

Report of the Auditor General on Head 292 – Department of Animal Production and Health - Year 2015

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 292 – Department of Animal Production and Health 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 Department on 19 August 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 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 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 Department amounted to Rs.1,127.52 million and out of that, a sum of Rs.997.22 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provisions of the Ministry amounted to Rs.130.30 million or 11.55 per cent. Details appear below.

Expenditure	As at 31 December 2015			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	512.77	501.69	11.08	2.16
Capital	614.75	495.53	119.22	19.39
Total	1,127.52	997.22	130.30	11.55

2.2. Advance Account

Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account of the Department under Item No.29201 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
29.46	23.82	18.46	23.32	110.00	73.60

2.3 Imprest Account

The balance of the Imprest Account No.7002/0000/00/0096/0015/000 of the Department as at 31 December 2015 amounted to Rs.7.65 million.

2.4 General Deposit Accounts

The balances of the 05 Deposit Accounts of the Department as at 31 December 2015 totalled to Rs.20.30 million. Details appear below.

<u>Deposit Account Number</u>	<u>Balance as at 31 December 2015</u>
	Rs.Millions
6000/0000/00/0001/0110/000	0.37
6000/0000/00/0013/0106/000	4.28
6000/0000/00/0002/0153/000	1.08
6000/0000/00/0015/0147/000	0.46
6000/0000/00/0016/0098/000	14.11
Total	20.30

2.5 Audit Observation

The Appropriation Account and the Reconciliation Statements for the year ended 31 December 2015 of the Department of Animal Production and Health 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 significant Audit Observations out of the Audit 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

It was observed during audit test checks that the Department had not maintained the following registers while certain other registers had not been maintained in the proper and updated manner.

Type of Register	Relevant Regulation	Observations
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(i) Register of Fixed Assets	Treasury Circular No.842 dated 19 December 1978.	Not maintained.
(ii) Register of Fixed Assets on Computers, Accessories and Software	Treasury Circular No.IAI/2002/02 dated 28 November 2002	Not maintained.
(iii) Register of Liabilities	Financial Regulation 214	Not maintained.
(iv) Register of Electrical Equipment	Financial Regulation 454(2)	Not maintained.
(v) Register of Official Telephones	Financial Regulation 845(1)	Not maintained.
(vi) Departmental Appropriation (Votes) Ledger	Financial Regulation 447	Not updated.
(vii) Cheques and Money Order Register	Financial Regulation 451	Not updated.
(viii) Register of Personal Emoluments	Financial Regulation 453	Not updated.

3.2 Reconciliation Statement of the 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.29201.

- (a) According to the Reconciliation Statement presented to audit, the balances that remained outstanding as at that date totalled Rs.319,130. Even though those outstanding balances remained over periods ranging from 02 years to 18 years, the

Department had failed to recover the outstanding balances even by 31 December 2015.

- (b) The loan balances of Rs.23,265 recoverable from an officer who vacated the post since the year 1997 and the loan balances of Rs.62,668 recoverable from an officer deceased in the year 2003 had also included in the loan balance shown in the above paragraph No.3.2 (a)

3.3 Good Governance and Accountability

Annual Performance Report

Even though the performance Report should be tabled in Parliament within 150 days after the closure of the financial year by the Department in terms of Public Finance Circular No. 402 dated 12 September 2002, the Performance Report for the year 2015 had not been tabled in Parliament even by 31 July 2016.

3.4 Assets Management

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

(a) Idle and Underutilised Assets

It was observed during the course of audit test checks that certain assets categorized below had been either idle or underutilized.

Category of Assets	Number of Units	Idle or Underutilized Period
(i) Buildings	03	03 years to 15 years
(ii) Motor Vehicles	13	01 year to 11 years

(b) Assets given to External Parties

A building belonging to the Department had been released irregularly to an external party for over a period of 15 years.

(c) Irregular use of Assets belonging to other Institutions

Instances were observed during audit test checks that the Department had used 17 land blocks belonging to the other institutions without formal vesting during a period ranging from 01 year to 05 years.

3.5 Non – compliances

Non-compliance with Laws, Rules and Regulations

As the rent had been recovered from the Government quarters on the percentages less than the percentages due to be recovered from the salaries, according to the Section 5.2.1 of the Chapter XIX of the Establishments Code of the Democratic Socialist Republic of Sri Lanka,

house rent amounting to Rs.176,005 had been under recovered from 04 officers/employees within the period ranging from January 2012 to July 2016.

3.6 Implementation of Projects under Domestic Financing

Projects not achieved Adequate Progress

A project named “ Project for Bringing-up female calves ” had been implemented during the period from 2008 to 2015 by the Department of Animal Production and Health with an objective to increase the local milk production. Financial provisions amounting to Rs.512,466,200, out of the local funds had been made for the project during the above period and only a sum of Rs.282,701,755 out of that had been spent. Accordingly, provisions of Rs.229,764,445 or 44.83 per cent had been saved out of the provisions made. Even though, it was targeted to add 125,000 milking cows to the National Milk Production process, the number of milking cows added to the process at the end of the year 2015 amounted to 54,816. Even though the targeted quantity of milk to be added to the National Milk Production by the project amounted to 225 million litres of milk, it could be added only 130.37 million litres of milk. Accordingly, the Department had failed to achieve the objective expected from the respective project.

3.7 Losses and Damages

The observations on losses and damages revealed during the course of audit test checks are given below.

- (a) A portion of the upper floor of the building in which the Livestock Knowledge Centre, Gatambe, Peradeniya situated belonging to the Department had been given to maintain a Regional Office of the National Livestock Development Board from 01 June 2004 without recovering a rental. Subsequently, it was directed to pay an assessment rent amounting to Rs.6,000 monthly from 05 December 2006 without entering into an agreement. But action had not been taken to recover the rent amounting to Rs.366,000 for the period from December 2006 to 31 December 2011 while no rental whatsoever had been recovered even for the period of 06 months from December 2015 to June 2016. Even though the rental at the rate of Rs.6,000 per month had been re assessed by the Central Provincial Department of Valuation as Rs.12,000 per month from 17 May 2012, the rental had not been recovered according to the assessment. Since, the rental had been paid at the rate of Rs.6,000 for 42 months from June 2012 to November 2015, rental totalling to Rs.324,000 had to be recovered consisting of arrears of rental amounting to Rs.252,000 and a rental of Rs.72,000 at the rate of Rs.12,000 for a 06 months period from December 2015 to May 2016. Accordingly, action had not been taken to recover the arrears of rental amounting to Rs.690,000 relating to the period from December 2006 to May 2016.
- (b) As the non-payment of payable amount on due date at the end of each month in the monthly bill furnished by the water works Division of the Municipal Council, Kandy in respect of the water consumer No,6939/2 of the Department of Animal Production and Health, a sum of Rs.178,920 had been paid to the Municipal Council, Kandy as fines from 12 June 2008 to 11 December 2011. Thereafter a sum of Rs.125,646 had been paid to the Municipal Council, Kandy as fines due to non-payment of bills on due dates in respect water consumer No.6939/2 and 3990 and No.553 for the period

from January 2012 to August 2015 and from January 2013 to August 2015 respectively. Accordingly, the responsible parties for the fines paid to the Municipal Council, Kandy amounting to Rs.304,566 in respect of water bills had not been identified and the action thereon had not been taken.

3.8 Human Resources Management

----- Approved Cadre and Actual Cadre -----

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

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	170	138	32
(ii)	Tertiary Level	21	20	01
(iii)	Secondary Level	338	258	80
(iv)	Primary Level	396	310	86
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	Total	925	726	199
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