

## **Head 329- Report of the Auditor General on the Department of Information Technology Management – 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 Information Technology Management. 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 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 Information Technology Management – Head 329 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 13 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

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The audit observations of the Department of Information Technology Management for the year ended 31 December 2017 revealed in audit appear in Management Audit Report in detail, 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 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 128 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

Accountability of the Chief Accounting Officer in terms of Financial Regulation 128(1)	Non-compliance with that Provision by the Chief Accounting Officer	Reference to the Paragraph of the report which included the Observation
----- Financial Regulations -----	-----	-----
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 provisions 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.	2.1.1    2.5  2.2  2.6
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.	2.8 2.7

128(1) (i)	The activities of his department are undertaken with due regard to economy, efficiency, propriety and integrity expected in the transactions of public business.	1. Improper Transactions 2. Commitments and Liabilities	2.4 2.3
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**2. Material and Significant Audit Observations**

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**2.1 Performance**

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**Failure in Executing Duties**

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**(a) Achievement of Sustainable Development Goals**

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In terms of the letter issued by the Secretary to the Ministry of National Policies and Economic Affairs No.NP/SP/SDG/17 dated 14 August 2017 and Agenda 2030 of the United Nations , all Government institution should follow the Sustainable Development Goals . However, the Department had not been aware how to come into operation relating to the duties come under their scope of the Department .

As a result of that, action had not been taken by the Department to identify the sustainable development goals and targets relating to duties of the Department and the landmarks for reach the targets as well as the indicators for reaching targets even by the end of the year under review.

**(b) Key Functions not executed according to the Annual Action Plan**

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Even though 10 key functions should have been executed by the Department according to the Action Plan, no any duties had been fully completed out of that. Details are given below.

(i) Even though plans had been made to update the website including tri lingual circulars ,gazettes ,news and various reports according to the Action Plan, the website had not been updated accordingly.

- (ii) Plans had been made to develop the Departmental Apps according to the economic fluctuations and “Leave App” had been prepared as a preliminary examination. Although decisions had been made to continue the development of Apps according to the testing conditions and success therein, it had been given up due the adequate knowledge not available.
- (iii) Implementation of a human resources information system including information on all officers was only in an initial step.
- (iv) Plans had been made to maintain hard ware so as to control the re-structuring and automatic cost and control of stationery cost by making automation of the internal affairs through it. However, the said objective had not been achieved due to a document management system built by the said Department had been introduced only for certain departments.
- (v) Even though it was reported that the activities on improvement and supply of ITMIS hardware relating to the Public Finance Management Efficiency Project has been completed in 2018 ,those software was not at an operational level even by 13 August .
- (vi) Even though one of the objectives of the Department is to introduce new E – Salary system for other Ministries and Departments, the Department had not taken action to introduce the said system even by 19 July 2018.
- (vii) Even though plans had been made to improve the Payroll system for the payment of emoluments easily and accurately for the Government Servants, it had not been implemented even by 19 July 2018.

## 2.2 **Obtaining Supplies and Services by the Procurement Procedure**

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The following observations are made in this connection

- (a) Even though a procurement plan had been prepared by the Department for the year 2017, purchasing had not been made accordingly.
- (b) Even though selection of suppliers should be carried out according to the SLT Rainbow Pages in the following of shopping method according to Guideline 2.14.1 of the Government Procurement Guidelines, action had not been taken accordingly in certain purchasing such as purchasing of stationeries.
- (c) Instances of purchase of the same item under higher prices were observed due to purchase of stationeries had not been carried out properly in terms of Procurement Plan.

### 2.3 **Commitments and Liabilities**

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The following observations are made in this connection.

According to the Financial Regulation 94(i) ,expenditure or commitment shall not be incurred in the expectation that necessary authority or additional financial provisions will be received before actual payment falls due. However, liabilities amounting to Rs.81,899 had been committed without such a confirmation.

### 2.4 **Irregular Transactions**

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Certain transactions entered into by the Department were irregular. Such instance observed is given below.

- (a) Department had conducted an internal training workshop in the year under review for the improvement of efficiency, unison and attitudes of the officers of the Department and a sum of Rs.447,560 had been spent for that. The matters observed in that connection are given below.
  - (i) The said workshop had not been included in the Procurement Plan 2017.
  - (ii) Even though plans had been made to participate 40 officers in the Department , only 25 Officers had been participated and the officers who are external to the Department also participated.
- (b) A cheque amounting to Rs.18,722 had been issued on 28 December in the year under review contrary to the provisions 137,138 and 139 of the Financial Regulations without completing the relevant work or service.

### 2.5 **Utilization of Provisions authorized by Parliament to Perform Activities.**

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Information on provisions made for the Department during the period of 04 years ended 31 December 2017 ,utilization and savings thereof and audit observations relating to the information of the year under review are given below.

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	
2014	Recurrent	101.8	100.9	0.9	1
	Capital	5.8	1.1	4.7	82
	<b>Total</b>	<b>107.6</b>	<b>102</b>	<b>5.6</b>	<b>5</b>
2015	Recurrent	62.37	61.78	0.59	0.95
	Capital	4.61	4.60	0.01	0.22
	<b>Total</b>	<b>66.98</b>	<b>66.38</b>	<b>0.60</b>	<b>0.90</b>
2016	Recurrent	37.16	28.65	8.51	22.90
	Capital	2.24	2.15	0.09	4.02
	<b>Total</b>	<b>39.4</b>	<b>30.8</b>	<b>8.60</b>	<b>21.83</b>
2017	Recurrent	39.34	29.13	10.21	25.95
	Capital	7.10	2.89	4.21	59.25
	<b>Total</b>	<b>46.44</b>	<b>32.02</b>	<b>14.42</b>	<b>31.05</b>

The following observations are made in this connection.

- (a) The entire estimated provision totalling Rs.50,000 made for 01 Object had been saved without utilizing.
- (b) Excess provision totalling Rs.652,000 had been made for 4 Recurrent Objects and as such the savings, after the utilization of provisions, had been amounted to Rs.351,867. Accordingly, provisions ranged between 20 per cent to 76 per cent had been saved from the provision made for Objects.
- (c) Excess provision totalling Rs.6,500,000 had been made for 03 Capital Objects and as such the savings, after the utilization of provisions, had been amounted to Rs.4,093,808 . Accordingly, provisions ranged between 29 per cent to 99 per cent had been saved from the provision made for Objects.

## 2.6 Imprest Account

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According to the letter No.TO/BE1/2/IMP/329/2017 dated 09 January 2017 for the determination of the imprest limit of the year 2017 of the Department of General Treasury, it had been informed that action should be taken to make determinations of the imprest limits by reviewing the monthly imprest limit once in a quarter by reporting actual information. However, the Department had not taken action accordingly.

## 2.7 Non-maintenance of Books and Registers

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The Department had not maintained the Register of Fixed Assets properly and updated manner in terms of Treasury Circular No.842 dated 19 December 1978.

## 2.8 Human Resources Management

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

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The particulars relating to the approved cadre, actual cadre, vacancies and the excess cadre as at 31 December 2017 are given below. The Department had incurred a sum of Rs.24.03 million for the category of personal emoluments for the year under review. Accordingly, the per capita expenditure had been Rs.801,143.

	<b>Category of Employees</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>Number of Vacancies</b>
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(i)	Senior Level	09	05	04
(ii)	Tertiary Level	07	04	03
(iii)	Secondary Level	19	14	05
(iv)	Primary Level	08	05	03
(v)	Contract	02	02	-
	<b>Total</b>	<b>45</b>	<b>30</b>	<b>15</b>
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The following matters were observed in this connection

- (i) According to the information presented to audit, although an officer had been appointed to the post of Science and Technology Officer, the said post was not an approved post.
- (ii) Two officers had been appointed on contract basis on the decision made by the Cabinet of Ministers for the posts of Senior Scientist of Development of Infrastructure and Senior Scientist of Information Technology from the year 2013 with a view to implementation of Incorporated Treasury Management Information System(ITMIS) Project and Revenue Administrative Management Information System (RAMIS) Project. However, it was observed that the ITMIS Project was not in the operative condition even by 20 September 2018. Despite, it had been reported that, ITMIS and RAMIS Projects were being implemented successfully even by December 2016 according to the Cabinet Memorandum relating to that. The personal files of the said officers had not been updated as well.
- (iii) Even though in terms of Paragraph 04 of the Public Administration Circular No.04/2017 dated 28 February 2017, 05 individuals could have been engaged for the practical training of the Department, 25 trainees had been engaged by 31 December 2017. Moreover, the service period of the trainees had been extended time to time in certain instances.
- (iv) Even though a post of Accountant, Grade 1 had been approved by the Department of Management Services, the Department had not taken action to fill the said vacancy even by 20 September 2018.