

## **Head 233- Department of Government Analyst Auditor General's Report - 2017**

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The Appropriation Account and the Reconciliation Statements under the Head and the Subject Code mentioned in the First and Third Schedules of the Appropriation Act No.24 of 2016 amended by the Appropriation (Amended) Act No. 32 of 2017 had been presented to audit by the Department of Government Analyst. The Audit of the Financial and Physical performance reflected by the said Accounts and Reconciliation Statements was carried out in pursuance of provisions in 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 the Financial Management and Accountability**

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According to the Financial Regulation 124 of the Financial Regulation of the Democratic Socialist Republic of Sri Lanka, Generating of State Revenue and Collecting of Sums Receivable to the Government and the General Check on the Supervision of all activities of the State Funds were assigned to the Minister of Finance. As per the Financial Regulation 124 (2), Chief Accounting Officers were appointed by the Minister of Finance to accomplish the said responsibility. In accordance with the Financial Regulation 125 (1) (a), the Head of the Department is the Accounting Officer of the all money transactions of his Department and Revenue Accounting Officer had been appointed by the Treasury. This responsibility is included planning, implementing and conducting the internal controls relating to maintain, prepare and fair presentation of Accounts and Reconciliation Statements presented after performing their duties within the limitations enacted by the Parliament in accordance with article 148,149,150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Regulations, Government Financial Regulations and Administration Regulations.

### **1.3 Scope of Audit**

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The audit of the Department of Government Analyst Head 233 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 Government Analyst on 12 October 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 test of samples of transactions. The scope and extent of such review and tests were such as to enable as wide audit coverage as possible within the limitations of staff, other resources and time available to me.

### **1.4 Audit Observations**

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The audit observations of the Department of Government Analyst for the year ended 31 December 2017 revealed in audit appear in 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 2.12 of this report. It was observed that accountability as the Chief Accounting Officer had been satisfactorily executed to ensure the adequacy of the Financial administration subject to the following summarized audit observation revealed in the execution of the provisions of the Financial regulation 128 of the Financial Regulations of the Democratic Socialist Republic Of Sri Lanka.

Financial Regulation 128 (1) Accountability of Chief Accounting Officer	Non-compliance with the Direction of the Chief Accounting Officer	Reference to the paragraphs of the report of which the observation included
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Financial  
 Regulations

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128 (1) (a)	The work of his Department is planned and carried out with due dispatch having regard to the policy laid down by the Government and the intention of parliament in granting him financial provisions for the activities authorized and that an endeavor is made to complete the programme of work laid down for the year and/or to attain the targets specified.	Realistic Budgeted Estimates not being prepared	2.4
128 (1) (c)	The Financial Regulations and other supplementary instructions of the Government are adhered to in his department and that they are supplemented by departmental instructions , where necessary	1. Registers and books not being maintained 2. Non compliance	2.6 2.7
128 (1) (e)	Adequate and proper arrangements are made for the safe custody and preservation of money, stores equipment and other assets	Deficiencies in assets management	2.3

belonged 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.

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	The Annual Performance Report not being prepared.	2.1 (b)
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	Outstanding balances of Advance to Public Officers Account being recovered.	2.5
128 (1) (n)	Officers liable to provide security do so in terms of the law and instructions in force	Deficiencies in obtaining securities.	2.12
128 (1) (o)	The procedure laid down in Financial Regulations 103 to 108 is adhered to in case of losses to Government by the delays, negligence, faults or frauds on the part of officers/ employees and surcharges are imposed on officers/employees responsible for such losses in terms of F.R. 156 (1) (He is responsible for taking (adequate steps)	Losses and Damages	2.3

## 2. Material and Significant Audit observations

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### 2.1 Performance

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#### Delays in fulfillment of Activities

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(a) According to the Annual Performance Report of the Ministry of Justice and Prison Reform for the year 2017, the progress of the performance of the key functions of the Ministry are given below.

Division	Number of cases remained as at 01.01.2017	Number of cases received during year under review	Number of cases reported during the year under review	Number of cases not reported as at 31.12.2017
Narcotic and psychotropic Substances	1210	10,782	10,508	1,484
Fire arms and ammunition	392	380	492	280
Explosive and fire	195	422	464	153
Forensic toxicology	1,033	2,469	2,196	1,306
Forensic serology	1,577	1,602	1,180	1,999
Questioned documents	301	887	721	467
Cyber Crime	-	467	256	211
Forensic Miscellaneous	149	453	398	204
Head office ( liquor)	50	2,152	2,182	20
Tobacco and alcohol	03	2,214	2,188	29
Kurunagala ( liquor)	0	2,191	2,191	0
Food samples under the food Act	31	6,766	6,784	13
Miscellaneous food	03	1,603	1,604	02

Total	4,944	32,388	31,164	6,168
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The number of cases of which the reports had not been presented as at the end of the year under review was 6,168 and it had consisted with 21 cases more than 10 years and 310 cases between 05 - 10 years. Further number of cases took time 1 to 5 years was 1,190 and 4,647 cases had remained in a period less than 01 year.

(b) According the Public Finance Circular No.402 dated 12 September 2002, Annual Performance Report should be tabled in the Parliament within 150 days after the close of the financial year. However the said report had not been tabled in the parliament up to 05 October 2018.

## 2.2 Assets Management

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The following deficiencies were observed in the sample audit tests carried out in respect of assets belonged to the Department.

- (a) Although the annual board of survey for the year 2017 had been carried out and the report had been submitted to the Auditor General on 14 March 2018, the said report had not been submitted in accordance with paragraph 3.1 of the Public Finance Circular No.05/2016 dated 31 March 2016.
- (b) A motor vehicle belonged to the Department of Development Finance had been handed over to the Department on 28 June 2015 and it had been entered in to the Inventory. Nevertheless according to the Registration Certificate of the vehicle, there was a loan obtained from the Bank of Ceylon on 23 November 2011. Hence the said vehicle had not been transferred legally.

## 2.3 Losses and Damages

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The observations made in sample audit tests are given below.

A sum of Rs. 2,229,111 had been shown under the statement of losses being held to be writing off-Waived off on receivable so far of the DGSA - 7 of the Appropriation Account as the loss occurred due to the fire on 14 February 2003 in the Department of Government Analyst. The Director/ Criminal Investigation had informed by his letter dated 03 December 2009 that an accurate report under the Financial Regulation 104 (4) relating to the loss to be submitted before 15 December 2009 for the investigation carried out by the Department of Criminal Investigation in connection with this fire. However evidence had not been made available to audit that actions had been taken accordingly.

Therefore it was observed in audit that even though a period more than 15 years had lapsed actions had not been taken to recover/write off or waive off

## 2.4 Utilization of Provisions made by the Parliament to accomplish Duties

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Details relating to the provisions made to the Department, utilization and savings for the period of 5 years ended as at 31 December 2017 and the audit observations in this regard are given below.

Year	Expenditure Category	Net Provision	Utilization	Savings	Savings as a percentage of Net Provision
		Rs.Million	Rs. Million	Rs.Million	%
2013	Recurrent	135.36	134.03	1.33	1
	Capital	237.19	201.54	35.65	15
	<b>Total</b>	<b>372.55</b>	<b>335.57</b>	<b>36.98</b>	<b>10</b>
2014	Recurrent	182.81	174.37	8.44	5
	Capital	118.67	87.48	31.18	26
	<b>Total</b>	<b>301.48</b>	<b>261.85</b>	<b>39.62</b>	<b>13</b>
2015	Recurrent	224.80	210.06	14.74	7

	Capital	290.50	162.62	127.88	44
	<b>Total</b>	515.30	372.68	142.62	28
2016	Recurrent	248.25	244.65	3.60	1
	Capital	412.25	365.69	46.55	11
	<b>Total</b>	660.50	610.34	50.15	8
2017	Recurrent	267.22	250.81	16.41	6
	Capital	108.26	103.08	5.17	5
	<b>Total</b>	375.48	353.89	21.58	6

The following observations are made.

Commitments of Rs.7,153,867 had been made exceeding the provision of one recurrent expenditure code and two capital expenditure codes which had not been taken under the annual recurrent services or supplies as per the Financial Regulation 94(2).

## 2.5 Advances to Public Officers Account

Limitations imposed by the Parliament for the Advances to Public Officers Account under the Subject Code 23301 relating to the Department and the actual values are given below.

Expenditure		Receiving		Debit Balance	
Maximum	Actual	Minimum	Actual	Maximum	Actual
Limit		Limit		Limit	
Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
8.00	7.33	5.50	5.89	35.00	19.54



The following observations are made in this regard

**Non-recovering of outstanding loan balances**  
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According to the Reconciliation Statement presented to audit, even a period more than 10 years had lapsed, an outstanding balance of Rs. 18,754 as at 31 December 2017 receivable from a female officer who had interdicted in the 2007 had not been recovered.

**2.6 Registers and books not being maintained**  
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The losses and damages register had not been updated as per the Financial Regulation 110.

**2.7 Non-compliance with laws rules and regulations**  
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According to the paragraph 3.1 of the Instructions Circular of the National Library and Documentary Services Board No. 2004/ලුස/01 dated 26 January 2004, the stock verification for the years 2015 and 2016 had not been carried out up to 14 December 2017 the date of audit. The report of the verification of library books for the year 2014 had been presented on 23 May 2016 and accordingly 831 disposable books and 37 reparable books had been identified. However any action had not been taken in this regard even up to 14 December 2017 the date of audit.

**2.8 Internal Audit**  
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According to the letter sent by the Department of Management Services No.DMS/1103/VII dated 01 September 2016, a post of internal auditor of Grade III/II of the Sri Lanka Accountancy Service had been approved for installing an internal audit unit in the Department. However the said post was vacant even up to the end of the year under review and an internal audit unit had not been installed in the Department.

## 2.9 Audit and Management Committee

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The audit and management committees had been established under the Ministry of Justice and Prison Reform for the Department. According to the Management Audit Circular No.DMA/2009/(I) (i) dated 28 January 2016, even though at least 4 meetings should be held as per one meeting per quarter, only 2 meetings had been held as 13 September 2017 for the first quarter and 28 November 2017 for the second quarter.

## 2.10 Human Resources Management

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### Approved Cadre, actual Cadre and expenses for personal emoluments

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Details relating to the approved cadre, actual cadre, vacancies and surplus of the staff as at 31 December 2017 are given below. A sum of Rs. 130.84 Million had been incurred by the Department for the expenditure code of personal emoluments for the year under review.

	Employees Category	Approve cadre	Actual Cadre	Vacancies
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(i)	Senior Level	101	82	19
(ii)	Tertiary Level	10	01	09
(iii)	Secondary Level	118	80	38
(iv)	Primary Level	78	68	10
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	Total	<u>307</u>	<u>231</u>	<u>76</u>

The following observations are made in this regard

Out of the said vacancies 28 vacancies of the following posts had directly been affected to the performance of the Department.

Post	Approve cadre	Actual Cadre	Number of Vacancies
Additional Government Analyst (Special Grade)	02	-	02
Deputy Government Analyst	05	02	03
Senior Assistant Government Analyst	76	65	11
Quality Manager	01	-	01
Lab Assistance Service (supra grade)	05	01	04
Lab Sub Assistance	12	05	07
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	101	73	28
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Scientific examinations had been carried out under 13 sections in this Department and out of that recommendations and reports 30,000 approximately had been issued annually to various institutions. Vacancies of 09 posts of Technical Assistance and 19 posts of State Management Assistance Service had been affected directly to get typed those reports and to present in a higher standard reports.

## 2.11 Trainings to the Staff

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The actual cadre of the Department as at the end of the year under review was 231 and out of that 46 number of staff had trained locally and 05 numbers had got overseas training whilst 04 numbers had got both local and overseas training. Accordingly out of 231 number of actual cadre only 51 had got local or foreign training and 180 officers had not trained in any way.

## 2.12 Security of Public Officers

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As per the Financial Regulations 880 (I), officers who are administratively responsible for or who under delegation are entrusted with the receipt or custody of public money, revenue stamps or stores, or the disbursement of public money or the issue of stamps or stores and those who certify vouchers or sign cheques on Government Account should be required to

give security in accordance with the Public Officers ( Security) Ordinance ( Cap.612 ) for the faithful discharge of their duties. However actions had not been taken accordingly by the Department in respect of 13 officers.