

Report of the Auditor General on Head 106 -Ministry of Disaster Management - Year 2016

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 106-Ministry of Disaster Management 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 Secretary to the Ministry on 18 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 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 Article 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. This responsibility includes: designing, implementing, 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 Ministry amounted to Rs.5,388.41 million and out of that Rs.4,139.09 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provisions of the Ministry amounted to Rs.1,249.32 million or 23.18 per cent of the net provisions. Details appear below.

Expenditure	As at 31 December 2016			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs. Millions	Rs. Millions	
Recurrent	740.72	660.64	80.08	10.81
Capital	4,647.69	3,478.45	1,169.24	25.16
Total	5,388.41	4,139.09	1,249.32	23.18

2.2 Advances to Public Officers Account

The limits authorized by Parliament for the Advances to Public Officers Account of the Ministry under Item No.10601 and the actual amounts 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
15.00	14.11	3.50	6.33	24.00	20.07

2.3 Imprest Account

The balance of the Imprest Account No. 7002/0000/00/0385/0016/000 of the Ministry as at 31 December 2016 amounted to Rs.26,183.

2.4 General Deposit Account

The balances of 02 Deposit Accounts of the Ministry as at 31 December 2016 totalled Rs.4.53 million. Details appear below.

Deposit Account Number	Balance as at 31 December 2016
	Rs.Millions
6000/0000/00/0013/0056/000	2.88
6000/0000/00/0016/0037/000	1.65
Total	4.53

2.5 Audit Observation

According to the Financial Records and Books for the year ended 31 December 2016, it was observed that subject to the audit observations appearing in paragraph 1.1 of the Management Audit Report, the Appropriation Accounts and the Reconciliation Statements of the Ministry of Disaster Management have been satisfactorily prepared. The material and significant observations out of the observations included in this Management Audit Report appear in Paragraph 3 herein.

3. Material and Significant Audit Observations

3.1 Non – maintenance of Register and Books

It was observed during audit test checks that the Ministry had not maintained the following one register while two other registers had not been updated.

Type of Registers	Relevant Regulation	Observation
(i) Attendance Registers of the Procurement Committee and Technical Evaluation Committees	Guideline 2.11.2 of the Government Procurement Guidelines	Not maintained.
(ii) Register of Fixed Assets	Treasury Circular No. 842 dated 19 December 1978.	Not updated.
(iii) Vehicles Log Books	Financial Regulation 1645 (a)	Not updated.

3.2 Reconciliation Statement on Advances to Public Officers Account

According to the Reconciliation Statement as at 31 December 2016 on Advances to Public Officers Account Item No.10601, the balances that remained outstanding for more than a period of 02 years as at that date totalled Rs.120, 023. Nevertheless, the Ministry had failed to recover those outstanding loan balances.

3.3 Assets Management

The following deficiencies were observed during the course of audit test check carried out on the assets of the Ministry.

(a) Conduct of Annual Boards of Survey

The following observations are made.

- (i) According to the Paragraph 3.1.6 of the Public Finance Circular No.05/2016 of 31 March 2016, the Board of Survey for the year 2016 should be conducted and the reports thereon should be furnished to the Auditor General before 17 March 2017. Nevertheless, the Ministry had furnished those reports to Audit on 23 June 2017.

- (ii) According to the Board of Survey Reports of the National Disaster Relief Service Centre of the year 2016, a shortage of 06 items belonging to 04 categories of goods and shortages of 42,215 items belonging to 52 categories of goods in the Stores at Orugodawaththa were observed. Notes on the stock of goods issued from the Stores at Orugodawaththa, had not been included in the books.

(b) Assets Given to External Parties

The following observations are made.

- (i) The inventory goods issued to the former Minister and the Deputy Minister or the receiving orders thereof had not been obtained.
- (ii) The Ministry had released 32 motor vehicles for the use of Disaster Management Centre.

(c) Irregular use of Assets belonging to other Institutions

The land of 3 roods and 36.5 perches in extent and the 4 storied building valued at Rs.3,848,889 belonging to the Department of Meteorology had been utilized by the Ministry of Disaster Management since the year 2012.

3.4 Non-compliances

Non-compliances with Laws, Rules and Regulations

Instances of non-compliance with the provisions of 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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(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	Rs.	

(i) Financial Regulation 261(1)	-	Instances where the vouchers had not been consecutively numbered were observed.

(ii) Financial Regulation 371(2)(c)	268,604	Instances in which the action had not been taken to settle the sub-imprest immediately after the completion of the purpose for which it is granted, were observed.
(b) Government Procurement Guidelines ----- Guidelines 2.7, 2.8, 5.4.4, 5.6 and 6.3.3	59,613,750	Two motor vehicles had been purchased during the year under review contrary to the provisions in the Government Procurement Guidelines. Further, action had not been taken to obtain acceptable securities therefor.

3.5 Management Weaknesses

----- Post – Disaster Relief Activities -----

The following observations are made.

- (a) It was observed in the physical verification carried out in the Stores at Orugodawaththa on 20 and 21 October 2016 that there were food items expired and nearing expiry. Further, expired stocks were revealed in 4 ½ tons of rice, 89 water bottles, 27 kilograms of milk powder and in large number of biscuit packets received for the distribution among the affected parties. Accordingly, the Ministry had not implemented a proper mechanism for the distribution of goods received from various local and foreign institutions among the victims of disasters.

- (b) It was observed that there were 282 families in 18 Relief Centers even by 31 August 2017 due to landslides occurred in the Kegalle District on 17 May 2016. According to a proposal of the District Secretary of Kegalle, action had been taken to construct the houses by the beneficiaries themselves and to release the compensation money as installments therefor. As such, the Secretary to the Ministry informed the Audit that the displaced persons were being retained at Relief Centers until the completion of constructions of the relevant houses.

3.6 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2016 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i)	Senior Level	23	20	03
(ii)	Tertiary Level	06	02	04
(iii)	Secondary Level	444	393	51
(iv)	Primary Level	46	34	12
	Total	519	449	70