

Report of the Auditor General on Head 185 – Ministry of Telecommunications and Information Technology – Year 2014

Paragraphs 1 and 2 of this report contained the general information on the accounts of the Ministry and the audit observations of the Head appear in paragraph 3 onwards.

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 Telecommunications and Information Technology for the year ended 31 December 2014 was carried out in pursuance of provisions in 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 Chief Accounting Officer of the Ministry on 10 July 2015. 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 limitation 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 Accounts and the Reconciliation statements in accordance with the provisions in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions 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.

2. Accounts

2.1 Appropriation Account

Total Provision and Expenditure

The total net provision made for the Ministry amounted to Rs.1,718 million and out of that, Rs.1,135 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provision of the Ministry amounted to Rs.583 million and represented 34 per cent of the net provision. Details appear below.

Expenditure	As at 31 December 2014			Savings as a Percentage of Net Provision
	Net Provision	Utilisation	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	209	184	25	12
Capital	1,509	951	558	37
Total	1,718	1,135	583	34

2.2 Advance Accounts

2.2.1 Advances to Public Officers Account

Limits Authorised by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account of the Ministry and the actual amounts are given below.

Item Number	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
18501	3.00	1.58	0.50	0.97	7.00	4.94

2.3 Imprest Account

The balance of the Imprest Account No. 7002/0000/00/0419/0013/000 of the Ministry as at 31 December 2014 amounted to Rs.39 million.

2.4 General Deposit Account

The balance of the General Deposit Account No. 6000/0000/00/0015/0187/000 of the Ministry as at 31 December 2014 amounted to Rs.39 million.

2.5 Audit Observations

According to the Financial Records and Books for the year ended 31 December 2014 it was observed subject to the observations appearing in the Management Audit Report referred to in the paragraph 1 of this Report the Appropriation Account and the Reconciliation Statement of the Ministry of Telecommunication and Information Technology had been prepared satisfactorily. The material and important observations appearing in that Management Audit Report appear in paragraphs 3.1 to 3.10.

3. Head 185 – Ministry of Telecommunications and Information Technology

3.1 Budgetary Variance

The following observations are made.

- (a) The entire net provision of Rs.100,000 made for one Object had been saved.
- (b) Excess provisions had been made for 24 Objects and as such the savings, after the utilization of provisions, ranged between 11 per cent to 65 per cent of the net provisions relating to the respective Objects.

3.2 Imprest Account

The imprest balances that remained without being settled as at 30 April 2015 totalled Rs.39 million. This balance related to the unsettled advances and interim payments made to three contractors in connection with 03 constructions of the Deyata Kirula Programme of the years 2012 and 2013.

3.3 General Deposit Account

A sum of Rs.39 million received for the Deyata Kirula had been retained in the General Deposit Account even by the end of the year under review without being settled for the intended purposes.

3.4 Good Governance and Accountability

3.4.1 Annual Action Plan

Even though the Ministry had prepared an Annual Action Plan, the expected output results of the activities and the imprest requirements plan required for the annual activities had not been presented in terms of the Public Finance Circular No. 01/2014 dated 17 February 2014.

3.4.2 Annual Procurement Plan

The Master Procurement Plan had not been prepared and presented with the Annual Procurement Plan in terms of the National Budget Circular No. 128 of 24 March 2006.

3.5 Unsettled Liabilities

The following observations are made.

- (a) The unsettled liabilities of the Ministry as at 31 December 2014 amounted to Rs.523 million and those liabilities related to a period less than one year.
- (b) The balance provision available after the utilization of the provision made under the Object 185-2-3-1-2502 for the purchase of computers and other accessories for the Schools Computer Laboratories Project, amounted to Rs.189.8 million and liabilities which exceeded that balance by a sum of Rs.206.99 million had been committed. Out of those liabilities, a sum of Rs.108.5 had not been settled even by 16 June 2015.
- (c) According to Financial Regulation 94(1) liabilities exceeding the provision should not be committed. Nevertheless, liabilities exceeding the savings after the utilization of provisions made under 6 Objects by a sum of Rs.17.6 million had been committed.
- (d) Liabilities amounting to Rs.122,315 relating to the year 2014 settled in the year 2015 had not been included in the Statement of Liabilities in the Appropriation Account.

3.6 Performance

The observations on the progress of the Ministry according to the Annual Budget Estimates and the Action Plan for the year 2014 are given below.

(a) Key Functions not Executed Adequately

According to the Performance Report for the year under review plans had been made for the training of 1,262 Computer Teachers of 07 Districts and 894 teachers of 03 Districts only had been trained. Accordingly, the number of Missaka e-Nena Piyas Centres in 04 Districts without even a single trained teacher had been 60.

(b) Planning

The following observations are made.

- (i) Even though plans had been made for establishing 441 Missaka E-Nena Piyas during the year under review, out of that only 303 laboratories had been opened.
- (ii) Even though plans had been made for establishing 10 Missaka District Information Technology Resource Centres, out of that only 03 centres had been established.

3.7 Transactions of Contentious Nature

The purchase of computers and accessories for the Missaka e-laboratories implemented by the Ministry had been done by the Ministry. A sum of Rs.3,103,845 comprising a sum of Rs.2,273,845 for the purchase of 20 computers, 20 UPS, multi-media projector and a scanner for a school in the Kegalle District and a sum of Rs.830,000 for carrying out repairs to the Computer laboratory had been sent to the District Secretary, Kegalle. Even though the Ministry of Education had established a Computer Resources Centre for this School, this Ministry also had taken action to establish an e-laboratory. Even though the policy of the Ministry is to give only 10 computers per school, contrary to that 20 computers had been given to that school.

3.8 Irregular Transactions

Certain transactions entered into by the Ministry had been devoid of regularity. Several such instances observed are given below.

(a) Deviation from the Government Procurement Guidelines Procedure

A sum of Rs.132,384,173 had been spent for the purchase of 1,000 desktop computers, 1,000 UPS, 100 inkjet printers, 100 flat bed scanners and 100 multimedia projectors with screens for 100 e-laboratories. The following observations are made in this connection.

- (i) Even though Guideline 6.1.1(a) of the Government Procurement Guidelines required that the bidders should be allowed to obtain Bid Documents at least up to one day prior to the deadline of submission of bids. But in this procurement, the period for obtaining Bid Documents had been limited.
- (ii) The bids had been invited on 13 February 2014 for the purchase of the above computers, computer accessories, and machines for 100 selected schools in 6 Districts on priority basis under three groups. The lowest price for all three groups had been submitted by one institution. Instead of making the lowest price the base, first group had been awarded to the lowest price and second and third groups had been awarded to the second and third prices respectively based on priority. If the total procurement had been awarded to the institution which quoted the lowest price without basing on priority, a financial benefit of Rs.5,012,224 would accrued to the Government.
- (iii) Even though the supply had been awarded as shown above with a view to minimizing delays and giving priority for the dates selected for opening of the e-laboratories concurrently with the Deyata Kirula Programme, the goods had not been supplied on the due dates according to the agreements.

(iv) The following deficiencies were observed during the course of audit test checks of the supply of computers and computer accessories at 04 schools in the Kegalle District.

- Even though cables for networking had been installed in 03 schools while even the cables had not been installed in one school, which had been given the Internal facilities.
- Two companies had supplied computers and computer equipment for the Kegalle District and one company had supplied 04 computers of the specified model and 06 computers of a different model per school.
- Out of the 10 computers supplied to a school on 04 September 2014, five computers had not been in working order from 25 October to 19 June 2015, the date of audit.

3.9 Management Weaknesses

The following weaknesses were observed during the course of audit test checks of certain transactions entered into by the Ministry.

- (a) There was no specific basis for the Districts for establishment of e-laboratories and the schools selected from those districts. Even the schools selected concurrently with the Deyata Kirula Programme had been subjected to changes.
- (b) Even though plans had been made for the construction of 267 computer centres in the year 2014 for the Ampara, Kegalle, Batticaloa, Hambantota, Polonnaruwa and Trincomalee Districts, out of that 100 Centres and 115 Centres had been for schools in the Kegalle District and 115 Centres had been for Ampara District respectively. Out of the 92 Computer Centres planned for construction in the year 2013, seventy Centres had been constructed in the Kegalle District. As such resources distribution had been inequitable.

- (c) Even though it had been reported that 1,005 Nena Sala Centres including 137 established in the years 2013 and 2014 had been started, the Ministry did not have the detailed records of the computers, computer accessories and other equipment supplied to the Centres.
- (d) Even though the assets and liabilities of the Department of Telecommunications had been taken over by the Sri Lanka Telecom on 01 September 1991, out of the minors accounts opened for the children of the officers who served in the Department of Telecommunications, 60 minors accounts amounting to Rs.78,027 had not been released even by 31 August 2014.

3.10 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2014 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	09	08	01
(ii) Tertiary Level	30	02	28
(iii) Secondary Level	33	21	12
(iv) Primary Level	20	16	04
(v) Others (Casual / Temporary/Contract Basis)	01	01	-
Total	93	48	45
	====	====	====

The Ministry had failed to fill 45 vacancies even by the end of the year under review.