

Disaster Management Centre – 2011

1. Financial statements

1:1 Opinion

In my opinion, except for the effects of the matters described in paragraph 1:2 of this report, the financial statements give a true and fair view of the financial position of the Disaster Management Centre as at 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with General Accepted Accounting Principles.

1:2 Comments on Financial Statements

1:2:1 Accounting Deficiencies

The following observations are made.

- (a) The adjustments for depreciation had not been made up to the year under review in respect of Tsunami Towers and cab Vehicles given under Netherland Loan Aid to the Disaster Management Centre. Following deficiencies were observed while accounting those adjustments in the grant account.
 - (i) Adjustments for the depreciation for Tsunami Towers for the years from 2008 to 2010 had been overstated in the accounts by Rs.103,487.
 - (ii) Adjustments for depreciation for Cab Vehicles for the two years from 2009 to 2010 had been understated in the accounts by Rs.29,151,159.

As a result, the Management Communication Project Account and accumulated surplus had been overstated by Rs.29,047,672 in the financial statements for the year under review.

- (b) Even though Tsunami Towers valued at Rs.57.3 million had been constructed in the selected coastal areas during the year 2011 received under the Netherland Loan Scheme, the value had not been accounted under the work-in-progress account and loan grant account.

1:2:2 Unreconciled Control Accounts

The following observations are made.

- (a) A difference of Rs.1,366,423 had been observed between the value of the computers in the financial statements and the value in the Fixed Assets Register. Action had not been taken to identify the difference and bring it to account.
- (b) The value of the equipment under loan aid granted to Disaster Management Centre under Disaster Management Communication Response Project (ICET) from the year 2008 to 2011 amounted to Rs.1,641,746,056 whereas the value of the fixed assets brought to account thereon amounted to Rs.1,675,102,159. Action had not been taken to identify this difference of Rs.33,356,103 and bring it to account.

1:2:3 Lack of Evidence for Audit

The following items of accounts could not be satisfactorily vouched or accepted in audit due to evidence indicated against each item of accounts was not made available to audit.

Item	Value	Evidence not made Available
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	Rs.	
i. Communication Management Project		Project Agreement, and the Value of the Project.
Loan Investments		
Treasury	616,515,611	
Foreign Aid	701,378,183	
ii. Work-in-Progress Loan Investments		Value of each activity of Work-in-Progress
Treasury	44,259,006	Treasury
Foreign-Aid	279,593,255	Foreign Aid.

1:2:4 Non-compliance with Laws, Rules, Regulations and Management Decisions

The following instances of non-compliance were observed in audit.

Reference to Laws, Rules and Regulations	Non-compliance
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(a) Financial Regulations (FR)	
(i) F.R. 110	Even though a separate register should be maintained to record the losses being incurred in the Institution, such a register had not been maintained. The losses caused to two vehicles in the year under review had not been recorded in a Register of losses.
(ii) F.R. 371(2)	Even though the advances obtained should be settled to the centre immediately after the completion of the purpose, according to the registers maintained by the Centre the advances amounting to Rs.598,732 granted in 22 instances had been settled after delays ranging from 01 month to 11 months.
(iii) F.R. 371(5)	Even though all advances granted should be settled on 31 December of the financial year, the advances not so settled as at the end of the current year amounted to Rs.3,063,376.
(iv) F.R. 395(b) and (c)	Even though the Bank Reconciliation Statements prepared as at the end of every month should be presented to Auditor General before the 15 th day of the following month, the Bank Reconciliation statements in respect of the year 2011 had not been presented to audit by the Centre.
(v) F.R. 1646	The Daily Running Charts and the Monthly Performance Summaries of the motor vehicles should be submitted to Auditor General before the 15 th day of following month. Nevertheless, the Daily Running Charts had been submitted to audit in respect of 3 vehicles only out of 29 vehicles belonging to the Centre.

- (vi) F.R. 1647(b) Even though a Board of Survey should be conducted annually in respect of the equipment of 29 vehicles belonging to the Institute, a Board of Survey had not been conducted for the year under review.
- (b) Public Administration Even though the fuel consumption of the motor
Circular No. 41/90 of 10 vehicles owned by the Centre should be tested once
October 1990. in every 6 months, the fuel consumption of the 29
vehicles of the centre had not been tested even once
in the year under review.

02. Financial Review

2:1 Financial Results

According to the financial statements presented to audit, the operations of the Centre had resulted in a deficit of Rs.12,999,883 as compared with the corresponding deficit of Rs.52,450,498 for the preceding year, thus indicating in an improvement of financial results by Rs.39,450,615 in the year under review. The increase of revenue by Rs.65 million had been the main reason for the increase of financial results.

03. Operating Review

3:1 Performance

a. Disaster Mitigation Projects

The Disaster Management Centre had identified districts subject to disaster with a view to mitigating the effects of disasters. The estimated provision for the year under review for incurring expenditure thereon amounted to Rs.190 million and of this Rs.146.4 million had been received from the Treasury as the details below. The total expenditure incurred during the year under review amounted to Rs.148.3 million and the savings of the preceding year had also been utilized for the expenditure of this year.

Project	Provision	Amount Received	Expenditure
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	Rs.(Million)	Rs.(Million)	Rs.(Million)
i. For 47 Projects	120	110	111.9
ii. For the Districts of Ampara, Puttalam, Bataloa and Polonnaruwa	30	30	30
iii. For National Building Research Organization,			
(a) To Land Slides Mitigation Project (Kandy, Matale, Badulla and Nuwaraeliya)	30	--	--
(b) To special studies on Land Slides	10	6.74	6.4
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	190	146.74	148.3
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The following observations are made in this regard.

- (a) A sum of Rs.12,340,985 had been allocated for 04 Projects and a sum of Rs.5,839,000 had been granted thereon in the year under review. However, the Projects had not been implemented during the year and the funds had been returned to the Centre.
- (b) Out of the provisions amounting to Rs.5,350,000, allocated for the Land Slide Mitigation Project at Peakwella, in Matara District, a sum of Rs.1,500,000 had been granted during the year. However, the project had not been implemented and the funds had been utilized for the other Projects.
- (c) The estimated amount for the mitigation of floods in the Divisional Secretariat Division, Dambulla was Rs.95,909,005 and a sum of Rs.3,500,000 allocated for the year under review had been entirely spent during the year. It was observed that expenditure had been brought to account considering as a completed project instead of showing under work-in-progress.

b. Project for preparing a structure on risk conditions

Financial and technological assistance of the United Nations Development Programme had been given by the Centre to the following Organizations to prepare a structure on risk areas of disasters of land slides, floods, cyclones and coastal disasters and drought.

Activity	Institution	Value of Financial and Technological Aid	Progress
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		Rs.	
i. Mapping of Land Slide Disaster	National Building Research Organisation	1,565,275	23 Maps in Galle and Nuwaraeliya had been completed.
ii. Mapping of floods Disaster	Department of Irrigation		Not achieved.
iii. Mapping of Cyclone Disaster	Department of Meteorology	481,400	Not achieved.
iv. Mapping of Coastal Disaster	Department of Coastal Conservation	635,220	Not achieved.
v. Mapping of Drought Disaster	Department of Agriculture	4,177,854	had been completed during the year.

c. Preparedness Planning

Provisions of Rs. 5 million had been allocated by the Disaster Management Centre to assist the state institutions on preparedness planning for the year under review. A sum of Rs.3 million had been received by the Centre from the Treasury on preparedness planning and to conduct work shops and a sum of Rs.3,170,354 had been incurred as advances in the year under review.

The following observations are made in this regard.

- i. The number of books regarding National Policies to be printed during the year under review, had not been planned and a sum of Rs.100,000 had been allocated there on. However, no books of National Policies had been printed during the year under review.
- ii. A sum of Rs.100,000 had been provided to conduct district work shops on preliminary planning in 3 districts of Mulaitivu, Killinochchi and Vavuniya. One workshop only had been conducted in Vavuniya District and a sum of Rs.30,350 had been incurred. The workshops had not been conducted in 02 districts of Mulaithivu and Kilinochchi.
- iii. The preparedness plans of 16 districts had been completed by the end of the year under review while the final plans of 09 districts had to be prepared.

d. Emergency Operations Centre

This Centre had been established in 2006 and functioning throughout 24 hours during 07 days of the week. Continuous monitoring on natural disasters is carried out by the Emergency Operations Centre by obtaining pre-disaster information from respective technological institutions, assessing them and giving them to respective institutions.

The under mentioned equipment had been received by the Emergency Operations Centre under the loan aid of Disaster Management Communication and Response Capacity Development Project .

Equipment	Value
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	Rs.
i. Tsunami Towers	263,698,519
ii. Emergency Call response operating room	} 96,022,872
iii. Computer Server Room	

Even though the preparation of Call Management Centre established under the Emergency Operations Centre had been completed, the officers had not been assigned therein even as at the date of audit.

3:2 Management Inefficiencies

The following observations are made.

(a) **Maintenance of Disaster Management Co-ordinating Offices**

Disaster Management Co-ordinating Offices had been maintained in 25 districts under Disaster Management Centre to respond to the sudden disasters in the country.

Monthly performance reports which should be furnished by the district centres had not been furnished properly and the follow-up action had also not been taken by the Disaster Management Centre in this regard.

(b) Disaster Management Centre had been maintained in the premises of Bandaranayaka Memorial Conference Hall from 2005 and a sum of Rs.1,407,600 had been deposited in the Institute on that. However, the Centre had been transferred to another building from January 2011 and action had not been taken to recover the deposit amount even as at 30 September the date of audit.

(c) **Purchase of two Water Bowsers**

Even though it was shown in the accounts that the assets valued at Rs.28,507,482 had been purchased as at 31 December 2011 for the improvement of disaster response, the two Water Bowsers valued at Rs.9,820,000 had not been purchased during that year

3:3 Personnel Administration

The approval had been granted on 20 May 2011 to recruit the officers on permanent basis to the Disaster Management Centre by the Department of Management Services. The following posts, had remained vacant as at the date of audit due to non-recruitment of officers.

Posts	No. of Vacancies
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Director (Operations)	01
Director (Research and Disaster Mitigation)	01
Director (Human Resources and Finance)	01
Personal Assistant	01
Communication Technologist	03
Radio Messages Operator	01
Video Camera Photographer	01

3:4 Vehicle Utilization

Twenty Seven double cabs and 02 vans had been given under Disaster Management Communication and Response Project (ICET) in the years 2009 and 2010 for the official duties of Disaster Management Centre and 27 District Offices.

The following observations are made in this regard.

- i. The total value of 29 vehicles amounted to Rs.238,528,107 in the year under review and those vehicles had been included in the Fixed Assets Register. Nevertheless action had not been taken to transfer the ownership of the vehicles to the Centre.
- ii. Even though the Toyota Land Cruiser Jeep valued at Rs.19.5 million had been received by the Centre during the year 2010 as loan aid under second stage of the above Project, it had not been utilized for the official purposes of the Centre up to 15 June 2012 the date of audit. However that vehicle had been included under the Fixed Assets of the Centre.

3:5 Identified Losses

Even though the provisions of Rs.206,011 had been made for losses on stocks during the 04 years period from 2008 to the year under review, the Centre had not taken action to recover the loss from responsible parties or to write off from the books properly.

04. Systems and Controls

Deficiencies observed during the course of audit were brought to the notice of the Director General of the Centre from time to time. Special attention is needed in respect of the following areas of control.

- (a) Preparedness Planning
- (b) Work-in-Progress
- (c) Motor Vehicle Utilization
- (d) Disaster Mitigation Project