

Auditor General's Report on the Accounts of the Ministry of Transport and the Departments under the Ministry – Year 2010.

This report comprises two Parts.

Part 1 - Summary Report on the Accounts of the Ministry and the Departments under the Ministry

Part 2 - Detailed Reports on each Appropriation Head

Part I

Summary Report on the Accounts of the Ministry of Transport and the Departments under the Ministry

1. Department under the Ministry

| Head of Expenditure | Name of Department |
|---------------------|----------------------------------|
| 306 | Department of Sri Lanka Railways |
| 307 | Department of Motor Traffic |

2. Annual Action Plan

The two Departments under the Ministry had prepared the Annual Action Plans at the beginning of the year of accounts. The Annual Action Plan of the Ministry had been furnished to audit only after the close of the year of accounts.

3. Accounts

3:1 Appropriation Accounts

(a) Presentation of Accounts

Appropriation Account of the Ministry had been presented to audit by 31 March 2011. The dates of presenting the Appropriation Accounts of the two Departments are given below.

| Department | Appropriation Head | Date of Presentation |
|----------------------------------|--------------------|----------------------|
| Department of Sri Lanka Railways | 306 | 17 June 2011 |
| Department of Motor Traffic | 307 | 17 June 2011 |

(b) Total Provision and Expenditure

The total net provisions made for the Ministry and the two Departments under the Ministry amounted to Rs.35,149,744,000 and out of that a sum of Rs.26,404,278,840 had been utilized by the end of the year under review. Therefore, the net savings of the Ministry and the two Departments ranged between Rs.428,121,967 and Rs. 7,680,815,205 or 1.2 per cent and 21.8 per cent respectively of the total net provision. Details appear below.

| Appropriation Head | Ministry/ Department | Net Provision | | Utilization | | Savings | |
|--------------------|----------------------------------|----------------|----------------|----------------|----------------|-------------|---------------|
| | | Recurrent | Capital | Recurrent | Capital | Recurrent | Capital |
| | | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| 114 | Ministry of Transport | 4,328,100,000 | 1,901,590,000 | 4,314,853,965 | 1,278,308,047 | 13,246,035 | 623,281,953 |
| 306 | Department of Sri Lanka Railways | 7,285,750,000 | 19,750,600,000 | 7,191,352,333 | 12,164,182,462 | 94,397,667 | 7,586,417,538 |
| 307 | Department of Motor Traffic | 773,154,000 | 1,110,550,000 | 716,620,372 | 738,961,661 | 56,533,628 | 371,588,339 |
| | Total | 12,387,004,000 | 22,762,740,000 | 12,222,826,670 | 14,181,452,170 | 164,177,330 | 8,581,287,830 |

3.2 Revenue

(a) Presentation of Accounts

The number of Revenue Accounts that should have been prepared by the two Departments under the Ministry under 04 Revenue Codes in respect of the year 2010 stood at 04 and those had not been presented to Audit by 31 March 2011. Details appear below.

| Department | Revenue Code | Particulars |
|----------------------------------|--------------|-----------------|
| Department of Sri Lanka Railways | 20:01:10:00 | Revenue Account |

| | | |
|-----------------------------|-------------|--|
| Department of Motor Traffic | 20:03:02:14 | Fees under the Motor Traffic Act and the other Receipts. |
| Department of Motor Traffic | 10:03:07:04 | Tax on Sale of Motor Vehicles |
| Department of Motor Traffic | 10:03:01:00 | Tax on Luxury Motor Vehicles |

(b) Estimated and Actual Revenue

Revenue amounting to Rs.7,188.27 million had been estimated under 04 Revenue Codes for the year 2010 by the 02 Departments under the Ministry while revenue amounting to Rs.7,877.09 million had been collected. Therefore revenue ranging from 94 per cent and 124 per cent of the estimated revenue had been collected. Details appear below.

| Revenue Accounting Officer | Revenue Code | Estimated Revenue | Actual Revenue | (Shortfall)/Excess Collection | Percentage |
|-------------------------------|--------------|-------------------|----------------|-------------------------------|------------|
| ----- | ----- | ----- | ----- | ----- | ----- |
| | | Rs. | Rs. | Rs. | |
| General Manager of Railways | 20:01:10:00 | 4,040,000,000 | 4,018,035,371 | (21,964,629) | 99 |
| Commissioner of Motor Traffic | 20:03:02:14 | 2,800,267,000 | 3,485,832,206 | 685,565,206 | 124 |
| Commissioner of Motor Traffic | 10:03:07:04 | 38,000,000 | 35,976,317 | (2,023,687) | 94 |
| Commissioner of Motor Traffic | 10:03:01:00 | 310,000,000 | 337,251,325 | 27,251,325 | 108 |
| | | ----- | ----- | ----- | |
| | | 7,188,267,000 | 7,877,095,215 | (688,828,215) | |
| | | ===== | ===== | ===== | |

| | | | |
|----------------------------------|-----|---|-------------|
| Ministry of Transport | 114 | 730,943 | 730,943 |
| Department of Motor Traffic | 307 | Age analysis not furnished | 636,887,864 |
| Department of Sri Lanka Railways | 306 | Balance of the General Deposit Account was not furnished to audit | |

Part II

Detailed Report on each Appropriation Head

1:1 Appropriation Head 114 - Ministry of Transport

The Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Ministry of Transport for the year ended 31 December 2010 was carried out in pursuance of provisions of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Secretary to the Ministry on 29 July 2011. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements 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.

1:2 Responsibility of the Chief Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Account, and the Reconciliation Statement in accordance with the provisions of Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

1:3 Audit Observations on the Accounts and Reconciliation Statement

According to the Financial Records and Books for the year ended 31 December 2010, it was observed that except for the effects of the general observations appearing at (a) to (c) and other major observations appearing in paragraphs 1:4 to 1:10 herein, the Appropriation Account and the Reconciliation Statement of the Ministry of Transport had been prepared satisfactorily.

(a) Presentation of Accounts

- (i) The Ministry had presented the following account to audit by 31 March 2011.

| Head/Item Number | Name of Account |
|------------------|-----------------|
|------------------|-----------------|

| | |
|-------|-------|
| ----- | ----- |
|-------|-------|

Circular No.09/2007 of
11 May 2007

to 12 months. Nevertheless, the Ministry of Transport had retained 10 officers in service for periods ranging from 01 year to 06 years continuously by extending their services annually.

- | | | |
|--|---------|--|
| (iii) Public Finance Circular No.353(5) of 03 January 2003 | - | Action in terms of Circular instructions had not been taken for the formal disposal of the obsolete goods available in the stores. |
| (iv) Circular No. MF/TR/1/2003 dated 28 March 2003 of the Ministry of Finance | 525,000 | The New Railway Development Project had procured motor vehicles contrary to the provisions of the circular and as such it was observed that an overpayment of Rs.525,000 had been made in respect of the period October 2009 to December 2010. |

1:6 Weaknesses in the Implementation of Projects

Instances of projects abandoned without commencing and delays in commencing projects observed during the course of audit test checks are given below.

(a) Projects abandoned without Commencing

One project had not been commenced during the year under review. The construction of structures in the first 04 kilometers from Matara to Kataragama of the Section from Matara to Beliatta of that project had been stopped.

Delays in Commencing Projects

| Project | Estimated Cost | Date of Commencement | Date to the Completed | Expenditure up to 31 December 2010 | Reasons for Delay |
|---|-------------------|---------------------------|------------------------------|---|--|
| ----- | ----- | ----- | ----- | ----- | ----- |
| | Rs. | | | Rs. | |
| Matara, Beliatta, Kataragama New Railway Line | 748,200,000 | Not furnished to audit | Not furnished to audit | 318,504,489 | Detailed Engineering Plans have been commenced by |

the Chinese Company. Action is being taken to call for bids in accordance with those plans.

1:7 Losses and Damage

Instances of the following losses and damage were observed during the course of audit test checks.

- x The interest paid due to the delays in the payment of compensation for the lands acquired for the Matara, Kataragama New Railway Line Development Project amounted to Rs.52,018,403.

1.8 Operating Inefficiencies

No action had been taken up to date to conduct a formal investigation into the theft of goods from the Ministry Stores in the year 2009 and to compute the value of the loss. No action had also been taken against the parties responsible.

1.9 Human Resources Management

(a) Approved and Actual Cadre

The position of the Cadre as at 31 December 2010 had been as follows.

| Category of Employees | Approved Cadre | Actual Cadre | Number of Vacancies |
|-----------------------|----------------|--------------|---------------------|
|-----------------------|----------------|--------------|---------------------|

| | | | | |
|-------|-----------------|-----|-----|----|
| (i) | Senior Level | 30 | 20 | 10 |
| (ii) | Tertiary Level | 01 | 01 | - |
| (iii) | Secondary Level | 106 | 69 | 37 |
| (iv) | Primary Level | 40 | 31 | 09 |
| | Total | 177 | 121 | 56 |

(b) Human Resources irregularly released to other Parties

The particulars of the human resources irregularly released to other parties by the Ministry in the year under review are given below.

| | Category of Employees | Number | Released to | Date of Release |
|-------|-----------------------|--------|---------------------------|------------------|
| (i) | Technical Assistants | 03 | Ministry of Youth Affairs | From 04 May 2010 |
| (ii) | Temporary Labourer | 02 | -do- | From 04 May 2010 |
| (iii) | Substitute Labourer | 03 | -do- | From 04 May 2010 |

(c) Human Resources irregularly obtained from other Parties

The matters revealed relating to the human resources obtained irregularly by the Ministry are given below.

| Category of Employees | Number | Resources obtained from | Date of obtaining |
|-----------------------|--------|-------------------------|-------------------|
|-----------------------|--------|-------------------------|-------------------|

- (iii) According to paragraph 3.2 of the said circular, the dates of transfer of officers and permanent release of officers to Corporation services and the institutions concerned should be stated in the case of officers so transferred and released. But such information on balances amounting to Rs.863,291 had not been furnished.
- (iv) The information in terms of paragraph 3.3 of the said circular had not been furnished in respect of balances amounting to Rs.17,091,634 recoverable from deceased or retired officers.
- (v) According to paragraphs 3.2, 3.3, 3.4 and 3.5 of the said Circular, information on the date of last recovery made should be stated. But such information was not furnished to audit.
- (vi) Contrary to paragraph 1.1.7 of the National Budget Circular No. 118 of 11 October 2004 action had not been taken for the recovery of loan balances amounting to Rs.1,771,730 remaining recoverable over long periods from officers transferred out.
- (vii) Despite the settlement of the loan balances of 03 officers transferred out, a fictitious recoverable loan balance of Rs.182,926 had been furnished with the Reconciliation Statement while a loan balance of Rs.448,276 of two officers had also been shown under the fictitious balances.
- (viii) Despite the settlement of the loan balances of 08 retired/ deceased officers, a fictitious loan balance of Rs.180,695 had been furnished with the Reconciliation Statement as an unsettled balance.
- (ix) Action in terms of Sections 4.2, 4.3, 4.4 and 4.5 of Chapter xxiv of the Establishments Code had not been taken over a long period for the recovery of a balance of Rs.42,439,515 recoverable from deceased and retired officers.
- (x) Contrary to Section 4.5 of Chapter xxiv of the Establishments Code, action had not been taken to recover from the sureties a balances of Rs.21,504,665 due from officers who had left the country.
- (xi) Contrary to Section 4.8 of Chapter xxiv of the Establishments Code, action had not been taken for the recovery of a balance of Rs.282,207 due from officers released from the Department.

- (xii) The total of the Individual Balances Classification Summary as at 31 December 2010 amounted to Rs.1,105,002,921 whereas the balance of the Departmental Control Account amounted to Rs.1,089,275,207. Thus a difference of Rs.15,727,714 was observed.

(h) Stores Advance Account

Observations made at the examination of the transactions of the year 2010 are given below.

- (i) According to the accounts, the balances receivable and payable as at 31 December 2010 amounted to Rs.589,858,748 and Rs.102,293,657 respectively.
- (ii) Even though the valuation of the closing stock relating to the Stores Advance Account for the year 2010 should have been done at cost or the net realizable value whichever is less, stocks shown in the accounts at cost amounting to Rs.91,117,682 had not moved over a number of years. As such their use at present is doubtful. The net realizable value of those had not been determined for the computation of the value of the closing stock.
- (iii) A trial balance relating to the Stores Advance Account had not been prepared and presented with the financial statements.
- (iv) The advances granted during the year 1980 to 2009 for the purchase of goods and remaining without being settled up to date amounted to Rs.60,637,544 while advances amounting to Rs.5,223,540 out of those granted in the year 2010 had not been settled even by June 2011.
- (v) Expenditure amounting to Rs.187,680,791 incurred on the customs duty on goods imported from the year 1993 up to date had not been adjusted to the stock up to date. The outstanding balance from the year 1993 up to the year 2009 amounted to Rs.126,646,216. Action had not been taken to settle this amount existing over a number of years.
- (vi) Action had not been taken to settle the liability on the unsettled letters of credit amount to Rs.71,001,126 relating to the years 1998 to 2007.

(d) Irregular use of Assets belonging to other Institutions

It was observed during the course of audit test checks that the Department had been using certain assets (motor vehicles) belonging to other institutions without formal approval. Details appear below.

| Owner Institution of Motor Vehicle | Number | Value | Period |
|------------------------------------|--------|--|---|
| ----- | ----- | ----- | ----- |
| Ministry of Transport | 03 | The original value or the assessed value was not indicated | There were no records with information on the period. |

(e) Unsettled Liabilities

The balance of the unsettled liabilities of the Department as at 31 December 2010 amounted to Rs.3,997,156,787 and those liabilities related to a period less than 01 year.

2:5 Non-compliances

(a) Non-compliance with Laws, Rules, Regulations, etc

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 | Value | Non-compliance |
|--|-------|----------------|
|--|-------|----------------|

| | ----- Rs. ----- | |
|---|-----------------------|---|
| (i) Statutory Provisions | | |
| ----- | | |
| Section 123 of the Inland Revenue Act, No. 10 of 2006. | 1,806,409 | Five per cent Withholding Tax on specific charge is recovered on mail transport in terms of this section. Even though the Deputy Commissioner of Inland Revenue had informed the Department of Sri Lanka Railways not to recover the tax on payments made from 01 June 2008 to 31 March 2010, the Department had been deprived of revenue amounting to rs.1,806,409 due to the delay in forwarding that directive to the Department of Posts. |
| (ii) Establishments Code | | |
| ----- | | |
| First Schedule of Chapter XLVIII of the Establishments Code | | An officer of the Railway Security Force who had been charged under 04 counts of offences included in the First Schedule, found guilty and punished had been appointed to the post of Security Force Inspector (Special Security Contingent) by creating such post. |
| Section 5.6 of Chapter VIII of Establishments Code | | When the hours of work are fixed on a weekly basis for officers deployed on roster or shift basis, the overtime payable should be based on the number of hours worked in excess of the number of hours prescribed for a week. Contrary to such stipulation, 147 Engine Drivers, Driver Assistants and Railway Guards of the Office of the Transport Superintendent, |

306-2-4- Reconstruction of a 165,000,000
2103(3) CTC Signal System

Even though the Cabinet approval for the reconstruction of the Signal System has been given there is a delay on the part of the Procurement Committee.

3,526,000,000

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2:7 Performance

(a) Train Running Performance

* Passenger Transport

As compared with the year 2009, the distance run, the number of passengers transported and the passenger revenue in the year 2010 indicated a decrease. In addition the number of runs cancelled had increased by 1200 turns and it was observed as due to the internal problems that had arisen in the Department and that is observed as a reason for the failure to improve the railway passenger revenue to the expected level.

* Goods Transport

As compared with the year 2009, the number of goods ton kilometres, the number of tons of goods transported and the total goods transport revenue indicated an increase. Nevertheless, an increase in the goods transport revenue commensurate with goods ton kilometres transported and the tons of goods transported was not indicated. Accordingly, this increase had resulted from charging low transport charges rather than an increase resulting in an improvement the efficiency and productivity of the Department.

| | 2010 | 2009 | Increase as a Percentage (%) |
|-----------------------------------|-------------|-------------|------------------------------|
| | ----- | ----- | ----- |
| Goods Ton Kilometres | 162,798,638 | 113,941,194 | 43.0 |
| Goods Transported: Number of Tons | 2,701,569 | 1,647,487 | 64.0 |
| Total Goods Transport Revenue | 419,759,037 | 337,104,029 | 24.5 |

(b) Train Running Efficiency

The following matters were observed in this connection.

- * Train delays, cancellation of scheduled runs, train accidents and derailments of trains are among the major reasons for the train running inefficiency and the decline in the train passenger confidence. There were 44 rail track derailments and 129 railway yards derailments reported in the year 2010. The particulars of losses caused by such derailments were not made available to audit and the reasons for the derailments and the persons responsible had not been identified.
- * The scheduled runs cancelled in the year 2010 had been 9,410 and that represented about 7.8 per cent as compared with the scheduled runs planned and represented a substantial increase as compared with the year 2009.

2:8 Deficiencies in the Operation of Bank Accounts

Action in terms of Financial Regulation 396 had not been taken on 15 cheques valued at Rs.97,515 issued from 03 Bank Accounts maintained by the Department but not presented for payments for more than 06 months.

2:9 Transactions of Contentious Nature

-
- * The reservation of seats of the Intercity Trains between Colombo Fort and Kandy had been allowed through a private Mobile Telephone Company and that company had earned a sum of Rs.666,900 during the period 09 December 2009 to 11 October 2010 by collecting a reservation fee of Rs. 50 per seat and as such a private institution has been allowed to collect fees for a free service available. The Department had entered into an agreement with the said company 10 months after the commencement of the service.
 - * Even though each Divisional Head had been provided with a limit on prices for the purchase of stores materials, such limits had been deviated by splitting single orders to several parts to be within the limits, thereby losing the possibility of economic benefits that can accrue to the Department through bulk purchases.

2:10 Irregular Transactions

Certain transactions entered into by the Department were devoid of regularity. Several such instances observed are given below.

(a) Deviation from the Procedure specified in the Procurement Guidelines

-
- * In terms of Section 3.2.2(a) of the Procurement Guidelines, a procurement notice should be advertised at least in one widely circulated national newspaper, the website of the National Procurement Agency and other relevant websites where possible. Nevertheless, the Department of Sri Lanka Railways had acted contrary to such requirement in the purchase of acetylene and other gases.
 - * It was observed that there is a delay in the receipt of goods after the orders are placed due to the failure of the Procurement Entity to discharge responsibilities relating to contract administration in terms of Section 8:12:1 of the Procurement Guidelines.
 - * The Department of Sri Lanka Railways had not discharged the procurement responsibilities and functions specified in Sections 2.4, 2.5 and 2.6 of the Procurement Guidelines, in the purchase of sleepers for the maintenance of the rail tracks between Palugaswewa and Kantale, while Procurement Planning had not been done in terms of Section 4.2. In addition the Department had not taken

3. **Appropriation Head – 307 – Department of Motor Traffic**

The audit of the Appropriation Account and the Revenue Accounts including the financial records, reconciliation statements, books, registers and other records of the Department of Motor Traffic for the year ended 31 December 2010 was carried out in pursuance of provisions of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Head of Department on 28 November 2011. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements 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.

3:2 **Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements**

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account the Revenue Accounts and the Reconciliation Statements in accordance with the provisions of Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Finance and Administrative Regulations. This responsibility includes:

designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

3:3 Audit Observations on the Accounts and Reconciliation Statements

According to the Financial Records and Books for the year ended 31 December 2010, it was observed that except for the effects of the general observations appearing at (a) to (d) and other major audit observations appearing in paragraphs 3:4 to 3:8 herein, the Appropriation Account, Revenue Accounts and the Reconciliation Statement of the Department of Motor Traffic had been prepared satisfactorily.

(a) Presentation of Accounts

- i. The Department of Motor Traffic had not presented the following accounts to audit by 31 March 2011.

| Head / Revenue Code / Item Number | Name of Account |
|--------------------------------------|---|
| ----- | ----- |
| 307 | Appropriation Account |
| 20:03:02:14 | } Revenue Accounts |
| 10:03:07:04 | |
| 10:03:01:00 | |
| 30701 | Reconciliation Statement of Advances to Public Officers Account. |

- ii. Appropriation Account
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The following observation is made.

- (c) In the registration of motor vehicles, a considerable number of motor vehicle numbers in the G, H and J Series had been omitted due to different reasons. Subsequently, fraudulent files had been opened for such numbers and fraudulently registered illegally imported motor vehicles by meticulously and fraudulently computerizing the data of such motor vehicles such as chassis numbers, engine numbers and models.
- (e) The particulars of motor cycles registered in the outstations under the English Series G, H and J had not been computerized and those files and information had been removed and the chassis numbers, engine numbers and the vehicle models of modern Jeeps had been substituted to those numbers and such modern motor vehicles had been fraudulently registered.
- (f) Modern motor vehicles had been registered under 325 series by preparing fraudulent documents.
- (g) A huge amount of revenue receivable had been deprived to the Government due to the registration of motor vehicles based on fraudulently prepared documents.
- (h) Department had failed to take legal action against the persons who produced fraudulently prepared documents to the Department.
- (i) The original files on the motor vehicles registered on the basis of fraudulently prepared documents had vanished from the Department.

3:7 Human Resources Management

Approved Cadre and Vacancies

The position of the cadre as at 31 December 2010 had been as follows.

| | Category Employees | of Approved Cadre | Actual Cadre | Number of Vacancies | Excess |
|------|-----------------------|-------------------------|-----------------|------------------------|--------|
| | ----- | ----- | ----- | ----- | ----- |
| (i) | Senior Level | 29 | 20 | 09 | -- |
| (ii) | Tertiary Level | 17 | 10 | 07 | -- |

| | | | | | |
|-------|--|------|------|------|------|
| (iii) | Secondary Level | 596 | 528 | 68 | -- |
| (iv) | Primary Level | 128 | 107 | 21 | -- |
| (v) | Others (Casual/ Temporary/ Contract Basis) | -- | 04 | -- | 04 |
| | | ---- | ---- | ---- | ---- |
| | Total | 770 | 669 | 105 | 04 |
| | | ==== | ==== | ==== | ==== |

The following observations are made.

- (a) A Karyala Kaarya Sahayaka Grade II Officer who had come to the Department of Motor Traffic on 17 January 2000 on annual transfers had been released from the Department of Motor Traffic with effect from 10 January 2007. Nevertheless the officer continued to serve in the Department up to December 2010 and had irregularly obtained salaries while the higher management of the Department had retained the office in the Department despite his release and the salary paid.
- (b) There is no proper staff management in the Department and due to the absence of internal transfers resulting in very long years of service in the same Division had paved the way for engaging in acts of misconduct by officers of certain Divisions.

3:8 Internal Audit

According to Financial Regulation 134(1), the Internal Audit Unit should be independent of the control of those who are responsible or are actually carrying out the financial and accounting operations of the Department as well as those engaged in the execution of schemes and projects or performance of works and services rendered by the Department. Contrary to that stipulation, the duty relating to blacklisting of motor vehicles which should be handled by other Divisions had been assigned to the officers of the Internal Audit Unit, thus damaging the independence of the internal audit.