

Head 155 - Report of the Auditor General of the Ministry of Provincial Councils and Local Government – Year 2017

The Appropriation Account and the Reconciliation Statement to the 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 Provincial Councils and Local Government - Head 155. 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

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 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 Ministry of Provincial Councils and Local Government – Head 155 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 Secretary to the Ministry on 31 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 Ministry of Provincial Councils and Local Government 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 2.15 of this report. The audit observations revealed in the execution of accountability as the Accounting Officer in accordance with provisions of the Financial Regulation 127 of the Democratic Socialist Republic of Sri Lanka, to ensure the adequacy of the financial administration are summarized and shown in the undermentioned table.

| Accountability of the Chief Accounting Officer in terms of Financial Regulation 127 | Non-compliance with that Provision by the Chief Accounting Officer | Reference to the Paragraph included Observation |
|--|--|---|
| ----- | ----- | ----- |
| Financial Regulation ----- | | |
| 127(1)(a) | To plan all the financial activities to confirm that transactions are done correctly and financial propriety. | 1. Action plan had not been prepared accurately. 2.3.2 2. Deficiencies in preparation of imprest estimates. 2.1.2(a) 3. Non-maintenance of records and books. 2.13 |
| 127 (1)(b) | It should be evolved a system which provides adequate controls over expenditure and the collection of state revenues. | 1. Management weaknesses 2.9 2. Deficiencies in Human Resource Management 2.14 |
| 127(2) | Existing items of expenditure, as well as proposals for new or increased expenditure in the Departments under his control, are to be closely examined in the Ministry from the points of view of economy and efficiency. | 1. Abandonment of projects without completing. 2.3.3(b) 2. Delays in accomplishment of Projects 2.3.3(c) 3. Non-accomplishment of the performance of Foreign Funded Projects. 2.4.1(a) 4. Funds of the Foreign Funded Projects remained in the deposit account without being utilized. 2.4.1(c) 5. After completing the foreign funded projects follow up action had not been taken to checked whether the people were benefitted. 2.4(d) 6. Uneconomical Transaction. 2.8 |

| | | | |
|---------|--|---|---|
| 127 (3) | Prepare a mechanism 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. | <ol style="list-style-type: none"> 1. Weaknesses in Vehicle utilization. 2. Assets given to external parties. 3. Informal use of Assets belongs to the other institutions. 4. Informal use of Assets which had not been vested. | <p>2.6(a)</p> <p>2.6(b)</p> <p>2.6(c)</p> <p>2.6(d)</p> |
| 127(4) | Appropriation Accounts are duly rendered by each of his Accounting Officers, and examined at the Ministry before he signs them; and that significant differences in the estimates and the actual expenditure are critically investigated by him. | <ol style="list-style-type: none"> 1. Exceed the annual budget limit and entered in to liabilities. 2. Recording excess liabilities. | <p>2.7(a)</p> <p>2.7(c)</p> |
| 127 (5) | Significant variations between Ministry Estimated Provisions and expenditure critically examine at the Ministry. | <ol style="list-style-type: none"> 1. Non utilization of the provision made. 2. Over provisions made. | <p>2.10(a)</p> <p>2.10(b)</p> |
| 127 (6) | The collection of Revenue or other Government dues for which Accounting Officers are responsible is closely watched and examined by the Ministry. | <ol style="list-style-type: none"> 1. Deficiencies in the Advances to Public Officers Account. | <p>2.11</p> |

2.1 Main Activities of the Ministry

- (i). Formulation, Monitoring and Evaluation of policies, programmes and projects related to subjects of Provincial Councils & Local Government, Sri Lanka Institute of Local Governance and Local Loans and Development Fund.
- (ii). Regulation of the activities of Provincial Councils.
- (iii). Training of members, officers and employees of Provincial Councils.
- (iv). Government activities related to Local Authorities
- (v). Provide loan facilities for Local Authorities to improve public amenities.
- (vi). Training of members, officers and employees of Local Authorities
- (vii). Conduct researches on every facet of the administration of Provincial Councils and Local Authorities.

- (viii). All the other affairs related to the scopes assigned to Sri Lanka Institute of Local Governance and Local Loans and Development Fund.
- (ix). Supervision of the said institutions.

2.2 Institutions under the Ministry and the activities performed by them

Activities of the Institutions established under the Ministry are given below.

| Institution under the Ministry | Authority of the Establishment | Activities |
|---|--|---|
| (i) Sri Lanka Institute of Local Governance | No. 11 1999 Sri Lanka Institute Act relating to Local Governance | Trained the Members, Officers and the Workers of Provincial Councils, Local Government Authorities to perform their activities effectively. Accept the inspection consultant assignments of Provincial Councils and Local Government. All the divisions of the Provincial Councils and Local Governments conduct the research, Development and give the assistance. |
| (ii) Local Loans and Development Funds | Act No 21 in 1916 | Funding the loans for to develop the infrastructure facilities and income creative projects. |

2.3 Material and Significant Audit Observation

2.3.1 Performance

Vision and Mission of office of the Ministry

Vision and Mission had not been prepared including the intended results after accomplishment of the activities of the Ministry.

2.3.2 Planning

The Action Plan had been prepared for 2017 as per the Public Finance Circular No 01/2014 dated 17 February 2014. According to that for the year under review of there are nine main activities and two constitutional institutions established under the Ministry and eighteen foreign funded projects should be performed by the Ministry. The following deficiencies were observed relating to the Action Plan prepared by the Ministry.

- (a) Update organizational structure of the institution approved cadre and details of the actual cadre at present had not been presented for the year under review.
- (b) Activity Plan which had been prepared on priority based annual budget time line, output and out come of the activities had not been estimated and mentioned.

2.3.3 Activities not executed

The following observations are made.

(a) Not executing the Activities in the Action Plan

Even though, as per the Annual Action Plan 43 main activities should be executed by the Ministry, out of that only 39 had been performed. Total of Rs.1,108.5 million had been provide for not executing activities. Details are given below.

| Main Activity | Funding | Provision Allocated |
|--|-------------|---------------------|
| ----- | ----- | ----- |
| | | Rs.Million |
| (i) To supply 100 'compacter' vehicle to local authorities | Local Funds | 1,100.0 |
| (ii) Development of 'compost' yard in Elpitiya Pradeshiya Saba | Local Funds | 4.0 |
| (iii) Development of Sewage recycling Centre in Matala Municipal Council | Local Funds | <u>4.5</u> |
| Total | | <u>1,108.5</u> |

Even though, as per the Action Plan to achieve the expected results from above activities by suitable garbage collection and doing recycling as a result of procurement had not been performed as planned, expected results couldn't be achieved. Therefore Rs.1,108.5 million which had been provided by the annual estimates became useless.

(b) Projects Abandoned without Completing

Even though, the Ministry had started following projects to perform main activities those projects abandoned without completing.

| Project | Estimated Cost | Date of Commencement | Expenditure as at 31 December 2017 | Reasons for abandoned |
|--|----------------|----------------------|------------------------------------|--|
| ----- | ----- | ----- | ----- | ----- |
| | Rs.Million | | Rs.Million | |
| (i) Construction of a new building for Sri Lanka Institute of Local Government | 219.5 | 05 December 2013 | 43.8 | File foundation not built correctly |
| (ii) Beliatta City Development | 638.0 | 2018 | 68.0 | Change the plan |
| (iii) Modification of Information Technology Centre at Pallepola City | 1.2 | 01 September 2015 | 0.25 | Suitable contractor was not found due to the contractor left at halfway. |
| (iv) Construction of a Circuit Bangalow in Dhamana | 7.13 | 2013 | 1.4 | A Circuit Bangalow is not suit for the weekly fair |

| | | | | | |
|------|--|-------|------|------|---|
| (v) | Pradeshiya Saba Construction of a Public Market Building in Akkareipattu Municipal Council (Stage II) | 37.76 | 2014 | 7.55 | Lack of Provisions to complete the work and land problem. |
| (vi) | Construction of a Solid Waste Collection Centre at Ibbagamuwa Pradeshiya Saba | 0.8 | 2015 | 0.8 | Even though constructed a non-bio degradable waste stores in 80 perches at Uthurupawwa Temple premises belonging to Ibbagamuwa Pradeshiya Saba, later on dumping of garbage had been stopped due to the protest of the villagers. |

(c) Delays in Executing Projects

Following observations are made delay in performing projects by the Ministry.

| Project | Estimated Cost | Date of Commencement | Due date for completion | Completed Date | Expenses 31 December | Reason for Delays |
|--|----------------|------------------------------|----------------------------|-------------------------------------|----------------------|---|
| ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| | Rs.Million | | | | | |
| Construction of building required for establish scroo type compost machines in 09 provinces. | 882.60 | 01 May 2017 | 31 August 2017 | Not Completed. Progress 10 per cent | 58.09 | Delays in settlement of launch preparation. |
| Development of Waste Centre at Talawa Pradeshiya Sabha in North Central Province. | 3.0 | 01 March 2017 | 30 October 2017 | Not Completed. Progress 60 per cent | 1.80 | Not receiving imprest. |
| Construction of Sewage recycling at Sabaragamuwe - Ratnapura Municipal Council. | 28.0 | 01 March 2017 | 30 October 2017 | Not Completed. Progress 20 per cent | 1.80 | Construction continuing |
| Conducting Competitions in National Level | 2 | First week of September 2017 | First week of October 2017 | -- | -- | Deciding not to held National Level Competition |

2.4 Implemented Local and Foreign Funded Projects

Ministry had provided Rs.12,754.5 million for implement 17 Local Funded Projects and Rs.17,311.2 million for 18 Foreign Funded Projects in the year under review. Thus accordingly Rs.6,547.6 million and 12,247.1 million totalling Rs.18,794.7 million had been utilized. As per Rs.11,270.9 million or 37.48 per cent had been saved out of the allocated provision.

2.4.1 Foreign Funded Projects

Following observations are made.

(a) Performance of the Foreign Funded Projects

Even though the provisions had been made for the following project, not implemented during the year.

| Project Name | Funded By | Estimated Amount |
|---|--|------------------|
| ----- | ----- | ----- |
| | | Rs.million |
| (i) Greater Colombo waste water project (stage 3) | European Investment Bank | 160 |
| (ii) Supplying 115 waste collecting machines project | Government of Korea | 1,660 |
| (iii) Development of people's living standards of in less facilities area. (grown up) | Japanese International Co-relation Institute | 2,400 |

(b) Abundant of some Industries Included in Foreign Funded Projects

Thanamalwila water scheme to be implemented with an estimated cost Rs.2,600 million without having proper study and the extension of Galgamuwa water supply project estimated cost of Rs.537 million with an under "Puranagama" project had been given up due to lack of water resources.

(c) Projects Funds holding in Deposit Account without Utilized

Following observations are made.

- (i) A Provision of Rs.280 million had been allocated to knowledge as a basis centre reorganization programme of school education system in Southern Province and Rs.224 million had been issued by the General Treasury. However, a sum of Rs.140.38 million had been utilized as at 31 December 2017 and Rs.72.95 million had been in the Provincial Fund Account without been spent.
- (ii) As per the annual estimate in 2017 Rs.320 million had been allocated and Rs.257 million had been issued by the General Treasury. However only Rs.121.26 million had been utilized and balance of Rs.121.26 million had been deposited in the deposit account maintained by the Provincial Council.

(d) Benefits after Completing the Projects

The following observations are made after an examination of the expenditure incurred and the benefits thereon had been whether received to the public.

(i) The following projects had not been opened to the public after the first stage of Puranaguma project was completed on 30 June 2017.

| Province | Name of the Local Government Institution and the Type of Project | Expenditure | Date of Handing Over |
|---------------|---|-------------|----------------------|
| ----- | ----- | ----- | ----- |
| | | Rs.Million | |
| North Central | Lankapura Pradeshiya Sabha - Thalpatha bus stand and public toilets | 30.67 | 2016.10.03 |
| North Central | Bulnawa Pradeshiya Sabha - Weekly fair | 16.99 | 2014.08.23 |

(ii) It was observed that following projects are idling as a result of not selecting the sub - project after a sufficient study and identifying the necessities.

| Province | Name of the Local Government Institution and Type of Project | Expenditure | Date of Handing Over |
|---------------|--|-------------|----------------------|
| ----- | ----- | ----- | ----- |
| | | Rs.Million | |
| North Western | Wanathawilluwa Pradeshiya Sabha - Water supply scheme | 64.83 | 2017.06.30 |
| North Western | Redeegama Pradeshiya Sabha - Public Bus stand | 44.05 | 2017.03.29 |
| North Western | Mawathagama Pradeshiya Sabha - Bus stand | 43.79 | 2016.12.06 |
| North Western | Polpithigama Pradeshiya Sabha - Water supply scheme | 58.32 | 2017.06.30 |
| Central | Laggala - Pallegama - Weekly Fair | 26.9 | 2016.10.31 |
| Central | Vilgamuwa - Crematory | 16.52 | 2016.08.11 |
| Central | Raththota Pradeshiya Sabha - Weekly Fair | 12.75 | 2015.03.17 |
| North Central | Ipalogama Pradeshiya Sabha - Sanitary Centre | 2.81 | 2016.03.01 |
| North Central | Thirappane - Sanitary Toilets | 2.5 | 2014.08.15 |
| South | Kamburupitiya Pradeshiya Sabha - Bus stand | 55.80 | 2016.06.30 |
| South | Kirama Katuwana Pradeshiya Sabha - Bus stand | 36.29 | 2016.03.23 |
| South | Tissamaharamaya Pradeshiya | 5.38 | 2015.05.14 |

| | | | |
|---------|--|-------|------------|
| South | Sabha - Fish market Sooriyawawe Pradeshiya Sabha - Fish market | 2.28 | 2016.06.15 |
| Uva | Meegahakiula Pradeshiya Sabha - Bus stand | 48.05 | 2017.04.24 |
| Uva | Welawaya Pradeshiya Sabha - Crematory | 18.30 | 2017.01.26 |
| Western | Madurawala Pradeshiya Sabha - Diklanda Water Supply | 28.62 | 2016.10.10 |

(iii) Parts of complete buildings under "Puraneguma" project construction handed over the Local Government Institutions had not been utilized for the expected objectives.

| Province | Name of the Local Government institution and Type of the Project | Expenditure | Date of Handing Over |
|----------|--|-------------|----------------------|
| ----- | ----- | ----- | ----- |
| | | Rs. Million | |
| Uva | Bandarawela Pradeshiya Sabha – office building and weekly fair | 35.86 | 2016.10.28 |
| western | Walallawita Pradeshiya Sabha – Multipurpose building | 23.89 | 2015.12.15 |
| Central | Raththota Pradeshiya Sabha – Health Mother Care Clinic | 15.62 | 2015.01.22 |

(iv) Following buildings had been planned and constructed for multipurpose buildings but those had been used as offices of the Pradeshiya Sabha.

| Province | Name of the Local Government Institution and Type of the Project | Expenditure |
|---------------|--|-------------|
| ----- | ----- | ----- |
| | | Rs. Million |
| Central | Minipe Pradeshiya Sabha – Hasalaka multipurpose building | 62.35 |
| Central | Pathahewheta Pradeshiya Sabha – multipurpose building | 51.75 |
| Central | Walapane Pradeshiya Sabha – multipurpose building | 45.71 |
| Southern | Kotapola Pradeshiya Sabha – Deniyaya multipurpose building | 45.10 |
| Southern | Karandeniya Uragasmandiya Pradeshiya Sabha – multipurpose building | 34.13 |
| Sabaragamuwa | Aranayake Pradeshiya Sabha – multipurpose building | 51.92 |
| Uva | Badulla Pradeshiya Sabha – multipurpose building | 49.40 |
| Uva | Ridemaliyadda Pradeshiya Sabha – multipurpose building | 47.32 |
| North western | Udubaddawa Pradeshiya Sabha – multipurpose building | 46.36 |

- (v) Water supply project activities of Uda Palatha Pradeshiya sabha in Central Province had been completed 30 June 2017 by spending Rs.208.53 million. However, constructors had not handed over the water supply project to the relevant Pradeshiya Sabha.

2.5 Asset Management

At a sample audit of the assets of the Ministry following deficiencies were observed.

(a) Vehicle Utilization

In this regard following observations are made.

- (i) Not testing the Fuel Consumption
-

Fuel consumption had not been tested in terms of section 3.1 of the public administration circular No.30/2016 of 29 December 2016.

- (ii) Not Displaying name of the Ministry and Government Emblem on Vehicles
-

Action had not been taken to display Government Emblem and name of the Ministry on the vehicles as per Public Administration circular No.26/92(1) of 19 August 1992 and the circular letter 2002/ 1

(b) Assets given to External Parties

In 2017 three jeep owned by the Ministry had been given to the President Office and in 2016 one jeep and two cab vehicles had been given to Skill training development Ministry without having a proper approval.

(c) Using of assets not vested in an Informal Manner

Buildings it is said that those are belongs to the Department of Food Commission and use by the Provincial Council, Local Government and Sport Ministry without vesting it legally and Rs.8,061,698 had been spent for building repairs.

2.6 Commitments and Liabilities

In this regard following observations are made.

(a) Over - stated Commitments

Even though sufficient explanations had been given about commitment and liabilities total provision of Rs.1,367 million of 03 objects had been accounted as commitment.

(b) Over stated Liabilities

A sum of Rs.122,902,543 had been accounted as liabilities without Leaving the invoices (Bills) completing of work or supply.

(c) Liabilities Accounted as Commitments

Following observations are made.

- (i) Even though furnish for payments relating to completed worth amounting to Rs.1,340,306 should be accounted a liabilities those had been accounted as commitments.
- (ii) As per the Section (b) of Government Finance Circular No 255/2017 of 27 April 2017 the personal emoluments and allowances of Rs.1,032,629 which was not relevant to commitments.

2.7 Transactions in Contentious Nature

Bullet proof Jeep belonging to President Office had been given on 25 October 2010 for the use of the Provincial Councils and Local Government Minister. As per the former Minister's instruction that Jeep had been handed over to the Local Agent for repairs on 11 June 2014 and an estimate of Rs.16,220,008 had been furnished to replace the damage glasses of front side and back side of the vehicle. Even though a bill for repair Rs.3,237,079 had been forwarded for the repair on 30 September 2015 payment had not been made due to the lack of provision.

2.8 Management Deficiencies

Following observations are made at sample audit tests.

- (a) According to the information forwarded to the audit nine "Kavashima" compost machines had been imported by 23 January 2018 but out of that 07 machines had been in the custody of the Local Agent.
- (b) Even though settlement of the land for construction of compost yards was a responsibility of relevant Local Government Institutions and Commissioner of Local Government, sufficient information had not been given to assesses the contribution of the Waste Management Centre.
- (c) Even though before purchasing the compost machines activities relating to land and machine yard could have been started due to the lack of a proper plan, Government funds had not been utilized in proper way.
- (d) Attention had not been made parallel to the production of compost and other important sections such as disposal of non degradable and hazardous waste
- (e) A sum of Rs.100 Million had been provided and proposal was made by the Annual Estimate in 2017. To construct a hundred front offices by the Provincial Councils and Local Government Ministry in 100 Local Government institution. However, necessity of implementing it as a policy had not been made aware all Provincial Council Heads and Local Government Institutions.
- (f) Examining the procumbent plan for purchasing computer and computer accessories for front offices it was planed to start this activity on 15 March 2017 and complete on 21 May, but signing of the agreement had been done in November. Further, computer and computer accessories had not been supplied even as at 31 December.

2.9 Utilization of the Provisions made by the Parliament to Perform the Activities

Information are relating to the provisions made, utilization and savings for the Ministry year ending 31 December 2017 and for the last 05 years period and audit observations there on are given below.

| Year | Type of the Expenditure | Net Provision | Utilization | Savings | Saving as a Percentage of net Provision |
|------|-------------------------|----------------|----------------|---------------|---|
| | | Rs.Million | Rs.Million | Rs.Million | |
| 2013 | Recurrent | 249 | 230 | 19 | 7.6 |
| | Capital | 4,511 | 2,949 | 1,562 | 34.6 |
| | Total | 4,760 | 3,179 | 1,581 | 33.2 |
| 2014 | Recurrent | 1,583 | 1,274 | 310 | 19.6 |
| | Capital | 9,528 | 8,243 | 1,284 | 13.5 |
| | Total | 11,111 | 9,517 | 1,594 | 14.4 |
| 2015 | Recurrent | 233,151 | 168,558 | 64,593 | 27.7 |
| | Capital | 65,284 | 58,436 | 6,847 | 10.5 |
| | Total | 298,435 | 226,994 | 71,440 | 23.9 |
| 2016 | Recurrent | 2,265 | 1,130 | 1,135 | 50.1 |
| | Capital | 26,662 | 24,850 | 1,812 | 6.8 |
| | Total | 28,927 | 25,980 | 2,947 | 10.3 |
| 2017 | Recurrent | 1,900 | 427 | 1,473 | 77.5 |
| | Capital | 35,953 | 18,908 | 17,045 | 47.4 |
| | Total | 37,853 | 19,335 | 18,518 | 48.9 |

Following observations are made.

(a) Non - Utilization of the Provisions made

Total net provision of Rs.6,260 Million made for 12 Objects had not been utilized and the total amount had been saved.

(b) Over Provisions

Totalling Rs.23,030 Million had been over provided for 32 Objects and out of that Rs.10,783 Million only had been utilized and savings from the net provision had been in the range of 22 per cent to 96 per cent.

2.10 Advance to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advance to Public Officers Account of the Ministry under the subject No 15501 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 |
| 14.50 | 14.43 | 5.3 | 7.4 | 35.00 | 34.17 |

Outstanding Loan Balances

According to the statement furnished to audit as at that date total outstanding balance except the balances of officers transferred had been Rs.365,835 and the Ministry had failed to recover those outstanding loan balances.

Contrary to the Financial Regulation 371 Ad-hoc imprest amounted to Rs.318,915 had been issued to three officers of the Minister's private staff in 17 instances.

2.12 Non - maintenance of Books and Records

It was observed in the sample audit that following records had not been maintained by the Ministry.

| Type of the Record | Relevant Regulation / Circular |
|--|--|
| (a) Register of Fixed Assets for Computers, Accessories and Software | Treasury Circular No. IAI/2002/02 dated 28 November 2002 |
| (b) Register of Duty Telephone | Financial Regulation 845(1) |
| (c) Register of Guarantee | Financial Regulation 891(1) |
| (d) Register of Losses | Financial Regulation 110 |
| (e) Register of Liabilities | Financial Regulation 214 |

2.13 Human Resources Management

2.13.1 Approved Cadre, Actual Cadre and Expenditure for Personal Emoluments

Particulars of approved, actual, cadre and vacancies had been as follows to performed the duties of the above 2.1. Ministry had spent Rs.125.6 million for the Vote of personal emoluments for the year under review. Accordingly expenditure per person had been Rs.722,121.

| Category of Employees | Approved Cadre | Actual Cadre | Number of Vacancies |
|----------------------------|----------------|--------------|---------------------|
| (i) Senior Level | 35 | 26 | 09 |
| (ii) Tertiary Level | 04 | 03 | 01 |
| (iii) Secondary Level | 150 | 100 | 50 |
| (iv) Primary Level | 63 | 43 | 20 |
| (v) Casual/ Contract Basis | <u>03</u> | <u>02</u> | <u>01</u> |
| Total | <u>255</u> | <u>174</u> | <u>81</u> |

Following observations are made in this regard.

- Ministry had failed to fill 81 vacancies as at the end of the year under review.
- As per the Public Administration Circular No 25/2014 of 12 November 2014, it was requested that officers which had been given the permanent appointments should be included to the Ministry Cadre but 12 officers of Secondary level and 16 officers of Primary level had not been included to the Cadre of the Ministry.
- Human Resources Obtained from Outside Parties

Particulars of human resources obtained by the Ministry are as follows.

| Category of the Employee | Amount | Other Party | Period |
|--|--------|--|--|
| Coordination Secretary of the Secretary of Provincial Councils, Local Government and Sport Ministry. | 01 | Sri Lanka Higher Technical Education Institute | From 5 November 2015 to 5 November 2018. |
| Additional Director | 01 | Sri Lanka Institute of Local Governness | From 04 January 2015 to end of the disciplinary inquiry. |
| Consultant Engineer | 01 | Sri Lanka Institute of Local Governness | From 04 January 2015 to end of disciplinary inquiry. |
| K.K.S. | 02 | Sri Lanka Institute of Local Governness | From 01.07.2017 to date. |
| Driver | 01 | Local Loan and Development Fund | From 06 December 2016 to date. |

(d) Staff Training

Following observations are made relating to the Staff Training.

- (i) Eighty three officers who had not got any type of training in the year 2017.
- (ii) Particulars relating to the provision made for training and the utilization at the year under review and 4 proceeding years are shown below.

| Year | Net Provision | expenditure | Savings | Savings as a Percentage |
|-------|------------------|-------------|-----------|----------------------------|
| ----- | ----- | ----- | ----- | ----- |
| | Rs. | Rs. | Rs. | |
| 2013 | 1,250,000 | 1,096,511 | 153,489 | 12.28 |
| 2014 | 2,000,000 | 1,996,338 | 3,662 | 0.18 |
| 2015 | 1,860,000 | 1,858,213 | 1,787 | 0.09 |
| 2016 | 1,500,000 | 1,421,880 | 78,120 | 5.21 |
| 2017 | 2,500,000 | 720,120 | 1,779,880 | 71.2 |

Even though the provision for training prior to the year under review had been utilized in a sufficient way it was made not satisfied in audit regarding the training programmes conducted for the upliftment of the performance of duties of the officers. Directing officers for the training programmes in the year 2017 was minimum as a result 71 per cent of the net Provision was saved.

2.14 Keeping guarantee by Public Officers

As per the Financial Regulation 880, guarantee had not been kept by the public officers who are handling for cash or in charge of inventories.