head 161 - Report of the Auditor General on the Ministry of Sustainable Development and Wildlife – 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 Ministry of Sustainable Development and Wildlife. The financial and physical performance reflected by the said 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 of the Chief 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 Ministry of Sustainable Development and Wildlife – Head 161 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 Secretary to the Ministry on 11 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

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The audit observations of the Ministry of Sustainable Development and Wildlife 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 those observations appear from paragraph 2.1 to 2.10 of this report. It was observed that the accountability as the Chief 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 127 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

<b>Accountability of the Chief Accounting Officer in terms of Financial Regulation 127</b>	<b>Non-compliance with that Provision by the Chief 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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127(1)(a)	All financial work should be planned so as to ensure the business is transacted with correctness and financial propriety.	1. Non-preparation of budget estimates realistically. 2. Non-maintenance of Registers and Books 3. Failure in planning of procurement activities	2.5(a)   2.2.1  2.6
127(1)(b)	A system which provides adequate controls over expenditure and the collection of revenue should be evolved.	1. Management deficiencies 2. Non-compliances 3. Shortcomings in Human Resources Management	2.4  2.7  2.8
127(2)	Existing Items of Expenditure, as well as proposals for new or increased expenditure in the	1. Deficiencies in implementing the	2.2

	departments under his control, are closely examined in the Ministry from the points of view of economy and efficiency.	procurement process 2. Non-performance of functions	2.1.1
127(3)	That 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. Deficiencies in utilization of motor vehicles under the financial and operational leasing method 2. Idle and underutilized assets 3. Irregular use of assets belonging to other institutions	2.3(b)  2.3(c)  2.3(f)
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.	Non-presentation of annual performance reports	2.1.2
127(5)	That, important variations between departmental Estimates and expenditure receive critical examination at the Ministry.	1.Non-utilization of provisions 2.Overprovisions made	2.5(b) (i)  2.5 (b) (ii)
127(7)	That 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 F.R.156 (1). It is also a duty of the Chief Accounting Officer to appear before the Committee on Public Accounts and to assist it along with his Accounting Officer	Failure in obtaining security deposits from officers acting on matters relating to money	2.9

in explaining and justifying the accounts of the departments for which he is responsible.

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

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### **2.1 Performance**

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#### **2.1.1 Non-performance of Functions**

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##### **(a) Readiness in achieving Sustainable Development Goals and Targets**

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The following observations are made.

- (i) Even though a Sustainable Development Council should be established in order to achieve goals and objectives cited in the Sri Lanka Sustainable Development Act, No.19 of 2017, action thereon had not been taken even by 31 December 2017.
  - (ii) Even though this national level programme comprising of 17 sustainable development goals and 169 targets attached thereto is due to be completed by the year 2030, the Ministry had not prepared a Corporate Plan so as to enable achieving the relevant goals by covering the said period.
  - (iii) Moreover, the responsibility of coordination between Government institutions for the achievement of these goals had been assigned to this Ministry. However, no proper step had been taken up to 25 June 2018, the date of Audit, for the evaluation of action taken in achieving sustainable development goals of relevant institutions.
- (b) The audit observations revealed in respect of information in the Performance Report are as follows.

##### **(i) Puttalam Integrated Tourism Development Plan**

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This Plan which had been commenced in the year 2017 and due to be completed in the year 2018 with the objectives of empowering the people and enhancing the bio-diversity and the attraction of local and foreign tourists in the area through developing the tourist industry and the amount estimated therefor was Rs.500 million. However, only a sum of Rs.2.5 million had been allocated therefor in the year 2017. Moreover, a sum of Rs.2.46 million had been spent out of these provisions for fixing 26 hoardings and for distributing hand bills.

##### **(ii) Northern Province Integrated Tourism Development Plan**

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This project which had been commenced in the year 2017 with the objective of empowering the people through developing the environmental tourist industry by

identifying places with the potentiality of tourism, is due to be completed in the year 2021. Provisions of Rs.5 million had been allocated for the year 2017 for this project. Only the implementation of 03 awareness programmes and 02 training programmes, identifying suitable places for research activities and distribution of equipment for research activities had been carried out during the year under review and a sum of Rs.2.65 million had been spent therefor.

### **2.1.2 Annual Performance Report**

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In terms of Public Finance Circular No.402 of 12 September 2002, the Ministry should table the Performance Report relating to the year under review in Parliament within 150 days after the closure of the financial year. However, it had not been tabled even by 31 May 2018.

## **2.2 Obtaining Supplies and Services through the Procurement Process**

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### **Planning of Procurements**

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Provisions of Rs.59.45 million had been made for providing supplies and rendering services through the procurement process to the Ministry in the year under review and a sum of Rs.27.29 million out of that had been utilized. The observations on the procurement plans to be prepared relating to provisions made, are as follows.

#### **(a) Planning of Procurements and Preliminary Stage**

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The following plans and documents had not been prepared under this stage.

- (i) Procurement package summary
- (ii) Preliminary procurement plan

#### **(b) Implementation of the Procurement Process**

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In the invitation for bids for purchasing a camera valued at Rs.578,100 on 20 September 2017 for taking still photographs, only one supplier had submitted bids. However, it was observed that the bid had been awarded to a supplier who had not been listed in the said records.

## **2.3 Assets Management**

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The following deficiencies were observed during the course of audit test checks carried out relating to assets of the Ministry.

#### **(a) Documentation of Assets**

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In terms of Assets Management Circular No.01/2017 of 28 June 2017, information relating to the assets of the Ministry had been submitted to the office of the Comptroller General which is under the purview of the Ministry of Finance and Mass Media. Nevertheless, the value of those assets had not been submitted.

**(b) Utilization of Motor Vehicles under Financial Leasing Method**

Even though the Ministry had obtained 06 motor vehicles under financial leasing method, information on the motor vehicles and their maintenance had not been made available to Audit while the payment of lease instalments are made by the Ministry of Finance.

**(c) Idle and Underutilized Assets**

Four motor vehicles belonging to the Ministry had remained idle during the year under review without being made use of.

**(d) Conducting Annual Boards of Survey**

In terms of paragraph 3.1.6 of the Public Finance Circular No.05/2016 of 31 March 2016, the annual board of survey should be conducted for the year 2017 and the reports thereon presented to the Auditor General before 31 March 2018. However, those reports had not been presented to Audit even by 05 July 2018.

**(e) Assets given to External Parties**

The Ministry had given 02 Jeeps and 02 Cabs to outside parties. Details are given below.

<b>Institute which provided the Asset</b>	<b>Make and Number of Motor Vehicles</b>
Ministry of Tourism and Sports	2 Jeeps
-do-	1 Cab
Ministry of Tourism Development and Christian Religious Affairs	1 Cab

**(f) Irregular Use of Assets belonging to other Institutions**

The Ministry had used 06 motor vehicles valued at Rs.28.9 million belonging to other Ministries without proper approval. Moreover, it was observed that the cost of motor vehicles amounting to Rs.294.04 million belonging to the Ministry as at 31 December 2017 in the Appropriation Account comprised of the value of the 06 motor vehicles mentioned above as well. Details appear below.

<b>Ministry</b>	<b>Make and Number of Motor Vehicles</b>	<b>Value</b>
Ministry of Tourism and Sports	1 Jeep	6.00
Ministry of Public Management Reforms	1 Motor car	4.80

Ministry of Parliamentary Affairs	1 Cab	6.00
Ministry of Botanical Gardens and Public Recreation	1 Motor car	7.50
Ministry of Constitutional Affairs and National Integration	2 Motor cars	4.60
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		28.9
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## 2.4 Management Weaknesses

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- (a) A number of 100,000 books and 200,000 book marks had been printed by spending a sum of Rs.4.5 million for publicising the concept of sustainable development without a proper study and without identifying the requirements. However, out of them, 20,000 books and 178,000 book marks valued at Rs.1,245,000 had remained without being used even by 25 June 2018.
- (b) A sum of Rs.350,000 had been spent for fixing new seats to 02 motor vehicles of the Ministry of Sustainable Development and Wildlife. Even though it had been agreed with the firm that carried out the repairs to deduct the value of removed seats and to carry out repairs, it was observed that it had not been included in the relevant estimates.
- (c) The final accounts and financial reports of the Wildlife Trust established according to the agreement entered into by the Director of Wildlife with other parties on 14 August 1991, had not been presented to the Auditor General.

## 2.5 Utilization of Provisions made available by Parliament for Performance of Functions

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Information on provisions made for 03 years ended 31 December 2017, utilization and savings thereof and audit observations thereon appear below.

Year	Category of Expenditure	Net Provision	Utilization	Savings	Savings as a Percentage of Net Provisions
		----- Rs.Millions	----- Rs.Millions	----- Rs.Millions	-----
2015	Recurrent	100.70	91.15	9.55	9.4
	Capital	16.93	12.14	4.79	28.2
	<b>Total</b>	<b>117.63</b>	<b>103.29</b>	<b>14.34</b>	<b>12.1</b>
2016	Recurrent	174.36	166.31	8.05	4.6
	Capital	100.17	57.11	43.06	42.9
	<b>Total</b>	<b>274.53</b>	<b>223.42</b>	<b>51.11</b>	<b>18.6</b>
2017	Recurrent	177.82	174.22	3.60	2.0

Capital	59.45	27.30	32.15	54
<b>Total</b>	<b>237.27</b>	<b>201.52</b>	<b>35.75</b>	<b>15</b>

**(a) Preparation of Budget Estimates**  
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Preparation of estimates for the year under review had not been carried out by planning. As such, provisions of Rs.18,909,100 had been transferred from time to time in 13 instances out of 20 Objects in terms of Financial Regulation 66.

**(b) Appropriation Account**  
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The following observations are made.

**(i) Non-utilization of Provisions**  
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The entire net provision amounting to Rs.25,000,000 made for 01 Object, had been saved.

**(ii) Excess Provisions**  
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Excess provision had been made for 5 Objects and as such the savings, after the utilization of provisions, ranged between 26 per cent and 100 per cent of the net provisions relating to the respective Objects. Moreover, provisions of Rs.3,367,667 had been saved even after transferring to other Objects relating to 03 Objects in terms of Financial Regulation 66.

**2.6 Non-maintenance of Registers and Books**  
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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.

	<b>Type of Register</b> -----	<b>Relevant Regulation</b> -----	<b>Observation</b> -----
(a)	Security Register	Financial Regulation 891 (1)	Not updated.
(b)	Register of Counterfoil Books	Financial Regulation 341	Not updated.
(c)	Vehicle Log Book	Financial Regulation 1645(a)	Not updated.
(d)	Bidding Documents	Guideline 5.2.1 of Government Procurement Guidelines	Not maintained



(e) Register of Losses Financial Regulation 110 Not updated.

## 2.7 Non-compliances

### Non-compliance with Laws, Rules and Regulations

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

Reference to Laws, Rules and Regulations	Non-compliance
<b>(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka</b>	
(i) Financial Regulation 104	Preliminary reports for 9 accidents occurred during the year 2017 and full reports which should be submitted within 03 months from the date of loss had not been prepared by the Ministry.
(ii) Financial Regulation 1642	Complaints had not been made to the Police relating to 05 accidents occurred in the year 2017 and obtained Police reports.
<b>(b) Public Administration Circulars</b>	
(i) Circular No.25/95 of 19 August 1992	The State Emblem had not been printed on all motor vehicles belonging to the Ministry.
(ii) Circular No.30/2016 of 29 December 2006	Proper updating of <b>Log Books</b> and <b>Running Charts</b> relating to 10 motor vehicles and the economical consumption of fuel had not been examined.

## 2.8 Human Resources Management

### 2.8.1 Approved Cadre, Actual Cadre and Expenditure on Personal Emoluments

The position on the approved cadre, actual cadre, vacancies and excess cadre as at 31 December 2017 appears below. A sum of Rs.78,627,975 had been spent for the Category of Personal Emoluments for the year under review by the Ministry. Accordingly, the Per Capita Expenditure had been Rs.836,468.

Category of Employees	Approved Cadre	Actual Cadre	Vacancies
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(i) Senior Level	21	17	04
(ii) Tertiary Level	03	03	-
(iii) Secondary Level	51	41	10
(iv) Primary Level	31	30	01
(v) Other (Casual/Temporary/Contract)	03	03	-
<b>Total</b>	<b>109</b>	<b>94</b>	<b>15</b>
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The following observation is made.

#### **Training of the Staff**

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Out of 94 employees of the actual cadre, no opportunity of training whatsoever had been provided to 37 employees.

#### **2.9 Security of Public Officers**

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Officers who are administratively responsible for, or who under delegation are entrusted with, the receipt or custody of public money, revenue stamps or stores or the disbursement of public money or the issue of stamps or stores and those who certify vouchers or sign cheques on Government Account will be required to give security in accordance with the Public Officers (Security) Ordinance (Cap 612) for the faithful discharge of their duties. The Ministry had not obtained securities from the relevant officers.