

**Report of the Auditor General on Head 163 – Ministry of Internal Affairs, Wayamba Development and Cultural Affairs - Year 2015**

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The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 163 – Ministry of Internal Affairs, Wayamba Development and Cultural Affairs for the year ended 31 December 2015, 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 had been issued to the Secretary to the Ministry on 15 August 2016. The audit observations, comments and findings on accounts and 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**

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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, 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**

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The total net provision made for the Ministry amounted to Rs.4,412.94 million and out of that, a sum of Rs.1,324.13 million had been utilized by the end of the year under review. Accordingly, savings out of the total net provisions of the Ministry amounted to Rs.3,088.81 million and represented 69.99 per cent. Particulars are given below.

**As at 31 December 2015**

<b>Expenditure</b>	<b>Net Provision</b>	<b>Utilization</b>	<b>Savings</b>	<b>Savings, as a Percentage of Net Provision</b>
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	Rs.Millions	Rs.Millions	Rs.Millions	
Recurrent	889.20	820.48	68.72	7.73
Capital	3,523.74	503.65	3,020.09	85.71
<b>Total</b>	<b>4,412.94</b>	<b>1,324.13</b>	<b>3,088.81</b>	<b>69.99</b>
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## 2.2 Advance Account

### 2.2.1 Advances to Public Officers' Account

#### Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers' Account Item No.16301 relating to the Ministry and the actual values are given below.

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
34.00	29.88	16.00	25.13	100.00	81.70

## 2.3 General Deposit Account

The balance of the General Deposit Account No.6000/0000/00/0015/0054/000 under the Ministry as at 31 December 2015 amounted to Rs.25.17 million.

## 2.4 Audit Observation

The Appropriation Account and the Reconciliation Statements for the year ended 31 December 2015 of the Ministry of Internal Affairs, Wayamba Development and Cultural Affairs have been prepared satisfactorily, subject to the audit observations appearing in the Management Audit Report referred to in Paragraph 1.1 above. Out of the audit observations included in that Management Audit Report, the material and significant audit observations appear in paragraph 3.

## 3. Material and Significant Audit Observations

### 3.1 Non-maintenance of Registers and Books

It was observed during audit test checks that the Ministry had not updated the Register of Fixed Assets in terms of Treasury Circular No.842 of 19 December 1978.

### 3.2 Reconciliation Statement on Advances to Public Officers Account

The following deficiencies were observed during the course of audit test checks of the Reconciliation Statement as at 31 December 2015 relating to the Advances to Public Officers Account Item No.16301.

- (a) A difference of Rs.1,702,288 existed as at 31 December 2015 between the balances of the Reconciliation Statement presented and the Control Account.

- (b) Outstanding loan balances totalling Rs.677,439 remaining from a period of over 4 years and recoverable as at 31 December 2015 comprised a sum of Rs.276,160 from the officers who were interdicted, a sum of Rs.98,130 from officers who had resigned, a sum of Rs.150,623 from officers who left the service, a sum of Rs.101,300 from deceased officers and a sum of Rs.50,300 from officers who had gone on transfer. However, the Ministry had failed to recover those outstanding balances even by the end of the year under review.

### **3.3 Assets Management**

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

#### **(a) Idle and Underutilized Assets**

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Even though 10 old motor vehicles owned by the Ministry had been remaining from a period ranging from 1 ½ years to 5 years, the Ministry had not taken action relating to those motor vehicles in terms of Public Finance Circular No.438 of 14 November 2009. The assets had not been disposed of properly and as such, the Government had been deprived of the income receivable while those motor vehicles had been allowed to decay.

#### **(b) Conduct of Annual Boards of Survey**

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The following observations are made.

- (i) According to the Public Finance Circular No. 02/2014 of 17 October 2014, the Annual Board of Survey for the year 2015 should be conducted and the reports thereon should be furnished to the Auditor General before 17 March 2016. Nevertheless, the Ministry had not furnished the Board of Survey reports of the Head Office and 34 Regional Cultural Centres to audit even by 26 August 2016.
- (ii) A survey in respect of all motor vehicles of the Ministry had not been conducted and those reports had not been furnished to the Auditor General in terms of Financial Regulations 757(2) and 1647(b) even by 26 August 2016.

#### **(c) Unsettled Liabilities**

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The unsettled liabilities of the Ministry as at 31 December 2015 amounted to Rs. 215,574,452 and those were liabilities remaining from a period less than 01 year. Liabilities of Rs.403,978 had been committed by the end of the year under review exceeding the savings of Rs.26,764 after utilizing the provisions made for 03 Objects.

#### **(d) Irregular use of Assets not vested**

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Out of 185 cultural centres which existed by 24 June 2016, only the ownership of land of 8 centres belonged to the Ministry and the ownership of land of other 177 centres did not belong to the Ministry.

### **3.4 Non-compliances**

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Salaries and allowances totalling Rs.4,479, 996 and overtime and travelling expense allowances totalling Rs.823,990 had been paid to the staff of the Minister without confirming the arrival and departure relating to duty through the fingerprint machine in terms of Public Administration Circular No.09/2009 of 16 April 2009.

### **3.5 Transactions of Contentious Nature**

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Certain transactions effected by the Ministry had been of contentious nature. Particulars of several such instances observed during the course of test checks appear below.

- (a) An officer had obtained salaries and allowances totalling Rs.284,360 in the capacity of Private Secretary to the Minister during the period from 16 January to 30 July in the year 2015. That officer had obtained a sum of Rs.311,902 as allowances from the Central Provincial Council as well, in the capacity of a Member of the Central Provincial Council relating to that period.
- (b) An officer had been paid salaries and allowances totalling Rs.411,090 in the capacity of Public Relations Officer to the Minister relating to the period from 16 January to 30 July 2015. That female officer had served in the capacity of Director at the Cultural Preservation Company, which is under the purview of the Central Cultural Fund and obtained salaries and allowances totalling Rs.300,000 relating to that period from that company.
- (c) Repairs had been done once a month in the brake system of an official motor vehicle owned by the Ministry. A sum of Rs.1,024,080 had been paid thereon for 20 months at the rate of Rs.51,204 per month from the year 2013 up to 30 July 2015. The Secretary to the Ministry had informed the audit in that connection, giving reasons that such a repair was necessary since it was a luxury motor vehicle. Nevertheless, according to the specifications submitted at the time of purchasing that motor vehicle, a necessity for such a repair in the brake system was not mentioned.
- (d) Two senior managers should be made to participate in the “Management of the Museum as a Non-profit Organization” Course held from 07 June to 17 June 2015 in China. However, two officers who were not senior managers had been made to participate from the Department of Museums on the recommendation of the Secretary to the Ministry and a sum of Rs.114,000 had been paid by the Ministry. Moreover, a Development Assistant instead of Directors had participated in the “Seminar for Directors of Festival from Developing Countries” held in China from 26 June to 15 July 2015, on the recommendation of the Secretary to the Ministry and had paid a sum of Rs.84,300 therefor.
- (e) The Ministry had spent a sum of Rs.187,200 for air tickets in the participation of a dance troop of an external Art Academy without any connection whatsoever with the Ministry, at an International Drama Festival in Calcutta and those payments had been made on the quotations of those institutions for obtaining those air tickets.

(f) The following major deficiencies were observed in respect of the Anuradhapura Performing Arts Theatre planned to be constructed from the year 2012 to the year 2014 by payments of Rs.323,197 and making commitments of Rs. 23,836,940.

- (i) Unavailability of the approval of the Cabinet of Ministers
- (ii) Failure in carrying out a feasibility study
- (iii) Failure in the settlement of the ownership of the land

### **3.6 Irregular Transactions**

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

- (a) Approval had been granted on 03 March 2015 by the Procurement Decision No.CA/PRO/2015/13 by the Procurement Committee in respect of the constructions of the Anuradhapura Performing Arts Theatre. A sum of Rs.300,000 and a sum of Rs.23,197 had been paid even before that date by 16 February 2015 to the Urban Development Authority and to the District Survey Authority of Anuradhapura respectively for survey activities.
- (b) According to the letter of invitation for the participation at the Seminar on Cultural and Globalization Asia, the relevant organizers had informed that expenses for air tickets, food, accommodation and internal transport facilities would be provided. However, a sum of US\$ 1530 equivalent to Rs.195,000 had been paid therefor to an officer as combined allowances and subsistence allowances in the year 2012 by the Ministry.

### **3.7 Uneconomic Transactions**

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The particulars of uneconomic transactions entered into revealed during the course of test checks are given below.

- (a) In the departure of artistes abroad, Managers or Assistant Managers who are experienced in that field should participate. However, officers, who have no experience or knowledge of that field had constantly participated as Managers or Assistant Managers. Sums of Rs.616,780 in the year 2013, Rs.1,246,330 in the year 2014 and Rs.1,261,192 by 30 June 2015 had been spent on 05, 07 and 07 officers who had so participated respectively. The Ministry and the related institutions had not paid attention on participating officers who had subject knowledge and proficiency in the relevant field.
- (b) The Ministry had entered into a Memorandum of Understanding for the period from 16 December 2009 to 31 August 2010 with the Bandaranaike Memorial Ayurvedic Research Institute on achieving the following objectives for the study and promotion of knowledge on indigenous traditional treatments and other customs of the Vedda Community relating to the Programme on Conservation of Folk Culture of the Vedda Community. A sum of Rs.3,247,000 had been spent thereon from the year 2011 to the year 2014.
  - (i) Study and promotion of medication, food consumption style and traditional knowledge of the Vedda Community.

- (ii) Identification and use of medicinal herbs used by the Vedda Community and study and promotion of conservative cultivation.
  - (iii) Study and promotion of health conservation methods/rites and rituals inextricably woven with Vedda culture.
  - (iv) Sustainable use of wild plants and attention on matters of ethnobotany.
  - (v) Contribution of the field of Indigenous Medicine for the construction of villages for the Vedda Community.
- (c) Even though the manuscript of the book on research of the Traditional Heritage of Indigenous People had been given to the Ministry on 06 November 2012, that book had not been printed and published even by 30 June 2016. The Ministry had not properly supervised or performed the functions mentioned in the agreement within the period of agreement and the objectives expected by this programme had not been fulfilled.

### 3.8 Human Resources Management

#### Approved Cadre and the Actual Cadre

Cadre position as at 31 December 2015 was as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
(i)	Senior Level	23	22	01	-
(ii)	Tertiary Level	05	04	01	-
(iii)	Secondary Level	638	545	93	-
(iv)	Primary Level	468	539	-	71
	<b>Total</b>	<b>1,134</b>	<b>1,110</b>	<b>95</b>	<b>71</b>

- (a) One vacancy each of the Senior Level and Tertiary Level and 93 vacancies of the Secondary Level existed as at 31 December 2015. One hundred and fourteen watchers had been recruited for centres on substitute basis and as such, the excess cadre of the Primary Level stood at 71.
- (b) Sums of Rs.114,882,051, Rs.25,785,823 and Rs.8,017,971 had been paid up to the years 2014, 2015 and up to 30 July 2016 respectively by recruiting watchers on substitute basis for cultural centres contrary to Section 6.1 of Chapter II of the Establishments Code and provisions mentioned in the Financial Regulations 71(1) and 71(2).