

Head 18 - Report of the Auditor General of the Office of the Chief Government Whip of Parliament – Year 2017

The Appropriation Account and a Reconciliation Statement under Head and Item Number 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 Office of the Chief Government Whip of Parliament. The financial and physical performance reflected from those accounts and the reconciliation statements were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

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

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. The Minister of Finance appoints the Chief Accounting Officers to discharge above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all financial transactions of his Department in terms of Financial Regulation 125(1)(a) and the Revenue Accounting Officer has been appointed by the Treasury. 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 Article 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 Office of the Chief Government Whip of Parliament – Head 18 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 applying of internal control systems, compliance with laws, rules and regulations and maintenance of updated books, registers, records and reconciliation statements, 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 Secretary of the Office on 27 August 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 Office of the Chief Government Whip of Parliament for the year ended 31 December 2017 revealed in audit appear in Management Audit Report 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 2.7 of this report. It was observed that the accountability as the Chief Accounting Officer has been executed, to ensure the adequacy of the financial control satisfactorily subjected to the following summarized audit observations revealed in the execution of the provisions of the Financial Regulations 127 of the Democratic Socialist Republic of Sri Lanka

Accountability of the Chief Accounting Officer in terms of Financial Regulation 127	Non-compliance with that Provision by the Chief Accounting Officer	Reference to the Paragraph included Observation
Financial Regulation		
127 (1)(a)	Has planned the financial works of the Department so that the business transacted with correctness and financial propriety. (the business must be transacted in accordance not merely with financial and Department orders but also with the high standards or intergrity expected in the transaction of public business)	1. Not prepared action plan correctly. 2.1.1 2. Not planned procurement activities properly. 2.2 3. Not maintained books and registers 2.5
127(1)(b)	Has evolved a system which provides adequate controls over expenditure and the collection of revenues.	1. Non compliance. 2.6 2. Deficiencies in Human Resources Management. 2.7
127(2)	That existing items of expenditure, as well as proposals for new or increased expenditure in the departments under his control, are closely examined in the Ministry from the points of view of economy and efficiency.	Deficiencies in implementation of the procurement process. 2.2.4
127(7)	The procedure laid down in Financial Regulations 103 to 108 is followed by the Accounting Officers, in case of losses caused to government by	Losses and impairments. 2.3

the delays, negligence, fault or fraud on the part of officers/ employees and surcharges are imposed on the officers/ employees responsible for such losses in terms of Financial Regulation 156(1). It is also a duty of the Chief Accounting Officer to appear before the committee on Public Accounts and to assist it along with his Accounting Officer in explaining and justifying the accounts of the Department for which he is responsible.

2. Material and Significant Audit Observations

2.1 Performance

32 draft bills and proposals had been tabled and approved in parliament and 18 government group meeting had been conducted during the year under review.

2.1.1 Planning

In terms of Public Finance Circular No.01/2014 of 17 February 2014, action plan had been prepared for the year 2017. As such, 15 main functions had been identified to perform during the year under review by the office and the following weakness had been observed in the action plan prepared to achieve expected outcome.

- a) The activity plan implementing time line, and expecting outcome had not been estimated and shown based on the priority of the annual budget for the year under review.
- b) Imprest requirement plan for the annual activities had not been prepared.

2.2 Supplies and services through the Procurement Process

2.2.1 Procurement Planning

A sum of Rs.1,600,000 had been provided to get supplies and services through the procurement process to the office during the year under review and out of that a sum of Rs.1,473,519 had been utilized. The following observations are made with regards to the Procurement Plans to be prepared for the provision made available.

a) Master Procurement Plan

In terms of guideline 4.2.1 of the Government Procurement Guideline, the Master Procurement Plan including the envisaged procurement activities for 03 years period had not been prepared.

b) Annual Proposed Procurement Plan

In terms of guideline 4.2.1 of the Government Procurement Guideline, the Annual Proposed Procurement Plan had not been prepared in the given format.

c) Procurement Time Schedules should be prepared for the expected procurement activities of the procurement plan in accordance with the provisions in guidelines 4.2.2 and 4.2.3 of the Government Procurement Guidelines and the relevant formats prescribed in the Procurement Manual, but the Procurement Plan had been prepared without properly identifying the envisaged time framework of the each procurement activity.

d) Eventhough the Procurement Plan should be prepared in complying with the annual estimated provision, the annual estimated provision of Rs.1,000,000 provided for the annual requirement of stationery and office requisites had not been included to that plan.

2.2.2 Execution of Procurement Process

The following observations are made.

a) In terms of Guidelines 3.4.2(a), 5.3.10(a), 6.3.1(b) of the Government Procurement Guidelines, details such as the description and quantity of the goods, time and place of delivery, warranties, validity period of the bid submit, and all bids must be submitted only under sealed cover etc. had not been included in the bidding documents which had been sent to the suppliers relevant to the procurements total amounted to Rs.408,622.

b) Eventhough according to the guidelines 6.3.3 and 6.3.6 of the Government Procurement Guidelines the bids should be publicly opened, the proceeding of the bid opening to be recorded in the prescribed format, and those records should be signed by all members of the bid opening committee, the mentioned provisions had not been followed at the bids opening of procurements of goods done by the office amounted to Rs.408,622 and Bids Opening Committees and Evaluation Committees had not been appointed in this regards.

c) According to the provisions in the 7.11.1 of the Procurement Manual and the standardised formats, the bids evaluation reports should be prepared as soon as on the completion of bid evaluation process by the procurement entity but had not been done so.

2.3 Losses and Damages

The following observations are made with regards to the losses and damages revealed in the audit test checks.

Even though preliminary report in terms of General 283 form, final report in terms of General 284 form, and the application in terms of general 285 form for write off the losses from the books should be prepared in terms of provisions laid down in financial regulations 104 and 109 and should forwarded the Auditor Generals copy to the Auditor General, the copies of that reports had not been furnished to the Auditor General relevant to total losses of Rs.1,648,619.36 occurred in 04 vehicle accidents during the year under review.

2.4 Utilization of Provisions made by Parliament for the Accomplishments of Function

Information in respect of provisions made to the department during the 5 years ended 31 December 2017, utilization, savings and the audit observations thereon are given below.

Year	Expenditure type	Net Provision	Utilization	Savings	Savings as a Percentage of the Net Provision
		Rs.Million	Rs.Million	Rs.Million	Percentage
2013	Recurrent	33.75	33.63	0.12	0.4
	Capital	0.95	0.86	0.09	9.7
	Total	34.70	34.49	0.21	0.6
2014	Recurrent	36.75	34.23	2.52	6.9
	Capital	12.65	1.56	11.09	87.4
	Total	49.40	35.79	13.61	27.6
2015	Recurrent	38.45	38.01	0.44	1.1
	Capital	1.85	1.28	0.57	30.8
	Total	40.30	39.29	1.01	2.5
2016	Recurrent	42.15	41.80	0.35	0.8
	Capital	1.45	1.14	0.31	21.4
	Total	43.60	42.94	0.66	1.5

2017	Recurrent	61.19	60.47	0.72	1.2
	Capital	1.60	1.21	0.39	24.4
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	Total	62.79	61.68	1.11	1.8
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The following observations are made in respect of the year under review.

Made Over Provisions

 An over provision of Rs.1.77 million made to 04 capital expenditure objects and 02 recurrent expenditure objects and after utilization Rs.0.43 from the total provision relevant to those objects, Provisions ranging 14 per cent to 66 per cent was saved from the total net allocation.

2.5 Lack of maintenance of Books and Registers

 It was observed in the test check that the department had not maintained security register and registers had not been properly updated and maintained.

Type of Register	Relevant Regulation	Observation
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(a) Security register.	Financial Regulation 891(1)	Not maintained
(b) Fixed assets register	Treasury Circular No.842 of 19 December 1978.	Not updated and maintained
(c) Fixed assets register for Computer, accessories and software register	Treasury Circular No.IAI/2002/02 dated 28 November 2002.	Not updated and maintained
(d) Official telephone register	Chapter 26 of Financial Regulation 845(1)	Not updated and maintained
(e) Register for impairments	Financial Regulation 110	Not updated and maintained
(f) Inventory book	Financial Regulation 454(1)	Not updated and maintained
(g) Register for counterfoil books	Financial Regulation 341	Not updated and maintained

2.6 Non Compliance

2.6.1 Non-compliance with Laws, Rules and Regulations

 The Non-compliance with laws, rules and regulations were observed during the audit test

checks are analysed and mentioned below.

	Reference to Laws, Rules and Regulations	Value	Non-compliance
		Rs.	
2.7	(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka		
Human Resources Management	Financial Regulation 227	1,230,299	An expenditure which should be accounted under the object 1302 had been accounted under object 2002 and an expenditure which should be accounted under object 1003 had been accounted under object 1001.
	(b) Public Administration Circular.		
Approved Cadre, Actual Cadre and Expenditure on Personal Emoluments	A Paragraph 06 of Circular No.09/2009 of 16 April 2009, circular No.09/2009 (1) of 17 June 2009, and circular No.03/2017 of 19 April 2017.	3,314,964	Eventhough time is used as a basis for payment of allowances made outside regular duty hours the times should be confirmed through the finger scanners, a sum of Rs.3,314,964 had been paid as allowances contrary to the provisions.

Particulars on approved and actual cadre and the number of vacancies as at 31 December 2017 are given below. A sum of Rs.45,700,595 had been spent by the office for the year under review for the personnel emolument expenditure object.

Staff Category	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	04	04	-
(ii) Tertiary Level	05	05	-
(iii) Secondary Level	15	13	02
(iv) Primary Level	17	17	-
(v) Casual/Temporary/	01	-	01

Total	42	39	03
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The office was unable to identify required the staff for the smooth operation without affecting to the activities and fill 03 vacancies.