

## **Report of the Auditor General on Head 235- Department of Law Commission- Year 2017**

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The Appropriation Account and the Reconciliation Statement under the Head and the Item Number mentioned in the First Schedule and the Third Schedule of the Appropriation Act No.24 of 2016 as amended by the Appropriation (Amendment) Act No.32 of 2017 was furnished to audit by the National Education Commission. The financial and physical performance indicated by those Accounts and Reconciliation Statements is 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 on Financial**

#### **Management and Accountability**

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Earning state money and collecting money receivable to the Government and also, the general supervision on monitoring all financial activities of the Government is entrusted to the Minister of Finance in terms of the Financial Regulation 124 of Financial Regulations of the Democratic Socialist Republic of Sri Lanka. The Chief Accounting Officers are appointed in terms of the Financial Regulation 124(2) to fulfill that responsibility by the Minister of Finance. The Head of the Department is the Accounting Officer on all monetary transactions of his Department and the Income Accounting Officer is appointed by the Treasury. The responsibility also includes planning, implementation and the maintenance of the internal control relevant to the maintenance, preparation and fair presentation of the Accounts and Reconciliation Statements furnished by fulfilling its functions within the scope determined by the Parliament in compliance with Articles 148,149,150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Government Financial Regulations and with Administrative Regulations.

### **1.3 Scope of Audit**

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The audit of Head 235 Department of Law Commission for the year ended 31 December 2017 carried out on planning relating to the financial and physical performance, management of state expenditure, state revenue, human and physical resources, deployment of internal control provisions, compliance with laws, rules and regulations and maintaining and updating books, registers, records and reconciliation statements, preparing and furnishing Accounts timely, issuing Performance Reports to the relevant parties based on the Performance Index 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 Acting Secretary to the Department on 31 August 2018. The audit observations, comments and findings on the accounts and reconciliation statements were based on a review of the 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

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Audit observations revealed in the audit carried out in the Department of Law Commission for the year ended 31 December 2017 are mentioned in details in the Management Audit Report mentioned in the Paragraph 1.3 above. The material and significant audit observations out of those observations are mentioned from paragraph 2.1 to paragraph 2.6 of this Report. It was observed that he has fulfilled his accountability as the Chief Accounting Officer under the audit observations summarized and stated in the Note given below revealed in fulfilling the provisions stated in the Financial Regulation 128 of Financial Regulations of the Democratic Socialist Republic of Sri Lanka, confirming the sufficiency of financial administration.

Accountability of the Accounting Officer in terms of the Financial Regulation 128(1)	Non- compliance to those provisions by the Accounting Officer	Reference to the paragraph in the Report in which the Observation is included
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Financial  
Regulation

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128(1)(a)	That the activities of the Department are implemented by planning with discretion by considering the challenges of the Department in making available financial provisions for the policy prescribed and stated by the Government and the authorized activities and stating the effort to complete the prescribed programme for the relevant year and/or to achieve the prescribed target.	<ol style="list-style-type: none"> <li>1. Not preparing the Action Plan accurately.</li> <li>2. Deficiencies in implementing the Procurement Process.</li> </ol>	<p>2.1.2</p> <p>2.2</p>
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128(1)(c)	That Financial Regulations and other Supplementary Orders are being followed in his Department and Departmental Orders are being issued in addition, in necessary instances.	Non- compliances.	2.4
128(1)(u)	That, securities are being held as per the law valid at that time and as per the Orders by the Officers who are bound to hold securities.	Deficiencies in obtaining securities from the relevant Officers.	2.4.1(b)

## 2. Material and Significant Audit Observations

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### 2.1 Performance

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#### 2.1.1 The Vision of the Department is to reform laws for Good Governance and 11 main objectives

and functions of the Department had been stated according to the Performance Report of the year 2017. however, 08 proposals for the relevant law amendments only for several key functions out of it had been furnished to the Department in the year under review and two Recommendations out of it had been referred to the Legal Draftsman and 01 Recommendation had been referred to the Prime Minister's Office for translating into Draft Language and the number of Legal Recommendations which remain at the discussion level further without its activities being completed had been 05.

#### 2.1.2 Planning

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The following observations are made.

- (a) The Action Plan had not been prepared in a manner that the intended key functions could be executed.
- (b) Details on the Organizational Structure, the Approved Cadre and the Staff currently employed in service of the Institution updated for the year under review had not been included into the Action Plan.

## 2.2 Procurement Plan

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A person with knowledge of computers on financial matters had not been appointed in terms of the Guideline 2.8.4 of the Government Procurement Guidelines, to the Technical Evaluation Committee appointed for purchasing computer software and accessories valued at Rs.245,900 to the Department.

## 2.3 Utilization of Provision made available by the Parliament for the execution of Functions

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Details on the Capital Provision made available to the Commission, utilization and savings within 05 years from the year ended 31 December 2017 and the audit observations in this connection appear below.

Year	Type of Expenditure	Net Provision ----- Rs.Millions	Utilization ----- Rs.Millions	Saving ----- Rs.Millions	Saving as a percentage of the Net Provision -----
2013	Recurrent	13.80	11.54	2.26	16
	Capital	2.50	2.18	0.32	13
	<b>Total</b>	<b>16.30</b>	<b>13.72</b>	<b>2.58</b>	<b>16</b>
2014	Recurrent	13.95	10.82	3.13	22
	Capital	1.75	0.93	0.82	47
	<b>Total</b>	<b>15.70</b>	<b>11.75</b>	<b>3.95</b>	<b>25</b>
2015	Recurrent	15.00	10.16	4.84	32
	Capital	2.00	1.13	0.87	43
	<b>Total</b>	<b>17.00</b>	<b>11.29</b>	<b>5.71</b>	<b>34</b>
2016	Recurrent	14.63	12.14	2.49	17
	Capital	2.03	1.43	0.60	29
	<b>Total</b>	<b>16.66</b>	<b>13.57</b>	<b>3.09</b>	<b>19</b>
2017	Recurrent	15.34	14.78	0.56	4
	Capital	1.95	1.73	0.22	11
	<b>Total</b>	<b>17.29</b>	<b>16.51</b>	<b>0.78</b>	<b>4</b>

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

## **Failure to utilize the provisions made**

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(a) The entire provision amounting to Rs.100,000 made available for an Object had been saved.

### **(b) Allocation of Over- provisions**

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The saving was ranging from 07 per cent to 38 per cent of the Net Provision relating to those Objects after utilization of provisions due to making over- provisions for 03 Objects.

## **2.4 Non- compliances**

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### **2.4.1 Non- compliance with laws, rules and regulations**

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Instances of non- compliance to the provisions of laws, rules and regulations observed in audit test checks are analyzed and given below.

#### **Reference to laws, rules and regulations**

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#### **Non- compliance**

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##### **(a) Establishments Code of the Democratic Socialist Republic of Sri Lanka**

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Section 13.3 of Chapter II of the Establishments Code.

An acting appointment should be made only as a temporary remedy until a permanent appointment is made. Even though it had been stated that a permanent appointment should be made without a delay in the instance where the service of a full-time Officer to the post is necessary, the post of the Secretary remains vacant from December 2015 and a permanent appointment relating thereto had not been made.

##### **(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka**

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###### **(i) Financial Regulation 880**

Even though there are 07 Officers of whom securities should be held who are in- charge of money, cheques and goods, securities had not been held in terms of Financial Regulations.

(ii) Financial Regulation 1653 The Officer who used the motor vehicles had been initialized in the instances where the mileage had not been stated in daily running charts of 02 motor vehicles belonging to the Department.

(iii) Financial Regulations 1645 Monthly summaries on the tours of the year 2017 had not been completed in the Log Books relating to 03 pool motor vehicles belonging to the Department.

(c) **Public Administration Circulars**

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Paragraph 3.3 of the Public Administration Circular No.30/2016 of 29 December 2016

A Fuel Charts Register had not been maintained relating to motor vehicles.

## 2.5 Internal Audit

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It had been emphasized by the Financial Regulation 133 that Internal Audit Units should be established in their Departments for the execution of their duties and responsibilities stated in the Financial Regulation 128 in their Departments by the Accounting Officers. However, the internal audit activities of the Department should have to be carried out by the Internal Audit Unit of the Ministry. Even though the internal audit activities relating to the activities of the Department had been included into the Ministerial Audit Programme in terms of the Financial Regulation 134(2), any audit function whatsoever had not been executed.

## 2.6 Human Resources Management

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### **Attached Cadre, Actual Cadre and the Expenditure for Personnel Salaries**

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Details on the approved cadre, actual cadre and the vacant cadre as at 31 December 2017 appear below. A sum of Rs.9,411,650 had been spent by the Department for Personnel Salaries.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i) Senior Level	06	04	02
(ii) Tertiary Level	01	01	-
(iii) Secondary Level	15	06	09
(iv) Primary Level	07	07	-
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<b>Total</b>	<b>29</b>	<b>18</b>	<b>11</b>
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The following observation is made.

The Institution had failed to fill 11 vacancies by the end of the year under review. It was observed in the audit that 02 posts in the Senior Level (Secretary and Deputy Secretary) and 09 posts in the Secondary Level (Accounts Assistant 01, Development Officer 02, Management Assistant 05, 01 post of Typist) being vacant had made a direct effect towards the performance of the Department.