

## **Report of the Auditor General on Head 229 – Department of Attorney General -Year 2016**

---

The audit of the Appropriation Account, Revenue Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 229 – Department of Attorney General for the year ended 31 December 2016 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 Attorney General on 29 August 2017. 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 Responsibility 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, Revenue 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.1,277.44 million and out of that Rs.943.98 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision of the Department amounted to Rs.333.46 million or 26.10 per cent. Details are given below.

Expenditure	As at 31 December 2016			Savings as a Percentage of Net Provisions
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs.Millions	Rs.Millions	
Recurrent	671.14	657.42	13.72	20.4
Capital	606.30	286.56	319.74	52.74
Total	1,277.44	943.98	333.46	26.10

## 2:2 Revenue Account

### Estimated and Actual Revenue

The Department had prepared Revenue Estimates totalling Rs.40.00 million in respect of the Revenue Code No.20.03.02.11 for the year 2016 and Revenue totalling Rs. 38.52 million had been collected during the year under review. Revenue amounting to 96.30 per cent of the estimated Revenue had been collected. Details appear below.

Revenue Code	As at 31 December 2016			Shortfall as a Percentage of Estimate
	Estimated Revenue	Actual Revenue	Shortfall	
	Rs. Millions	Rs. Millions	Rs. Millions	
20.03.02.11	40.00	38.52	1.48	3.70

## 2.3 Advances to Public Officers Account

### Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account, Item No.22901 of the Department and the actual amounts are given below.

<b>Expenditure</b>		<b>Receipts</b>		<b>Debit Balance</b>	
<b>Maximum Limit</b>	<b>Actual</b>	<b>Minimum Limit</b>	<b>Actual</b>	<b>Maximum Limit</b>	<b>Actual</b>
Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
23.00	21.96	12.00	15.69	80.00	47.88

## 2.4 Audit Observation

The Appropriation Account, Revenue Account and the Reconciliation Statements of the Department of Attorney General for the year ended 31 December 2016, 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 Register of Losses in an updated manner in terms of Financial Regulation 110.

### 3.2 Revenue Account

The duties relating to the preparation of Revenue Estimates, collection of Revenue, Accounting and the presentation of Accounts relating to the Revenue Code No.20.03.02.11- Legal Fees from Corporations and Statutory Bodies had been assigned as the Revenue Accounting Officer. The following deficiencies were observed during the course of the audit test checks of that Revenue Code.

- Even though the revised Revenue Estimate for the year under review had been Rs.40 million, it was shown as Rs.35.3 million in the DGSA- Revenue-1 Format of the Revenue Account.
- Even though the arrears of revenue according to the Revenue Account presented to audit had been Rs.208,772,615 , the arrears of revenue recoverable from 183 institutions from the year 2005 up to 31 December 2016 had been Rs.200,828,879 according to the schedules presented to audit. As such, the arrears of revenue recorded had been understated by Rs.7,943,736 than the arrears of revenue shown in the account.
- In terms of Financial Regulation 128(2) (e), special provision should be made by the Accounting Officers in respect of the recovery of arrears of revenue receivable to the Government without

delay. Nevertheless, the scheduled arrears of revenue recoverable from 183 institutions as at 31 December 2016 amounted to Rs.200,828,879 and the age analysis thereon is given below.

Period of Arrears of Revenue	Number of Institutions relating to Recoverable Revenue	Arrears of Revenue Rs.
-----	-----	-----
Less than 1 year	79	23,770,699
Over 1 year less than 3 years	119	79,946,551
Over 4 years less than 6 years	125	55,496,040
Over 7 years less than 9 years	32	27,601,999
Over 10 years	33	14,013,590
		-----
Total		200,828,879
		=====

- (d) According to the Revenue Account presented, revenue totalling Rs.38,520,245 had been collected in the year under review. According to that Account, revenue amounting to Rs.62,827,220 had been billed in the year under review and out of that, revenue of Rs.27,322,315 had been collected. As such, out of the revenue billed in the year under review, a sum of Rs.35,504,905 remained outstanding. According to the information made available by the Corporate Accounts Division where the revenue of Department is billed, the arrears of revenue relating to the year under review had been revealed as Rs.23,770,699. As such, the arrears of revenue shown in the Revenue Account had been understated by Rs.11,734,206.
- (e) Authority had not been delegated among the officers in respect of assessment, collection and acceptance of revenue relating to the Revenue Code.
- (f) Billing of legal fees after a conclusion of legal service had been done by the Corporate Accounts Division of the Department and pre-numbered invoices had not been used in this connection.
- (g) The invoices issued had not been signed by an officer responsible in the Department and an officer holding the post of Management Assistant in the Corporate Accounts Division had signed.
- (h) Receipt and banking of legal fees are done by the Accounts Division of the Department and as a copy of the invoice was not received to the Accounts Division, it could not be ascertained that all the money invoiced were received to the Accounts Division.
- (i) Even though the cheque was to be written in favour of the Attorney General as per the invoice, the name of the bank account for which the cheque should be written and the account number had not been mentioned.
- (j) In receiving the cheques, money and money orders received by post or by hand, in any other mean except for handing over to the counter, a Staff Officer should immediately enter those

values in the Cheque, Money Order Register (GAM 83 Format). Nevertheless, it had not been so done.

- (k) Even though a part or the total amount received as the Revenue should be remitted daily or at earliest possible, it was revealed in the audit test check that the cheques received to the Corporate Accounts Division had been banked after a delay ranging from 06 days to 19 days.
- (l) In terms of Financial Regulation 185, all amounts received by an Accepting Officer should be properly recorded in the cash Book and in any other prescribed books of account and the entries on the receipt side of the Cash Book should reconcile with the credit entries in the other books of account from time to time. However, the cheques received to the Department had been entered in the Main Cash Book and Debtors Account by the Accounts Division and Corporate Division respectively. As such, the Debtors Account had not been reconciled with the receipt entries in the Main Cash Book.
- (m) Even though the date of cash receipt should be the date recorded in the Cash Book as the date of receipt, the Corporate Division had brought to account the date of cash receipt from debtors as the date of receipt of cheque to the Corporate Division instead of the date of receipt of cheque in the Cash Book. As such, all money recorded as receipts from debtors in any month had not been entered in the Cash Book in that month itself.

### **3.3 Advances to Public Officers Account**

-----  
According to the Reconciliation Statement as at 31 December 2016 relating to the Advances to Public Officers Account Item No.22901, the balances that remained outstanding as at that date totalled Rs.753,690. Even though those outstanding balances remained over periods ranging from 1 year to 13 years, the Department had failed to recover those outstanding balances.

### **3.4 Good Governance and Accountability**

#### **3.4.1 Internal Audit**

-----  
The net provision of the Department in the year 2016 amounted to Rs.1,277.44 million and the approved cadre stood at 922 while the total value of assets as at 31 December 2016 had been Rs.738.2 million. An Internal Audit in terms of Financial Regulation 133 had not been carried out for the year 2016 by the Department. Even though a Chief Internal Auditor had been attached to the Department on 14 August 2017, the staff had not been attached for the functioning of the Internal Audit Unit.

### 3.5 Implementation of Projects under Domestic Financing

#### Delays in the execution of Projects

Delays in the execution of the following Projects by the Department were observed.

Project	Estimated Cost	Date of Commencement	Due Date of Completion	Expenditure as at 31 December 2016	Reasons for Delay
	Rs. Million			Rs. Million	
Construction of the new building of the Department	1,182	08.12.2015	31.12.2017	258	Delay in the award of contract due to the delays occurred as a result of changes in Procurement Committees. Delay in the award of contract for the concrete of base being the first Stage and the delay in the commencement of procurement activities of the construction of the building.
Construction of Advocates' official quarters- Vavuniya, Mannar, Kurunegala and Kandy	106	15.06.2015	31.12.2017	28	The construction work of the official quarters- Kandy commenced by spending a sum of Rs.223,417 in the preceding year had been stopped. Non-commencement of the construction of the official quarters- Kurunegala, failure to correctly estimate the expenditure on the construction work carried out by the Army.

### 3.6 Performance

-----  
 According to the Performance Report of the year 2016, the position of performance of the Department is given below.

<b>Division</b>	<b>Number of files opened during the year 2016</b>	<b>Number of files completed</b>	<b>Number of files not completed as at 31 December 2016</b>
-----	-----	-----	-----
Civil Division	2933	301	333
Criminal Cases Division	4814	4274	13110
Corporate Division	2202	1750	5986
Public Petitions Division	690	258	Not furnished
Women and Child Abuse Case Division	3651	2354	Not furnished
State Counsel Division	219	2473	Not furnished
Supreme Court Division	493	138	355

### 3.7 Human Resources Management

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

-----  
 The position of the cadre as at 31 December 2016 was as follows.

<b>Category of Employees</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>Number of Vacancies</b>	<b>Excess</b>
-----	-----	-----	-----	-----
(i) Senior Level	271	200	71	-
(ii) Tertiary Level	13	10	03	-
(iii) Secondary Level	191	122	69	-
(iv) Primary Level	255	223	32	-
(v) Other				
• On contract basis	192	29	163	-
• basis of recruitment not identified	-	72	-	72
<b>Total</b>	<b>922</b>	<b>656</b>	<b>338</b>	<b>72</b>
	====	====	====	====

The following observation is made.

The Department had failed to obtain a proper approval for 72 employees who serve in the Corporate Division, Public Petitions Division and the Non-summary Inquiry Division while the basis of recruitment of them could not be identified.