

Head 229 - Report of the Auditor General on the Attorney General's Department - Year 2017

The Appropriation Account, Reconciliation Statement, and the Revenue Account for the Revenue Codes included in the Tables, 3.1.1, 3.1.2, & 3.1.3 of the annual budget estimate relating to Head and Item stated in the First Schedule and Third Schedule of the Appropriation Act, No. 24 of 2016 as amended by the Appropriation (Amendment) Act, No.32 of 2017 were presented to Audit by the Attorney General's Department. The financial and physical performance reflected by those accounts and reconciliation statements were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

1.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Financial Management and Accountability

The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124 of the Democratic Socialist Republic of Sri Lanka. The Chief Accounting Officers have been appointed by the Minister of Finance to discharge the above responsibility in terms of Financial Regulation 124(2). The Head of the Department appointed by the Treasury will be the Accounting Officer in respect of all the financial transactions of his Department in terms of Financial Regulation 125(1)(a). This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament 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, Government Financial Regulations and Administrative Regulations.

1.3 Scope of Audit

The audit of the Attorney General's Department - Head 229 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources, apply of internal control systems, compliance with laws, rules and regulations and maintenance of books, registers,

records and reconciliation statements in an updated manner, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The Management Audit Report for the year under review was issued to the Attorney General on 11 September 2018. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports 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.

1.4 Audit Observation

The audit observations of the Attorney General's Department for the year ended 31 December 2017 revealed in audit, appear in the Management Audit Report in detail, mentioned in paragraph 1.3 above. The material and significant audit observations out of the audit observations included in the Management Audit Report appear in paragraph 2.1 to 2.9 of this report. It was observed that the accountability as the Accounting Officer had been satisfactorily executed, to ensure the adequacy of the financial administration subjected to the following summarized audit observations revealed in the execution of the provisions of the Financial Regulation 128 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

General responsibilities of the Accounting Officers in terms of Financial Regulation 128	Non-compliance of the Accounting Officer to the Provision	Reference to the Paragraph of the report Containing Observations
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Financial Regulations		

128 (1) (a) The work of his department is planned and carried out with due despatch , having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provision for the activities authorised and that an endeavour is made to complete the programme of work laid down for the year	<ol style="list-style-type: none"> 1. The Action Plan had not been prepared accurately. 2. Failure to prepare budget estimates realistically. 3. Delays in the implementation of projects. 	<p>2.1.1</p> <p>2.4 (a)</p> <p>2.1.2 (a)</p>

and / or attain the targets specified.

128 (1) (b)	The organisation for financial control and accounting in his department is effective, and provides adequately for the correct ascertainment, where necessary, of dues to Government, the systematic, complete and prompt collection of dues , and bringing to account of monies received, the authorization of commitments, on behalf of the Government, the supervision and examination of services and supplies rendered, and the prompt and correct payment therefor from public funds.	Delays in the implementation of projects.	2.1.2 (a)
128 (1)(d)	An adequate system of internal check for receipts, payments, and issues is maintained and tested from time to time.	<ol style="list-style-type: none">1. Deficiencies in Revenue Accounts.2. Deficiencies stated in the Advances to Public Officers Account.	2.4 2.5
128 (1)(e)	Adequate and proper arrangements are made for the safe custody and preservation of money, stores, equipment, and other assets belonging to the Government, or is in its custody, and that these are verified from time to time; and, where they are disposed of , such disposal is according to prescribed Regulations and instructions.	Deficiencies in annual Boards of Survey.	2.2

128 (1)(f)	Such information, statements and returns as are called for by the Chief Accounting Officer or the Treasury, are rendered correctly and promptly.	Failure to prepare the budget estimates realistically.	2.4
128 (1)(h)	Special arrangements are made to recover outstanding dues and that the officers assigned that task report to him at least once a quarter or as otherwise directed regarding arrears and action pursued to expedite their recovery.	<ol style="list-style-type: none"> 1. Deficiencies in Revenue Accounts. 2. Recovery of outstanding loan balances in the Advances to Public Officers Account. 	<p>2.4 (a)</p> <p>2.6 (a)</p>
128 (1)(i)	The activities of his department are undertaken with due regard to economy, efficiency, propriety, and integrity expected in the transaction of public business.	Delays in the implementation of projects.	2.1.2 (a)

2. Material and Significant Audit Observations

2.1 Performance

2.1.1 Planning

The Action Plan for the year 2017 had not been prepared in terms of the Public Finance Circular, No. 01/2014, dated 17 February 2014. Accordingly, there had been 03 key activities to be executed by the Department. The following deficiencies were observed with the Action Plan prepared for achieving the results expected by the Department.

- a) Information relating to the organizational structure, approved cadre, and actual cadre of the Department had not been included in the Action Plan updated for the year under review.
- b) The Department had not prepared an Action Plan for collecting revenue with respect to each Revenue Code.

2.1.2 Failure in the Execution of Activities

a) Delays in the implementation of projects

The following delays in the implementation of projects were observed with the Department.

Project	Estimated Cost	Date of Commencement	Scheduled Date of Completion	Expenditure as at 31 December 2017	Reasons for Delay
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	Rs. Million			Rs. Million	
Construction of a new building for the Attorney General's Department	1,182.00	2015.12.08	2019.04.11	402.75	Award of contract had been delayed as the Procurement Committees had been changed, and constructions had been delayed due to rain. As such, the constructions could not be carried out as scheduled.
Construction of official residences for the State Counsels (Vavuniya, Mannar, Kurunegala, Kandy)	106.00	2015.06.15	2017.12.31 2019.04.11 (Revised)	36.49	The limited physical and human resources belonging to the Department had not been adequate enough to be used in the construction of 04 official residences located in 04 different places. As such, the construction of official residences for State Counsels in Kandy and Kurunegala could not be completed within this year.

2.2 Assets Management

Annual Board of Survey

The annual Board of Survey should have been conducted for the year 2017 in terms of Public Finance Circular, No. 05/2016, dated 31 March 2016, and the reports thereof should have been presented to the Auditor General before 17 March 2018 in terms of

Section 3.1.6 of the Circular. However, the Department had not presented those reports to the Auditor General even up to 03 September 2018.

2.3 Utilization of Provision Made by Parliament for the Execution of Duties

Information relating to the utilization and saving of provisions made for the Department during the 05 year period ended as at 31 December 2017, and the audit observations thereon, are as follows.

<u>Year</u>	<u>Type of Expenditure</u>	<u>Net Provision</u> Rs. Million	<u>Utilization</u> Rs. Million	<u>Saving</u> Rs. Million	<u>Saving as a Percentage of the Net Provision</u>
2013	Recurrent	450.8	450.7	0.1	0.0
	Capital	32.3	32.0	0.3	1.1
	Total	483.7	482.6	0.4	0.1
2014	Recurrent	496.7	496.3	0.4	0.1
	Capital	38.3	38.2	0.1	0.3
	Total	535.0	534.5	0.5	0.1
2015	Recurrent	657.6	655.1	2.5	0.4
	Capital	610.5	91.1	519.4	85.1
	Total	1268.1	746.2	521.9	41.2
2016	Recurrent	671.1	657.4	13.7	2.0
	Capital	606.3	286.6	319.7	52.7
	Total	1277.4	944.0	333.4	26.1
2017	Recurrent	724.9	708.8	16.1	2.2
	Capital	635.0	235.0	400.0	63.0
	Total	1359.9	943.8	416.1	30.6

The following observations are made relating to the year under review.

(i) Non-utilization of provision made

The net provision of Rs. 5,865,000 made for an Object had totally been saved without being utilized.

(ii) Over Provisioning

As 06 Objects had been over-provisioned, the saving after utilization ranged between 12 per cent and 80 per cent of the net provision relating to those Objects.

2.4 Estimated and Actual Revenue

The Department had estimated revenue totalling Rs. 40 million for the year 2017 in respect of the Revenue Code - 20.03.02.11 whereas a revenue totalling Rs. 32.4 million had been collected in the year under review indicating 81 per cent of the estimated revenue. Particulars are as follows.

(a) Revenue Code – 20.03.02.11, Revenue from Legal Fees of the Corporations and Statutory Boards

The following deficiency was observed.

According to the Revenue Account made available to audit, revenue totalling Rs. 221.60 million had remained due over a period ranging from 01 to 10 years. The Department had failed to recover the outstanding revenue.

2.5 Advances to Public Officers Account

Limits Authorized by Parliament

The actual values and limits authorized by Parliament for the Advances to Public Officers Account under Item Code 229 relating to the Department, are as follows.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
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Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
23.00	21.79	14.00	16.68	80.00	49.01

The following observations are made in that connection.

(a) Failure to Recover the Outstanding Loan Balances

According to the reconciliation statement made available to audit, the total of the balances in arrears as at that date amounted to Rs. 1,581,316 excluding the loan balances of the officers transferred out. Even though the said balances had remained outstanding over periods of 04 – 14 years, the Department had failed to recover them.

(b) An Advance Control Account should have been maintained by the Department in terms of Section 05 of the Public Accounts Circular, No. 256/2017, dated 05 July 2017. Nevertheless, such an account had not been maintained by the Department.

2.6 Audit and Management Committee

The Audit and Management Committee had been established, and 04 sessions of meeting should have been held one each for quarter by the end of the year under review, but only 02 meetings had been held.

2.7 Human Resource Management

2.7.1 Attached Cadre, Actual Cadre, and Expenditure on Personnel Emoluments

Approved cadre, actual cadre, and vacancies as at 31 December 2017 in regard to the execution of duties mentioned in Paragraph 2.1 above, are given below. The Department had spent a sum of Rs. 452,265,951 on personnel emoluments for the year under review.

Category of Employee	Approved Cadre	Actual Cadre	No. of Vacancies
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(i.) Senior Level	503	207	296
(ii.) Tertiary Level	13	10	3
(iii.) Secondary Level	297	118	179
(iv.) Primary Level	407	224	183
Total	<u>1220</u>	<u>559</u>	<u>661</u>

The following observations are made in that connection.

(a) Vacancies in the Staff

As for the senior and tertiary level staff directly involved in the execution of functions based on the vision relating to the objectives for pioneering the process of productive response and ensuring justice for all the people in Sri Lanka, the approved and actual number of cadre as at 31 December 2017 had been 516 and 217 respectively, thus indicating 299 vacancies. That indicated 58 per cent of the approved cadre. That matter had direct impact on the performance of the Department, and hence, it was observed that action be taken to fill such vacancies by identifying the staff necessary for the smooth operation of the Department.

(b) Training the Staff

Despite the requirement of providing training constantly for the staff, the following matters were observed relating to the training of the staff of the Department.

- (i) The utilization, and saving of provision made for training activities during the 05 preceding years, are as follows.

Year	Net Provision	Utilization	Saving	Percentage of the Saving
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	Rs.	Rs.	Rs.	
2013	8,000,000	8,000,000	-	-
2014	19,000,000	18,914,468	85,532	0.5
2015	34,500,000	19,175,350	15,324,650	44
2016	16,000,000	14,063,237	1,936,763	12
2017	<u>41,500,000</u>	<u>38,614,109</u>	<u>2,885,891</u>	<u>7</u>
	<u>119,000,000</u>	<u>98,767,164</u>	<u>20,232,836</u>	<u>17</u>

- (ii) The total cadre of the Department had been 559, but 469 of them had not undergone any sort of training indicating 84 per cent of the entire staff. However, 93 per cent of the net provision made for training in the year under review had been utilized on 90 employees of the staff equivalent to 15 per cent.

2.8 Securities of the Government Officers

Four officers who should have furnished securities in terms of Financial Regulation 880, had been employed, but the Department had not taken action accordingly.