

## Report of the Auditor General on Head 10 Commission to Investigate Allegations of Bribery or Corruption - Year 2016

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 10 - Commission to Investigate Allegations of Bribery or Corruption 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 Director General of the Commission on 16 June 2017. 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 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 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 Commission amounted to Rs.409.10 million and out of that Rs.317.44 million had been utilized by end of the year under review. Accordingly, the savings out of the net provision of the Commission amounted to Rs.91.66 million and represented 22.40 per cent of the net provisions. Details appear below.

Expenditure	<u>As at 31 December 2016</u>			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs.Millions	Rs.Millions	
Recurrent	273.40	272.58	0.82	0.30
Capital	135.70	44.86	90.84	66.94
<b>Total</b>	<b>409.10</b>	<b>317.44</b>	<b>91.66</b>	<b>22.41</b>

## 2.2 Advance Accounts

### 2.2.1 Advances to Public Officers Account

#### Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account of the Commission under Item No.01001 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
5.00	4.92	3.50	4.37	20.00	14.13

### 2.2.2 Advancing monies to be used in Bribery Detection as Bribes Account

#### Limits Authorized by Parliament

The limits authorized by Parliament for the Advancing monies to be used in bribery detection as bribes Account of the Commission under Item No.01002 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
150.00	2.91	1.50	3.71	275.00	18.53

## Audit Observation

The Appropriation Account and the Reconciliation Statements of the Commission to Investigate Allegations of Bribery or Corruption for the year ended 31 December 2016 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 important Audit Observations out of the Audit Observations included in the Management Audit Report appear in Paragraph 3.

### **3. Material and Significant Audit Observations**

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#### **3.1 Non – maintenance of Registers and Books**

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A Register of Security had not been maintained in terms of Financial Regulation 891 (1).

#### **3.2 Good Governance and Accountability**

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##### **Internal Audit**

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An Internal Audit Unit had not been established in terms of Financial Regulation 133.

#### **3.3 Assets Management**

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

(a) **Idle and Underutilized Assets**

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A Software System of Computer data had been established with the equipment valued at Rs.87.16 million for maintenance of the particulars of the investigation files of the Commission with the intervention of the Sri Lanka Information and Communication Technology Agency. Nevertheless, that work had not been completed even by the end of the year under review.

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

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According to the Public Finance Circular No.05/2016 of 31 March 2016, the Board of Survey should be conducted and the reports thereon should be furnished to the Auditor General before 17 March 2017. However, those reports had been furnished to audit on 01 June 2017. Action on the excesses and shortages pointed out on the reports of the Board of Survey had not been taken in terms of Paragraph 03 of the circular even as at 16 June 2017.

#### **3.4 Non – compliances**

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##### **Non-compliance with Laws, Rules and Regulations**

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Five vehicles belonging to the Commission had met with accidents in 06 instances in the year under review. Action in terms of the Financial Regulation 104 had not been taken on the losses incurred due to the accidents.

#### **3.5 Foreign Aid Projects**

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The United Nations Development Programme had provided a grant amounting to Rs.4.50 million with an objective to provide short term assistance of 06 months for the activities of the

Commission in the year under review. A sum of Rs.1.82 million out of that only had been incurred by 31 December 2016. Accordingly, a sum of Rs.2.68 million or 59 per cent, out of the foreign grant had been saved. Even though, a responsible officer of the Commission had been appointed to be carried out the work relating to the programme, action had not been taken to execute the respective purpose efficiently and effectively. In terms of the Paragraph 8, 9 and 10 of the agreement entered into with the United Nations Development Programme, the Commission had not prepared and presented the financial reports and progress reports.

### 3.6 Implementation of Projects under Domestic Financing

#### Projects without progress

Capital provisions of Rs.123.00 million had been made by Supplementary Estimates Allocations on 01 March 2016 for strengthening of the execution of the investigation activities of the Commission. Nevertheless a sum of Rs.36.86 million out of that only had been utilized by 31 December 2016. Accordingly, the savings had been 70 per cent out of the total provisions or Rs. 86.14 million. It was observed that the following matters had affected to that savings.

- (a) Even though, provisions of Rs.30.00 million had been made for Local and Foreign Training, the areas for training needs and a methodology to select the officers to be referred for the training had not been clearly identified. Therefore, it could not be able to prepare a formal plan for the training programmes. As such 20 per cent of the provisions or Rs.6.16 million had been saved by the end of the year under review.
- (b) Even though, provisions of Rs.30.00 million and Rs.8.00 million had been made for temporary buildings taken on rent and to fix the CCTV Camera System respectively, the entire provision had been saved.
- (c) Provisions of Rs.25.00 million and Rs.30.00 million had been made to acquire capital and other physical facilities and to purchase high technological equipment for detections respectively. Eighty three per cent or Rs.45.69 million out of the entire provision of Rs.55.00 million had been saved as action had been taken without a proper study relating to the high technological equipment required and their market and action had not been taken according to a proper Procurement Plan.

### 3.7 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	Excess
(i)	Senior Level	62	36	26	-
(ii)	Tertiary Level	82	27	55	-

(iii)	Secondary Level	548	223	325	-
(iv)	Primary Level	130	71	59	-
(v)	Others (Casual/ Temporary/ Contract Basis)	-	4	-	4
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	Total	822	361	465	4
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