

Report of the Auditor General on Head 10 Commission to Investigate Allegations of Bribery or Corruption - Year 2015

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 10 - Commission to Investigate Allegations of Bribery or Corruption for the year ended 31 December 2015 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 Director General of the Commission on 10 June 2016. 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 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 Commission amounted to Rs.291.95 million and out of that Rs.256.33 million had been utilized by end of the year under review. Accordingly, the savings out of the net provision of the Commission amounted to Rs.35.62 million and represented 12.20 per cent of the net provisions. Details appear below.

Expenditure	As at 31 December 2015			Savings as a Percentage of Provision
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs.Millions	Rs.Millions	
Recurrent	245.50	225.16	20.34	8.28
Capital	46.45	31.17	15.28	32.89
Total	291.95	256.33	35.62	12.20

2.2 Advances Accounts

2.2.1 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account of the Commission under Item No.01001 and the actual amounts are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
4.69	4.67	3.69	5.08	20.00	14.66

2.2.2 Advancing monies to be used in Bribery Detection as Bribes Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advancing monies to be used in bribery detection as bribes Account of the Commission under Item No.01002 and the actual amounts are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
250.0	7.06	2.50	3.44	275.00	19.34

2.3 General Deposit Account

The balance of the General Deposit Account of the Commission as at 31 December 2015 amounted to Rs.148,324.

2.4 Audit Observation

The Appropriation Account and the Reconciliation Statements of the Commission to Investigate Allegations of Bribery or Corruption for the year ended 31 December 2015 had been satisfactorily prepared, subject to the audit observations appearing in the Management Audit Report referred to in Paragraph 1.1 above. The material and important Observations out of the observations included in the Management Audit Report appear in Paragraph 3.

3. Material and Significant Audit Observations

3.1 Non – maintenance of Registers and Books

The Commission had not maintained a Stock Book of Fuel and Lubricants in terms of the Financial Regulation 1647 (d).

3.2 Replies to Audit Queries

Reply to a Audit Query issued to the Commission during the year under review had not been furnished even by 10 June 2016. The value of the quantifiable transaction relating to that audit query amounted to Rs.19.34 million.

3.3 Advancing Bribery Detection as Bribes Account

The Commission had executed the activities of the Advancing Monies to be used in Bribery Detection, as Bribes Account Item No.01002 during the year under review. The following deficiency was revealed during the course of audit test check relating to the Account presented to audit.

The cash balance of the officer of the Courts production of the Advancing Monies to be used in Bribery Detection as Bribes Account amounted to Rs.19.12 million. Out of that Rs.5.28 million relating to 147 cases existed for the period ranging from 5 years to 20 years and it was replied that only 19 cases out of that had been finalised. Nevertheless, the particulars had not been furnished relating to the cash balance of the Courts Production of those cases was settled.

3.4 Good Governance and Accountability

3.4.1 Annual Procurement Plan

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

3.4.2 Internal Audit

An Internal Audit Unit had not been established.

3.4.3 Audit and Management Committee

The Audit and Management Committee had not been established.

3.4.4 Annual Performance Report

Even though the Annual Performance Report should be tabled in Parliament within 150 days after the closure of the financial year by the Commission in terms of the Public Finance Circular No.402 of 12 September 2002, the report for the year under review had not been tabled in Parliament even by 10 June 2016.

3.5 Assets Management

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

(a) Idle and Underutilized Assets

It was observed during the course of audit test checks that 03 motor vehicles valued at Rs.3.68 million and one motor vehicle in which the value was not assessed had remained idle.

(b) Conduct of Annual Boards of Survey

In terms of the Public Finance Circular No.02/2014 of 17 October 2014 the Annual Boards of Survey should be conducted and the reports thereon should be furnished to the Auditor General before 17 March 2016. Nevertheless, the Commission had not furnished those reports even by 10 June 2016. The last Boards of Survey conducted had been for the year 2014.

3.6 Non – compliances

Instances of non – compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
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	Rs.	
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka		

(i) Financial Regulation 104 (1)		- Even though the vehicles of the Commission had met with accidents in 02 instances in the year 2015,

action in terms of the Financial Regulation had not been taken thereon.

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| (ii) | Financial Regulations 1645 (b) and 1646 | 840,042,648 | Daily Running Charts and Monthly Performance Summaries for the period from October to December 2015 relating to 25 Pool Vehicles had not been furnished to the Auditor General. |
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(b) Public Administration Circulars

Paragraph 02 of the Circular No.41/90 of 10 October 1990

- The fuel consumption of the vehicles belonging to the Commission had not been tested once in 06 months.

3.7 Performance

The observations on the progress of the Commission according to the Annual Budget Estimate and Action Plan for the year 2015 are given below.

(a) Key Functions not Executed Adequately

The key functions had not been executed by the Commission adequately and several instances so revealed are given below.

- (i) The complaints brought forward without investigating received prior to the year 2015 amounted to 9752 and 3913 complaints had received in the year 2015. Out of these 13665 complaints, only 3021 complaints had been investigated during the year 2015.
- (ii) Even though it was planned to organize 03 Prevention Programmes at Provincial Level at least in 03 Provinces in the year 2015, it was not executed.
- (iii) Another main function of this institution is file cases and taking action on the cases, while the cases had been filed for 108 cases only, out of 3021 complaints which investigated during the year.

3.8 Irregular Transactions

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

(a) Deviation from the Government Procurement Guidelines Procedure

 Even though the total cost estimate should be prepared by the Institution for renovations of official quarters, that work had been assigned to Department of Civil Security.

(b) Transactions without Authority

 An official quarters belonging to the Ministry of Public Administration had been renovated by incurring a sum of Rs.508,834 under the Object of Buildings and Constructions of the Commission without a proper authority.

3.9 Losses and Damage

 Eleven losses amounting to Rs.217,560 which to be recovered further or written off as shown in the Statement of Losses and Waived off in the Appropriation Account were observed and those losses could not be recovered even as at the end of the year under review. Two events out of that valued at Rs.61,005 were older than 10 years.

3.10 Human Resources Management**Approved Cadre and Actual Cadre**

 The position of the cadre as at 31 December 2015 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
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(i)	Senior Level	62	24	38	-
(ii)	Tertiary Level	22	14	08	-
(iii)	Secondary Level	590	249	341	-
(iv)	Primary Level	128	59	69	-
(v)	Others (Casual/ Temporary/ Contract Basis)	-	03	-	03
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	Total	802	349	456	03
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Out of the approved cadre 456 vacancies had existed by the end of the year under review. The Commission had not taken action to fill those vacancies properly and three casual employees who were not under the approved cadre had been recruited.