

**Head 160 - Ministry of Environment and the Department under that Ministry
Auditor General's Report-Year 2013**

This report consists of two parts.

Part 1 – Summary report on accounts of the Ministry of Environment and the Department under that Ministry.

Part 2 – Detailed Report relevant to Each Head.

Part 1

Summary report relating to the Ministry of Environment and the Department under that Ministry.

1. Department under the Ministry

Head	Department
283	Department of Forests Conservation

2. Accounts

2.1 Appropriation Accounts

Total Provision and Expenditure

While the total net provision made for the Ministry and the Department under the Ministry amounted to Rs.3,474,186,458 out of that a sum of Rs.2,651,537,957 had been utilized as at the end of the year under review. Accordingly, savings of the Ministry and the Department out of the net provision had been Rs.751,216,899 and Rs.71,431,602 or had been 35.9 per cent and 5.24 per cent of the net provision respectively . Details are shown below.

Head	As at 31 December 2013			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.	Rs.	Rs.	
160	2,110,716,458	1,359,499,559	751,216,899	35.90
283	1,363,470,000	1,292,038,398	71,431,602	05.24
Total	3,474,186,458	2,651,537,957	822,648,501	23.68

2.2 Revenue Account

Estimated and Actual Revenue

While revenue totalling to Rs.1,210,000,000 had been estimated under two Revenue codes for the year 2013 by the Department of Forests Conservation, revenue of Rs.960,700,732 had been collected. Accordingly, 79 per cent of the Estimated Revenue had been collected. Details are shown below.

Revenue Code	As at 31 December 2013			Decrease as a Percentage of the Estimate
	Estimated Revenue	Actual Revenue	Decrease in Collected Revenue than the Estimated Revenue	
	Rs.	Rs.	Rs.	
1003:07:03	65,000,000	56,743,886	8,256,886	12.70
2002:01:02	1,145,000,000	903,956,846	241,043,154	21.05
Total	1,210,000,000	960,700,732	249,300,040	20.60

2.3 Advance Accounts

2.3.1 Advances to Public Officers Accounts

Limits Authorized by the Parliament

Limits authorized by the Parliament on the Ministry and the Department under the Ministry relating to Advances to Public Officers Accounts and actual values are shown below.

Item No	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
16001	7,500,000	6,389,875	5,600,000	8,470,429	45,000,000	24,982,212
28301	75,000,000	59,440,212	45,000,000	63,341,899	301,000,000	237,787,858

2.4 Imprest and General Deposits Accounts

2.4.1 Imprest Account

Balance of the Imprest Account of the Ministry as at 31 December 2013 was Rs.510,361.

2.4.2 General Deposits Accounts

Total balance of the Deposits Accounts of the Ministry and the Department under the Ministry as at 31 December 2013 was Rs.31,080,854. Details are shown below.

Ministry / Department	Deposits Account Number	Balance as at 31 December 2013
-----	-----	-----
		Rs.
Ministry of Environment	6000/0000/00/0015/0070	6,744,538
Department of Forests Conservation	6000/0000/00/0015/0138	24,336,316
Total		----- 31,080,854 =====

Part 2

1. **Head 160 - Ministry of Environment**

1.1 **Scope of Audit**

The audit of the Appropriation Account including the financial records, reconciliation statements books, registers and other records of the Ministry of Environment for the year ended 31 December 2013 was carried out in pursuance of provisions in Article 154 (1) 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 13 August 2014. 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 Accounts, the Revenue account and the Reconciliation Statements in accordance with the provisions in Articles 148, 149, 150 and 152 of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Financial and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliations Statements that are free from material misstatements whether due to fraud or error.

1.3 **Audit Observation**

According to the Financial Records and books for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing from (a) to (d) and major audit findings appearing in paragraphs 1.4 to 1.11 herein, the Appropriation Account and the reconciliation statements of the Ministry of Environment had been prepared satisfactorily.

(a) **Entering into Commitments in Excess of Provisions**

The total of the saving of the balances after utilization of the provision made for 12 Objects as at the end of the year under review amounted to Rs.1,106,359. Commitments amounting to Rs.9,457,481 had been entered into exceeding the savings by Rs.8,353,122.

(b) Budgetary Variance

Following Observations are made.

- (i) The entire provision amounting to Rs.356,875,000 made available for 18 objects had Been saved.
- (ii) Due to excess provision made for 36 objects, savings after utilization of the net provision relating to those objects was in a range from 51 per cent to 96 per cent.

(c) Imprest Account

The total of the Imprest Balances not settled by the Ministry was Rs.510,361 as at 30 April 2014. Out of that a balance of Rs.260,361 had been brought forward from the year 2007.

(d) Reconciliation Statements relating to Advances to Public Officers Account

According to the Reconciliation Statements as at 31 December 2013 relating to Item No. 16001 Advances to Public Officers Account, the total of balances in arrears as at that date had been Rs.337,470. The follow up action for recovery of those balances in arrears had been at a weak level.

1.4 Good Governance and Accountability
-----**1.4.1 Annual Procurement Plan**

Annual Procurement Plan in terms of National Budget Circular No. 128 dated 24 March 2006, had not been prepared even as at 31 December 2012. It had been prepared on 17 January 2013.

1.5 Assets Management

Following observations are made.

(a) Idle and Under-utilized assets

It was observed in audit test checks that the following machinery was lying-Idle or under-utilized.

Type of Assets	No. of Units	Idle or Under-utilized Period
Multi-Purpose Machines	01	One year
Laptops	02	One year and two months
Air conditioners	07	Nine months

(b) Assets given to Outside Parties

Instances of releasing 05 vehicles improperly to outside parties by the Ministry were observed.

Particulars of Vehicles	Institution Provided with Assets
(i) Isuzu Double Cab Vehicle	Ministry of Local Government and Provincial Councils
(ii) Isuzu Double Cab Vehicle	- do -
(iii) Toyota Double Cab Vehicle	- do -
(iv) Toyota Double Cab Vehicle	Ministry of Buddhasasana and Religious Affairs
(v) Toyota Double Cab Vehicle	Ministry of Sports

(c) Improper Use of Assets belong to Other Institutions

Instances of using 03 vehicles belong to other Institutions without proper approval by the Ministry was observed in audit test checks. Particulars are shown below.

Type of Vehicles	Institution having Ownership of the Asset
(i) Peugeot Car	Department of Forests Conservations
(ii) Subaru Jeep	Department of Forests Conservations
(iii) Jeep	Ministry of Resettlement

(d) Unsettled Liabilities

Following observation were made.

- (i) The Liabilities not settled by the Ministry as at 31 December 2013 Less than one year time period amounted to Rs.1,144,325.
- (ii) Liabilities amounting to Rs.95,380 had not been included in the Register of Liabilities.

1.6 Non-compliances

Non-compliance with Laws, Rules, Regulations etc.

Instances of non-compliance with laws, rules and regulations observed in audit test checks are shown below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
	Rs.	
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka		
(i) Financial Regulation 104	-	Although a Preliminary Report should be furnished within one week after an accident to a vehicle, the relevant report had been furnished after three months. Final report had not been issued even after expiry of 04 months
(ii) Financial Regulation 237	280,909	Although a certificate to the effect that the work has been completed satisfactorily, has to be obtained from a Technical Officer in repairing vehicles, it had not been obtained.
(iii) Financial Regulation 756	-	Reports had not been obtained having carried out a survey with regard to vehicles of the Ministry.
(iv) Financial Regulation 756(4) and Public Finance Circular No. 353(5) dated 31 August 2004.	-	(i) Although it is compulsory that vehicles to be disposed off should exceed at least 10 years from the date of registration, 02 vehicles of 08 years old had been disposed.
	-	(ii) Although vehicles those were not in running condition and had not been repaired during preceding years should be earmarked for disposal, 04 out of the 05 vehicles disposed off had been run and repaired during the year 2012.

(b) Public Administration Circulars

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- (i) Circular No. 14/2008 dated 26 June 2008 and Finance Ministry Circular No. BD/A/AOIBC dated 08 October 2012. - An officer obtaining the Monthly fuel Allowance of Rs.30,000 had used the pool vehicles as well.
 - (ii) Circular No. 26/92 dated 19 August 1992. - Government Emblem and the Name of the Ministry had not been indicated on 33 vehicles belong to the Ministry.

(c) Government Procurement Guidelines

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- Guideline 2.14.1 - While procurements amounting to Rs.565,500 had been made for Celebration of the Global Day, sealed quotations had not been obtained for those procurements.

1.7 Weaknesses in the Implementation of Projects

Instances revealed in audit test checks with regard to implementation of Projects are shown below.

- (a) Although it had been planned to finalize and use the Filling Work of the Refuse a Stacking Ground Sanitary Project in Dompe by end of the year 2013, construction works had been finalized in May 2014. However, action had not been taken to utilize that up to September 2014.
- (b) While it was observed that a contract had been awarded for Rs.69.5 million to construct an access road to the Project Premises of the Filling Work of the Refuse Stacking Ground Sanitary Project in Dompe, in examining that it was found the Estimate is excessive in sum of Rs.22.26 million and that a sum of Rs.8.15 had been overpaid to the contractor. It had been pointed out through 05 Laboratory Test reports that the construction work of the road were not up to the standard. However, attention had not been made to rectify those lapses.
- (c) Although it had been scheduled to finalize the Project for Updating the National Chemical Sector by January 2013, preparation of the Implementation Plan of the Project had not been finalized even as at 10 march 2014.

- (d) Although the Construction of Solid Waste Disposal Facilities under Loan Facilities of the Economic Development Co-operation Fund (EDCF) Project agreement had been signed on 23 July 2013 having recruited the Project Staff during the year 2012, work relating to 04 Ground Fillings had not been commenced even after a lapse of 2 years. However, a sum of Rs.11,028,095 being 64 per cent of the total expenditure of the Project had been spent up to the last date of the year under review, on behalf of the Project Staff, while proposed 04 Ground Fillings under the Project had not been commenced during a period of two years.
- (e) A sum of Rs.5.633 billion had been allocated for the "Pilisaru Project" proposed to be completed during a period of 03 years commencing from the year 2008 to 2010, by the Treasury. Following matters were revealed in this connection.
- (i) Although it had been planned to complete the Project during the year 2010, it had not been completed even up to end of August 2014. However, only a sum of Rs.1.965 billion or 35 per cent of the sum of Rs.5.633 billion allocated for the Project had been spent up to the year under review.
 - (ii) While it had been planned to construct 103 Small Scale Compost Yards, only 69 of those had been constructed. Although a sum of Rs.66.73 million had been provided to Local Government Institutions for 31 constructions out of those, 13 constructions had not been commenced, and construction of 03 yards had been abandoned. While production of compost had not been commenced in 14 out of the 69 yards completed, the other yards had failed to manufacture fertilizer at optimum level.
 - (iii) While 06 constructions had been completed out of the 14 Large Scale Compost Yards planned to be constructed under Project, out of that 03 Large Scale Compost Yards constructed incurring a sum of Rs.248.7 Million had been unsuccessful due to lack of follow up action and inefficiencies.
 - (iv) Although it had been proposed to establish 10 Filling Grounds for non-perishable refuse management, at least a single ground had not been established. A sum of Rs.163 million had been spent for temporary filling grounds up to the end of the year under review.

1.8 Performance

Observations with regard to the progress of the Ministry, according to the Action Plan for the Year 2013 are shown below.

(a) Main Functions not Performed Adequately.

Instances of non-performance of main functions of the Ministry.

- (i) The entire Provisions allocated for each of following Divisions had remained unspent, without being spent for relevant activities.

Division	Total Provision	Number of Activities
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	Rs.	
Sustainable Development Division	3,739,125	19
Climatic Changes Division	2,710,000	18
Atmosphere Conditions Management Division	14,006,000	31
Bio Multiplicity Division	17,767,650	43

(b) Utilization of less than 50 per cent of Provision

More than 50 per cent of the allocations for each activity in the following Divisions had been saved as at the end of the year under review.

Division	Number of Activities	Total Provision	Expenditure	Saving
-----	-----	-----	-----	-----
		Rs.	Rs.	Rs.
Sustainable Development Division	15	9,087,000	1,755,615	7,331,385
Sustainable Environment Division	05	6,000,000	1,744,000	4,256,000
Climatic Changes Division	06	1,425,000	406,481	1,018,519
Atmosphere Conditions Management Division	07	1,045,000	319,697	725,303
Total		17,557,000	4,225,793	13,331,207
		=====	=====	=====

(c) Activities Contrary to Main Functions

Instances of deviations from activities relating to own objectives by the Ministry were observed. Certain such instances observed at test checks are shown below.

- (i) An expenditure of Rs.181,155 had been incurred for the Annual Conference of the Post Graduate Institute of Agriculture of the Peradeniya University.

- (ii) An expenditure of Rs.1,000,000 had been incurred for a meeting conducted through the Education Section of the Wild Life and Environmental Science Division of the Sri Jayewardenepura University.

(d) Making Awareness for Protection of Ozone Net

Although making awareness for protection of Ozone Net is one of the main functions of the National Ozone Unit, a Common Plan had not been prepared in relation to identification of places and target groups for conducting island wide seminars, deciding activities and entertainment expenses and provision of facilities. However, expenditure ranging from Rs.100,000 to Rs.400,000 had been incurred for Awareness Programmes without due regard to thrift and economy.

(e) Travelling Expenditure against other Object Codes

A sum of Rs.82,000 had been spent outside the Object allocated to the Minister, for a foreign tour of the Minister and the Secretary to the Ministry.

1.9 Losses and Damages

Observations relating to the losses and damages revealed in audit test checks are shown below.

- (a) A loss of Rs.71,440 had occurred due to non-selection of the lowest tender for repairing a vehicle.
- (b) Action had not been taken either to recover or settle losses and damages amounting to Rs.1,470,953 occurred in 08 instances during the years 2007 to 2013.

1.10 Un-economic Transactions

Details of uneconomic transactions entered into revealed at audit test checks are shown below.

Although advertisements had been published in newspapers calling for quotations for construction of the Deyata Kirula Stall having spent a sum of Rs.320,443 that work had been entrusted to Selacine Institution and therefore the expenditure incurred for newspaper advisements had been fruitless.

1.11 Human Resources Management

(a) Approved and Actual Cadre

Cadre position as at 31 December 2013 was as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior level	55	24	31
(ii) Tertiary Level	38	35	03
(iii) Secondary Level	183	127	56
(iv) Preliminary Level	76	57	19
(v) Others (Casual/Temporary/ Contract basis)	01	01	-
Total	353	244	109

Action had not been taken to fill 109 vacancies by the Ministry up to the year under review.

(b) Human Resources obtained from other Parties

While two labourers and a driver whose salaries are paid by the Central Environmental Authority had been engaged in service of the Ministry Office, a sum of Rs.284,030 for 07 months for the two labourers and a sum of Rs.408,225 for 10 months for the driver had been paid by the Authority.

2. Head 283- Department of Forests

2.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements books, registers and other records of the Department of Forests Conservation for the year ended 31 December 2013 was carried out in pursuance of provisions in Article 154 (1) of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Head of the Department on 13 August 2014. 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.

2.2 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 Accounts, the Revenue account and the Reconciliation Statements in accordance with the provisions in Articles 148,149,150 and 152 of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Financial and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliations Statements that are free from material misstatements whether due to fraud or error.

2.3 Audit Observation

According to the Financial Records and books for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing at (a) to (e) and major audit findings appearing in paragraphs 2.4 to 2.12 herein, The Appropriation Account, and the reconciliation statements of the Department of Forests Conservation had been prepared satisfactorily.

(a) Non-maintenance of Registers and Books

It was observed in test checks that the Following Registers had not been maintained by the Department, while certain Register had not been properly maintained and updated.

Type of Register	Relevant Regulation
List of General Deposits	Financial Regulation 571 (1)
Fixed Assets Register	Treasury Circular 842 and 19 December 1978
Fixed Assets Register relating to Computer Accessories and Software	Treasury Circular I.A.I/2002/02 and 28 November 2002

(b) Lack of Evidence for Audit

- (i) Information required to ascertain the period of utilization relating to 49 vehicle not belong to the Department of Forests Conservation were not furnished to audit. In addition to that, Registration Certificates relating to 12 vehicles out of those were not submitted to audit.
- (ii) Although information relating to the use of fire arms in the Department was called for vide my letter No. TM/CF/S.A.T/2013 dated 01 January 2013, that information was not received in spite of the reminder sent on 11 September 2013.

(c) Budgetary Variance

Excessive provision had been made for 11 Expenditure Items. Due to that, savings relating to those Expenditure Items after utilization of those provisions, were in a range between 10 per cent and 56 per cent of the net provision made.

(d) Revenue Account

- (i) According to 02 Accounts presented, revenue amounting to Rs.711,472,672 was in arrears and those arrears of revenue were relevant to a period in a range from one year to four years. Follow-up action for recovery of those arrears of revenue was at a weak level.
- (ii) Revenue Code 20:02:01:02 - Revenue from Government Forests Account following observation are made
- According to the Account, total arrears of revenue as at the end of the year under review amounted to s. 710,594,987. To this, a sum of Rs.706,610,519 receivable from the State Timber Corporation as Government Share, a sum of Rs.2,464,768 from Nuwaraeliya District Forests Office and a sum of Rs.1,294,100 from Polonnaruwa Office had been included.
 - While a sum of Rs.2,500 which is being brought forward from a period prior to the year 2009 and a sum of Rs.50,000 brought forward from the year 2011 had been included in the arrears of revenue, action had not been taken to recover those amounts.
 - A difference of Rs.45,047,889 was observed between the balance shown as the amount receivable from the State Timber Corporation in the books of the Department of Forests Conservation and balance shown as the amount payable to the Department of Forests Conservation in the books of the State Timber Corporation. Action had not been taken to settle the difference.
- (iii) While according to the Revenue Code 10.03.07-Transport of Private Timber, a sum of Rs.877,685 had been shown in the Account as arrears of revenue, as at the end of the year under review, when compared with the arrears of revenue for the preceding year, it had been decreased in a sum of Rs.260,166 or 2 per cent.

(e) Reconciliation Statement relating to the Advances to Public Officers account

While the total of recoveries in arrears according to the Reconciliation statement as at 31 December 2013 relating to Advances to Public Officer Account - Item No.28301 amounted to Rs.7,993,003, follow up action to recover those outstanding balances was at a weak level.

2.4 Good Governance and Accountability

2.4.1 Annual Procurement Plan

Annual Procurement Plan in terms of National Budget Circular No. 128 dated 24 March 2006 had not been prepared even as at 31 December 2012. It had been prepared only on 14 March 2013.

2.4.2 Internal Audit

Although an Internal Audit Unit had been established, an Internal Auditor and an Audit Officer only had been engaged in Service. In terms of the paragraph 03 of the Circular No. DMA/2009/ (1) dated 09 June 2009; an adequate number of officers should be engaged in the Internal Audit Section. However, the number of officers engaged on audit work of the Department of Forest Conservation, had been inadequate although it is a Department which is having Zonal and Distinct Forest Offices Island wide and receiving about Rs.1,216 million annually though the Budget for expenditure and therefore an effective audit had not taken place.

2.5 Assets Management

The following deficiencies were observed during the course of audit test checks of the assets of the Ministry.

(a) Idle Fire Arms

Following observations are made.

- (i) It was observed that nine fire arms for which annual licenses had been obtained kept in the stores without being issued to officers.
- (ii) In test checks carried out with regard to the identification of idle fire arms in addition to the nine fire arms referred to above, it was found that 124 fire arms had been kept idle without being issued those for the use of officers in Zonal and District Offices.

(b) Conducting Annual Board of Survey

Although the Board of Survey for the year 2013 should be carried out before 31 March 2014 and report should be sent to the Auditor General, in terms of Circular No.441 dated 09 December 2009 as amended by letter No. PF/FS/Board of Survey dated 17 December 2010, Board of Survey Reports of the Head Office, 107 Sub-offices and Circuit Bungalows had not been forwarded to audit even as at 31 May 2014.

(c) Improper use of Assets belong to Other Institutions.

In audit examinations it was observed that 49 vehicles belong to 10 other Government Institutions are being used by the Department without proper approval.

(d) Un-settled Liabilities

The liabilities of the Department that had not been settled for less than one year as at 31 December 2013 amounted to Rs.1681,446

2.6 Non-compliance**Non-compliance of Laws, Rules, Regulations etc.**

Instances of non-compliance with Laws, Rules and Regulations observed in audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
-----	-----	-----
	Rs.	
(a) Statutory Provisions		

Motor Vehicles Ordinance No. 17 of 1951 – Section 99	Not ascertained	Although it had been laid down that at least a third party insurance cover should be available for driving a vehicle and it had been confirmed the requirement to insure motor vehicles of all Government and Semi-Government Institutions, vide - Public Finance Circular No. PF 437 dated 18 September 2009, except 04 vehicles allocated to offices, insurance cover had not been obtained for the balance 215 vehicles.

(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

(i)	Financial 128(1)(e)	Regulation	Not ascertained	Although the Chief Accounting Officer should be responsible to ensure that adequate arrangements are made for the safe custody and security of all assets belong to the Government or in the custody of the Government, action had not been taken accordingly to insure the Departmental Vehicles.
(ii)	Financial Regulation 570 and Financial Regulation 571(1)		24,336,316	Deposits that had not been claimed within 2 years from the date of deposit should be considered as Lapsed Deposits and a list should be prepared at the end of each quarter. However, action had not been taken accordingly, by the Department.
(iii)	Financial 104(1)	Regulation	Not ascertained	Although it is required to report to the appropriate authorities when a loss or damage has been uncured, in order to ascertain the extent of the loss and reasons specifically to commence inquiries to decide parties responsible, there had been long delays in reporting the losses. Accordingly, losses and damages relating to 90 incidents had not been settled so far.
(iv)	Financial 104(3)	Regulation	Not ascertained	If it is expected to take more than seven days to submit a full report relating to losses/damages, a Preliminary Report should be sent. Although this requirement had been Insisted on clearly, through the Departmental Circular No.02/2007, there had been a long delay in submission of Preliminary Reports with regard to losses/damages.

2.7 Lapses in Operation of Bank Accounts

Long Delays in Preparation of Bank Reconciliation Statements

A long delay was observed with regard to preparation of Bank Reconciliation Statement relating to one bank account. Details are shown below.

Bank Account	Relevant year and month for which the Bank Reconciliation not prepared as at 14 July 2014
Account No. 1	August 2013 to date

2.8 Improper Transactions

Certain transactions entered into by the Department were improper. Some instances of such transactions observed are shown below.

(a) Purchase of Polythene Bags

The Department had not correctly identified the annual requirement of Polythene Bags. Although the requirement of Polythene Bags for the year 2013 according to the Annual Action Plan had been 2,000,000, 8,716,000 Polythene Bags had been purchased from two private companies having spent a sum of Rs.99 million.

- (i) Subsequent to the purchase of 3,921,000 Polythene Bags from a Private Company after calling for quotations, further 1,125,000 Polythene Bags had been purchased without calling for quotations.
- (ii) While 3,670,000 Polythene Bags had been purchased from the other Private Company, out of those 670,000 bags had been purchased without calling for quotations.
- (iii) According to the paragraph 3.6 of the Procurement Guidelines, it has been stated that the Chief Accounting Officer should personally satisfy that a reasonable explanation is give when placing orders for the purchase of goods. It was observed that the non-identification of the correct quantity had been the reason for the additional purchase of Polythene Bags for the Department of Forest Conservation.
- (iii) While agreements had not been entered into with the suppliers in making the above purchases, performance bonds too had not been obtained.

(b) Construction of a Fence around the Sales Centre of Plants and Publications in the Head Office.

- (i) Construction of a Fence around the Sales Centre of Plants and Publications in the Head Office and fixing a gate had been entrusted to the state Timber Corporation without performing that work by the Department itself and a sum of Rs.733,612 had been paid accordingly.
- (ii) Although the contract estimate had been altered by the State Timber Corporation after assignment of this work to the contractor according to wishes of the State Timber Corporation, Department of Forest Conservation had not been consulted regarding the changes. Similarly, Department of Forest Conservation too had not raised a query from the State Timber Corporation with regard to the alteration.
- (iii) Although it had been stated that a supplementary estimate was prepared having deleted 05 items of jobs in the first estimate, it had not been forwarded to the Department.
- (iv) The approval to perform the work through the State Timber Corporation for a payment of Rs.733,612 to be obtained from the Procurement Committee had been taken on 03 may 2013, just before 04 days prior to the handing over after completion of the work and the approval had been granted on 21 may 2013. By that time the construction had been finalized and the final payment had been made to the contractor.
- (v) The approval of the Procurement Committee had been received on 21 May 2013 to get done the above work from the State Timber Corporation and by that time the construction work had been completed and the final payment for the contractor had been already paid.
- (vi) When granting permission, any document relating to the contract had not been examined, and approval had been granted only on the basis of the Letter No. SF & E/04/කවන.න.ප්‍ර.ක/08/2013 dated 03 May 2013 of the Senior Deputy Director of Forest Conservation (Social Forest Science and Forest Extension).
- (vii) While a sum of Rs.733,612 had been paid under voucher No. 223 dated 28 June 2013 to the State Timber Corporation by the Department, in making that payment any bills had not been examined and payment had been made based

on the approval of the Procurement Committee and a letter received from the State timber Corporation.

2.9 **Losses and Damages**

Observations relating to losses and damages revealed in audit test checks are shown below.

(a) **Losses and Damages relating to Vehicles and Others**

While 34 incidents of losses less than Rs.25,000 and 56 incidents of losses more than Rs.25,000 totalling 90 incidents had remained unsettled up to now, a more than a period of 10 years had elapsed from the occurrence of certain losses out of those. A speedy course of action had not been followed for settlement of these losses and damages.

(b) **Vehicle Accidents**

The amounts written-off during the years 2011 and 2012 out of losses occurred to vehicles due to accidents had been Rs.162,474 and Rs.230,380 respectively. The number of vehicle accidents pending decision to write-off, waiver or recovery had been 76 as at 31 December 2012, while the total loss calculated relating to 64 accidents alone had amounted to Rs.6,189,544.

2.10 **Un-resolved Audit Paragraphs**

Reference to audit paragraphs included in the Auditor General' reports relating to the Department of Forest Conservation for which follow up action had not been completed is shown below.

Reference to Auditor General's Report		Subject Referred
Year	Paragraph Number	
2008	4.3 (b)	Weakness in the follow up action for recovery of loan balances in the Advances to Public Officers Account
2009	4.3 (ii)	
2010	1.3 (d) (i)	
2011	1.3 (f)	
2012	1.3 (e)	
2010	1.21 (f)	Non-maintenance of a Fixed assets Register
2011	1.11 (m)	

2.11 Management Weaknesses

Following weaknesses were revealed in Audit Test Checks.

(a) Usage of Uniforms by Field Officers of the Department

While a cost of Rs.13, 137,541 during the year 2011 and a cost of Rs.7,152,926 during the year 2012 had been born respectively, for the re-designed uniforms of the Field officers, the officers of the Department had not put on the uniforms so far. However, a sum of Rs.10,318,221 had been spent for Field officers' uniform during the year, having allocated a provision of Rs.13,000,000.

(b) Lack of Uniforms to Forest Extension Officers

Attention had not been made to design a uniform for Forest Extension Officers who perform a major role in extension works and perform key functions among General Public, when designing uniforms to field officers.

(c) Departmental Role relating to Complains of Forest Crimes received to the Emergency Calls Service (telephone No. 1991)

Following deficiencies were observed at test checks carried out relating to complaints of forest crimes received to Emergency Calls Service.

- (i) Most of the complains received at the Emergency Calls Service of the Ministry were related to felling protected trees, unauthorized sawing of timber, breaking granite etc. Those complains are referred to the Conservator of Forests, thereafter to the Senior Deputy Conservator of (Forest Protections and Law Enforcement), the Flying Unit and the District Forest Office in that order. For this process a minimum of 10 days had been taken.
- (ii) Out of 79 complains referred to Forest Offices up to 30 August 2013, 30 complains had not been examined and reports had not been submitted. It was observed that some of those complains had been referred more than 8 months ago.
- (iii) Although notes had been made that certain complains received with regard to forest crimes were informed to the relevant offices, through telephone a long period of time had been taken to submit reports after examination of those complains too.

- (iv) Although immediate inquiries should be made with regard to forest crime complains received at the Flying Squad Unit of the Ministry of Environment and Renewal Energy, there had been a long delay in referring those to the relevant District Forest Offices. It was observed that opportunity for taking action with regard to those forest crimes had been blocked due to such delays. In that, it had been able to detect only one forest crime out of 79 complains received up to august 2013.
- (v) When the number of complaints received at the Emergency Calls Unit during the last 04 years is taken to consideration, there had been speedy reduction and it was observed that Public confidence towards the Emergency Calls Unit had deteriorated.

Year	Number of Complains Received
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2010	224
2011	220
2012	178
2013 up to August	79

(d) Use of Fire Arms and Maintenance of Records

In this regard following deficiencies were observed at test checks.

(i) Quarterly Reports relating to Cartridges

Following observations are made.

- In terms of Paragraph 16 of the Circular No. 07/2000 dated 08 June 2000 issued by the Conservator General of Forest, with regard to handling of fire arms, a detailed report relating to number of cartridges used by each officer should be prepared in the specified format quarterly and send that to the Deputy Conservator of Forest in the Protection and Law Enforcement Section before 15th of the ensuing month. However relevant reports had been sent by the District Forest Officers in Polonnaruwa, Kandy, Kurunegala, Nuwaraeliya and Matara only for first two quarters of the year. Accordingly, 19 District Forest Officers had defaulted in fulfilling the circular requirements.

- Out of the reports sent, reports sent by the Kurunegala District Forest Officers had not been sent in the approved format and date of use of live shot, place, reason, crime number etc. had not been entered.
- Information relating to use of live shots of the fire arms bearing numbers 5739P, 146033, 145904, D05960 in the custody of Kandy District Forest Officer had not been included in the Quarterly Report.

(ii) Obtaining Valid Watchman Licenses

Following deficiencies were observed at audit test checks carried out relating to obtaining Valid Watchman Licenses .

- In terms of Paragraph one of the Departmental Circular No. 07/2000 dated 08 June 2000, any officer should not use a fire arm without a valid Watchman License issued by the Conservator General of Forest, which is valid for one year. However, three officers in two District Offices had used fire arms without obtaining Watchman License.
- Watchman Licenses had not been obtained for the year 2013 for four fire arms of 12 Bore Vanguard type, issued to the Vavuniya District Forest Office on 10 May 2013.
- In terms of Paragraph three of the Estimate Circular No. 07/2000 dated 08 June 2000, applications to obtain Watchman Licenses for the ensuing year should be submitted prior to 1 December or before make submission to the Director General of Forest Conservations before 15 December of the current year. However, instances five months delays in issue of Watchman Licenses were observed due to non-submission of applications within the specified time limit.
- Although it had been stated that 12 Bore Fire Arm bearing No. 96030681 is unserviceable at the Board of Survey for the year 2012, a Watchman License had been issued for 2013.

(iii) Registration of Fire Arms

Following deficiencies were observed at audit test checks carried out relating to registration of Department fire arms

- While 08 fire Arms of 12 Bore Cartridges had not been registered during the years from 1997 to 2013, those fire arms had been registered during the year 2013 having paid a sum of Rs.54,400. Out of that, a sum of Rs.27,200 had been fines recovered for the delay in registration.
- Although 30 fire arms removed from use had been handed over to the Main Stores, Registration Fees had been paid to the District Secretariat for those fire arms.

(iv) Disposal of Unserviceable Fire Arms.

Although the un-serviceable and redundant fire arms should be handed over to the Police or to the Divisional Secretary, quantity of un-serviceable fire arms in the Main Stores had been thirty as at 26 December 2013. Although certain fire arms had been kept in the stores for about five years, action had not been taken for disposal up to now.

(v) Fire Arms Training

Following deficiencies were observed at audit test checks carried out relating to training fire arms training of the Department officers.

- A training Programme had been conducted for Forest Field Assistants on 20 and 21 July 2013 at the Kalutara Training College. While a sum of Rs.119,920 had been paid to the Kalutara Police Training College on behalf of 40 officers for this training, only 36 officers had participated in the training program.
- Although 5 training programs had been conducted for District Forest Officers and Zonal Forest Officers, during the year 2013, seven officers out of the proposed number of officers for training had not been participated. Although expenditure amounting to Rs.3,683 and Rs.2,650 had been incurred for each District Forest Officer and Zonal Forest Officer respectively, any course of action had not been taken with regard to the non-participation of officers.
- There were no evidence to the effect that information had been obtained from Zonal Forest Offices or Area Forest Offices to ensure that training is provided to all officers giving priority to essential officers. It was observed that these trainings had not been well designed as officers who received training in the recent past had been sent again for training.

(e) Vehicles

Out of the 219 vehicles belong to the Department, except 04 vehicles allocated to officers, any insurance cover had not been obtained for other vehicles. The possible damages to third parties and to losses to the lives of individuals including the drivers and officers who travel had not been considered during a period like this with large number of accidents.

(f) Granite Breaking and Removal of Gravel

Matters revealed in audit with regard to granite breaking and removal of gravel through Trincomalee District Forest Office, Zonal Forest Office and Kantale Zonal Forest Office are shown below.

(i) Removal of Gravel

Following observations were made in relating to removal of gravel at Zonal Forest Offices of Trincomallee and Kantale.

- Enterprises and individuals who are provided with licenses for removal of gravel in the Iluppaikulam Forest Reservation belong to the Department, situated in the Kadawath Satara and Trincomalee Town Gravest Divisional Secretary's Division should restore the places where gravel were removed to the specified position according to the agreed conditions. However, gravel removed places had not been restored by 09 Gravel Applicants, and action had not been taken to restore those places by utilizing the deposits made by them in the District Forest Office. It was seen that, the places where gravel had been removed are with pits and water would stagnate therein and it would cause adverse effect to the environment and the society. Therefore it is essential to restore those places utilizing the deposits.
- When providing a place to obtain gravel, places adjacent to each other had been given and therefore it had not been possible to identify the places allocated to each person.
- There was no evidence to support that copies of the Form "C" issued in granting permits for cutting and transport of gravel. Therefore it is essential to file all copies of Form "C" in the relevant files.
- According to the conditions imposed by the Central Environmental Authority in making environmental recommendations for gravel cutting, final base level should not be in a straight line and vertical and horizontal slopes should be 1:1.

However, it was seen that gravel cutting had been done in a straight line at the base level in number of places.

- According to information furnished by Trincomalee Assistant District Forest Officer at that time, explanations had been called for on 19 June 2012 from the Kantale Beat Forest Officer and the Zonal Forest Officer for failure on their part to take proper action in connection with matters relating to a request made by an individual to cut and remove 1400 cubes of gravel from Government Forest in Seruvila beat in the Kantale zone during the year 2012 who had removed gravel creating pits in 6 feet depth contrary to agreement signed to cut and remove 250 cubes of gravel, removal of 200 – 220 cubes of gravel without permission only on the recommendation alone to cut and remove 1000 cubes of gravel from Guruwela Hena area. Although a reminder had been sent again on 30 August 2012 by the District Forest Officer, they had not submitted the explanations up to 05 September 2013, date of audit. It was observed that this is an offense under first schedule of offenses in Section 14 of the part II of the Establishments Code of the Democratic Socialist Republic of Sri Lanka.

(ii) **Granite Breaking**

 Following observations were made in relating to Granite Breaking at Zonal Forest Offices of Trincomalee and Kantale.

- Permission had been granted time to time 17 Enterprise/Individuals to break granite from the rock situated in the Vendrasanpura, Kantale Reservation, belongs to the Kantale Zone. At the time of physical examination of those quarries, only three quarries were in operation on that day. It could not be satisfied whether quantity specified in the permit only had been removed as reports had not been maintained with regard to particulars relating to employees engaged in work daily in the three quarries mentioned above, quantity of granite issued from the quarry and quantity of explosives received.
- A sum of Rs.350,000 at the rate of Rs.1,000 per cube only had been paid to the Government, having obtained permission to break 350 cubes of granite from a rock situated in Kanya Kilikungimalai Reservation, belongs to the Polonnaruwa Zonal Forest Office. It was observed in audit that the quantity of granite removed after breaking had been 1205 cubes. Accordingly, a sum of Rs.855,000 had been lost to the Government for 855 cubes removed without permission.

2.12 Human Resources Management

(a) Approved and Actual Cadre

Cadre position as at 31 December 2013 was as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior level	85	44	41
(ii) Tertiary Level	42	30	12
(iii) Secondary Level	1383	977	406
(iv) Preliminary Level	1609	1218	391
Total	3119	2269	850

The Department had failed to fill 850 vacant posts as at the end of the year under review.

(b) Human Resources released improperly to Other Parties

Particulars relating to Human Resources released improperly to Other Parties by the Department are shown below.

Category of Employees	Number	Other Party	Period Released
(i) Beat Forest Officer	01	Ministry of Environment	From the year 2008 to 30 April 2014
(ii) Forest Field Assistant	04	Ministry of Environment	-do-