

Report of the Auditor General on Head 332 – Department of National Community Water Supply – Year 2015

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 332 – Department of National Community Water Supply 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 04 August 2016. The audit observations, comments and findings on the 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 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Accounts and the 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 the Public Finance and Administrative Regulations. The 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.244.93 million and out of that Rs.149.34 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provisions of the Department amounted to Rs. 95.59 million or 39.03 per cent. Details are given below.

Expenditure	As at 31 December 2015			Savings as a Percentage of Net Provisions
	Net Provision -	Utilization	Savings	
	Rs.Millions	Rs.Millions	Rs.Millions	
Recurrent	44.93	39.84	5.09	11.33
Capital	200.00	109.50	90.50	45.25
Total	244.93	149.34	95.59	39.03

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.33201 of the Department and the actual values are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,000,000	658,516	200,000	585,782	3,000,000	2,002,100

2.3 Audit Observation

The Appropriation Account and the Reconciliation Statements of the Department of National Community Water Supply for the year ended 31 December 2015, had been prepared satisfactorily 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 the course of audit test checks that the Department had not maintained the following registers.

<u>Type of Register</u>	<u>Relevant Regulation</u>
(a) Register of Fixed Assets	Treasury Circular No.842 of 19 December 1978
(b) Register of Liabilities	Financial Regulation 214

3.2 Appropriation Account

Budgetary Variance

Following observations are made.

- (i) The entire net provision of Rs. 50,000 made for one Object had been saved.
- (ii) Excess provisions had been made for 05 Objects and as such the savings, after the utilization of provisions ranged from 40 per cent to 97 per cent of the net provisions relating to the respective Objects.

3.3 Reconciliation Statement of the Advances to Public Officers Account

The following observations are made at the audit test check carried out with regard to the Item No.33201 of the Reconciliation Statement of the Advances to Public Officers Account as at 31 December 2015.

- (a) According to the Reconciliation Statement presented to audit, there was a difference between the balance of the Loan Register as at 31 December 2015 and the Control Account at that date amounted to Rs.92,616.
- (b) Two loan balances of the CC 10 Register had not been included to the prepared Reconciliation Statement for the year end 31 December 2015 and according to the Cash Book, payment had been made to external institutions to take over the balance.
- (c) The total expenditure of the Advance Account according to the books of the Department was Rs. 658,516 and it had been Rs. 1,478,712 according to the Treasury Print outs, thus a difference of Rs. 820,196 had been observed between the books of the Department and the Treasury print outs.

3.4 Good Governance and Accountability

3.4.1 Internal Audit

An internal audit had not been carried out in respect of the transactions of the Department in terms of the Financial Regulation 133.

3.4.2 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 the Public Finance Circular No.402 of 12 September 2002, that report had not been tabled in Parliament even by 31 July 2016.

3.5 Assets Management

Following deficiencies were observed during the course of audit test check carried out in respect of the transactions of the Department.

(a) Idle and Under-utilized Assets

It was observed during the course of audit test check that 47 vehicles of the Department had been idled or under-utilized.

(b) Irregular use of Assets Belonging to other Institutions

It was observed during the course of audit test check that 12 vehicles belonging to other institutions amounted to Rs. 19,487,779 had been used by the Department without a formal approval during the under review.

3.6 Performance

The observations on the progress of the Department in accordance with the Annual Budget Estimates and the Action Plan for the year 2015 are given below.

(a) Key Functions not Executed Adequately

Even though according to the overall performance report of the Department for the year 2015, it had been identified 3,666 Community Based Organizations, out of that 1,260 had not been registered even by the end of the year.

(b) Action not taken in accordance with the Annual Action Plan

Even though it had been planned to conduct 37 maintenance training programmes for community based organizations for a period of 11 ½ months from the month of January 2015 to 15 of November, it had been conducted only 11 and the percentage that unable to perform was 70 per cent.

(c) Failure Water Projects

It had been revealed in the sample audit test checks that 393 failure water projects had been existed in 18 Districts.

3.7 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
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(i)	Senior Level	24	05	19
(ii)	Tertiary Level	307	46	261
(iii)	Secondary Level	54	34	20
(iv)	Primary Level	70	39	31
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	Total	455	124	331
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