

Head 22 - Report of the Auditor General on the Office of the Parliamentary Commissioner for Administration – Year 2017

The Appropriation Account and the 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 Parliamentary Commissioner for Administration. The financial and physical performance reflected by the said 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 of the Chief 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 will be the Accounting Officer in respect of all the 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 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 Office of the Parliamentary Commissioner for Administration – Head 22 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 Parliamentary Commissioner for Administration on 14 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 Parliamentary Commissioner for Administration 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 those observations appear from paragraph 2.1 to 2.8 of this report. It was observed that the accountability as the Chief 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 127 of the Financial Regulations 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 of the report which included the Observation
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Financial Regulations

127(1)(a)	All financial work should be planned so as to ensure the business is transacted with correctness and financial propriety. (that is to say, the business must be transacted in accordance not merely with the financial and departmental orders but also with the high standards of integrity expected in the transaction of public business;)	1. The Action Plan had not been correctly prepared. 2. Inadequate planning of procurement activities 3. Non-maintenance of Registers and Books	2.1.1 2.4 2.6
127(1)(b)	A system which provides adequate controls over expenditure and the collection of revenue should be evolved.	1. Non-compliances 2. Shortcomings in Human Resources Management	2.7 2.8
127(2)	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 implementing the procurement process	2.4.1

127(4)	Appropriation Accounts are duly rendered by each of his Accounting Officers, and examined at the Ministry before he signs them and that important differences in the Estimates and the actual expenditure are critically investigated by him.	1.Non-presentation of annual performance reports 2.Incurring of commitments exceeding the annual budget limit	2..3 2.5(b)
127(5)	That, important variations between departmental Estimates and expenditure receive critical examination at the Ministry.	Overprovisions made	2.5(a)

2. Material and Significant Audit Observations

2.1 Performance

2.1.1 Planning

The Action Plan had been prepared for the year 2017 in terms of the Circular of the Department of Public Finance No.01/2014 of 17 February 2014. There had been 02 key functions to be performed by the Office and according to the priorities based on the annual budget relating to the year under review in the Action Plan prepared for achieving the expected results, the Activity Plan prepared, the time line implemented and the expected output/outcome of those activities had not been estimated and mentioned.

2.1.2 Non-performance of Functions

Progress reports had not been prepared in accordance with the Action Plan and as such, the progress could not be examined in accordance with the Action Plan.

2.2 Action taken on Complaints

The following observations are made.

- (a) The remaining number of complaints to be investigated and due to be reported as at 01 January 2017 stood at 457. The total number of complaints to be investigated in the year 2017 including the 1,380 complaints received to the Office in the year under review, stood at 1,837.
- (b) The number of complaints investigated and reported after inter-party investigations, had been 24.
- (c) The number of complaints referred to the relevant institution for taking necessary action, was 47.

- (d) The number of complaints for which taking future steps had been withheld after summoning reports by the relevant institution and the Department and informing thereon to the complainant, had been 318.
- (e) The number of complaints for which requests had been fulfilled after summoning reports, stood at 103. The number of complaints resolved without carrying out investigations, stood at 69.
- (f) The number of complaints completed roughly, stood at 660.
- (g) Six hundred and sixteen complaints had remained to be investigated and reported as at 31 December 2017.

2.3 Annual Performance Report

In terms of Circular No.402 dated 12 September 2002 of the Department of Public Finance, the performance report relating to the year under review should be tabled in Parliament by the Office within 150 days after the closure of the financial year. Nevertheless, the performance reports relating to the years 2016 and 2017 had not been tabled in Parliament even by 12 July 2018.

2.4 Planning of Procurements and Preliminary Stage

Provisions of Rs.1.9 million had been made to the Office for execution of supplies and services through the procurement process in the year under review and that amount had been utilized. The observations on the procurement plans which should be prepared in respect of the provision made, are as follows.

(a) Master Procurement Plan

The Master Procurement Plan which should be prepared in terms of Guideline 4.2.1 of the Government Procurement Guidelines, including the procurement activities envisaged at least for a period of 03 years, had not been prepared.

(b) Annual Proposed Procurement Plan

The Annual Proposed Procurement Plan had not been prepared in terms of Circular No.BD/360/3/101/1/1/P dated 24 March 2006 of the Ministry of Finance and Planning.

- (i) Even though the Procurement Plan should be prepared in accordance with the annual estimated provisions, the Procurement Plan had been prepared in the year under review exceeding the annual estimated provision by Rs.1,843,000.
- (ii) In terms of instructions mentioned in Guidelines 4.2.2 and 4.2.3 of the Government Procurement Guidelines and the formats relating thereto in the Procurement Manual, Procurement Time Schedules should be prepared for the procurement activities

envisaged by the Procurement Plan and the Procurement Plan had been prepared without specifically identifying the time frames in which each procurement activity is expected to be executed.

2.4.1 Implementation of the Procurement Process

The following observations are made.

- (a) According to the Procurement Plan, an Intercom Telephone Network had been planned to be installed in the Office under an estimated cost of Rs.100,000. A sum of Rs.319,221 had been spent and executed without calling for bids in terms of Guideline 3.4 of the Government Procurement Guidelines after appointing Procurement Committees therefor. The expected cost had exceeded by Rs.219,221.
- (b) Office equipment valued at Rs.219,857 had been purchased contrary to Guideline 1.3.2 of the Government Procurement Guidelines.
- (c) The cost of network of computers and management of files had been estimated at Rs.650,000 and included in the Procurement Plan. However, those functions had not been performed in the year under review.
- (d) In terms of Guidelines 3.4.2 (a), 5.3.10 (a) and 6.3.1 (b) of the Government Procurement Guidelines, matters such as description, quantity, time and place of delivery, warranties, bid validity period and that all bids must be submitted only under sealed cover, had not been included in the bidding documents sent to suppliers relating to procurements of goods totalling Rs.235,450. Moreover, in terms of Guidelines 6.3.3 and 6.3.6 Committees on Opening and Evaluation of Bids had not been appointed.
- (e) In terms of Guidelines 6.3.3 and 6.3.6 of the Government Procurement Guidelines, bids should be accepted only by registered post or personally delivered by an officer authorized by the Procurement Entity or by depositing in the sealed tender box. However, bids had not been accepted in such a manner.
- (f) In terms of provisions in Guideline Reference 7.11.1 of the Procurement Manual and use of standard forms, the Procurement Entity should prepare a bid evaluation report after the completion of the bid evaluation process. However, it had not been so done.

2.5 Utilization of Provisions made available by Parliament for Performance of Functions

Details on provisions made for the Office during a period of 05 years ended 31 December 2017, utilization and savings thereof and audit observations thereon appear below.

Year	Type of Expenditure	Net Provision	Utilization	Savings	Savings as a Percentage of Net Provisions
		Rs.Millions	Rs.Millions	Rs.Millions	
2013	Recurrent	8.66	8.61	0.05	0.58
	Capital	0.80	0.80	-	-
	Total	9.46	9.41	0.05	0.53
2014	Recurrent	10.48	9.11	1.37	13.07
	Capital	0.36	0.33	0.03	8.33
	Total	10.84	9.44	1.40	12.91
2015	Recurrent	13.64	11.83	1.81	13.2
	Capital	0.5	0.03	0.47	94.0
	Total	14.14	11.86	2.28	16.1
2016	Recurrent	15.70	15.59	0.11	0.70
	Capital	0.35	0.12	0.23	65.71
	Total	16.05	15.71	0.34	2.12
2017	Recurrent	24.68	22.92	1.76	7.1
	Capital	1.47	1.43	0.04	3.1
	Total	26.15	24.35	1.80	6.9

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

(a) Excess Provisions

Excess provisions totalling Rs.11.5 million had been made for 04 Objects and as such, the savings after the utilization of provisions totalling Rs.9.8 million, ranged between 14 per cent and 91 per cent of the net provisions relating to the respective Objects.

(b) Incurring of Commitments exceeding the Annual Budget Limit

Commitments had been incurred for Rs.51,933 exceeding provisions of Rs.467,106 made for one Object contrary to paragraph 02 (a) of State Accounts Circular No.255/2017 dated 27 April 2017.

2.6 Non-maintenance of Registers and Books

It was observed during the course of audit test checks that the Office had not maintained the following registers.

Type of Register -----	Relevant Regulation -----
Register of Fixed Assets on Computers, Accessories and Software	In terms of Treasury Circular No. IAI/2002/02 of 28 November 2002, a Register of Fixed Assets on Computers, Accessories and Software should be maintained.
Attendance Register of the Procurement Committee and Technical Evaluation Committees	In terms of Guideline 2.11.2 of the Government Procurement Guidelines, the Secretary to the Committee shall maintain a Register of Attendance.
Reports on Committee meetings	In terms of Guideline 2.11.3 (a) of the Government Procurement Guidelines, the proceedings of meetings of Procurement Committees should be maintained.
Bidding Documents	In terms of Guideline 5.2.1 of the Government Procurement Guidelines, Bidding Documents should be maintained.
Register on Advances	In terms of Financial Regulation 371, a Register on Advances should be maintained.

2.7 Non-compliances

2.7.1 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions in Laws, Rules and Regulations observed during the course of audit test checks are analysed and shown below.

Reference to Laws, Rules and Regulations -----	Value ----- Rs.	Non-compliance -----
Financial Regulations of the Democratic Socialist Republic of Sri Lanka -----		
(i) Financial Regulation 138 (4)	243,065	Expenditure on supplies and services had been certified without prior approval.
(ii) Financial Regulation 168	13,873,611	Receipts had not been issued for receipt of money.

2.8 Human Resources Management

2.8.1 Approved Cadre, Actual Cadre and Expenditure on Personal Emoluments

The position of the approved cadre, actual cadre and vacancies as at 31 December 2017 is as follows. The Office had spent a sum of Rs.9,444,390 for the Category of Personal Emoluments for the year under review.

	Category of Employees	Approved Cadre	Actual Cadre	Vacancies
(i)	Senior Level	01	01	-
(ii)	Tertiary Level	02	01	01
(iii)	Secondary Level	19	13	06
(iv)	Primary Level	09	05	04
(v)	Casual/Contract	01	-	01
Total		32	20	12

The following observations are made in this connection.

- The Office had failed even by the end of the year under review to fill 12 vacancies already identified and required for the smooth operation of the Office.
- The vacancy of Administration Officer (Complaints) not filled since many years, had not been filled even in the year 2017.

2.8.2 Training of the Staff

Out of the provisions of Rs.210,000 made for training purposes for the 5 preceding years, a sum of Rs.43,112 representing approximately 21 per cent of underutilization had been made.