

Head 9 - Report of the Auditor General on the Administrative Appeals Tribunal – 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 Administrative Appeals Tribunal. The financial and physical performance reflected by 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 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 Administrative Appeals Tribunal – Head 9 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 Chairman of the Commission on 08 June 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 Administrative Appeals Tribunal 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 2.5 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 Regulations 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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127(1)(a) That all financial activities should be planned so that the business is transacted with correctness and financial propriety.	Made excess provisions Training of the staff is not adequate.	2.4
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 point of view of economy and efficiency.	Failure to dispose the appeals received.	2.5 2.2
127(3) That all cases of doubt or difficulty are referred to him so that he may bring his own administrative experience and Judgement to bear on them,	Building rentals are paid exceeding the rent determined by the Government Valuer.	2.3

2. Material and Significant Audit Observations

2.1 Key Functions of the Tribunal

The Tribunal shall have the power to hear and determine any appeal preferred to it from any order or decision made by the Public Service Commission and the National Police Commission relating to Government Officers and Police Officers.

2.2 Failure to Dispose the Appeals Received

Seven hundred and forty six appeals should have been disposed at the beginning of the year 2017. Total appeals of 1161 including 415 appeals received in the year under review should have been disposed. However, out of that, only 208 appeals had been disposed. Accordingly, 948 appeals (except 05 appeals re-summoned) had been disposed at the end of the year. It was observed that failure to hear and finally dispose the appeals received within a definite time period due to un controlled practicable conditions arisen in the judicial procedure in hearing of appeals.

2.3 Payment of Building Rentals Exceeding the Rent Determined by the Government Valuer.

A building had been rented out for the execution of the activities of the Tribunal based on the payment of a monthly rent amounting to Rs.600,000 for the long period of 03 years from 01 June 2015. Even though inquires had been made from the Government Valuer relating to the rent payable for the above, the Government Valuer had not received the information on the rent payable by the Tribunal even by 05 May 2015. The approval of the Secretary to the President had given by the letter dated 06 May 2015 to rent out the building so as to able to base the assessed rent of the Government Valuer regarding the execution of the activities of the Tribunal as an urgent opportunity. The Government Valuer had informed on 12 January 2016 , that the monthly rent of that building as amounting to Rs.350,000. As a result of entered into agreements for a long period such as 3 years contrary to the conditions mentioned in the letter of the Secretary to the President , agreements had been entered into for the payment of monthly rent of Rs.600,000 per month exceeding the monthly rent of Rs.350,000 determined by the Government Valuer . As such, an excess rent of Rs.1,750,000 ,Rs,3,000,000, Rs.3,000,000 for the years 2015,2016 and 2017 respectively had been paid.

2.4 Utilization of the Provisions Provided by the Parliament for the Execution of the Duties.

The information of the provisions provided to the Tribunal within the period of 05 years at the end of 31 December 2017, and the utilization and savings are given below.

Year	Type of Expenditure	Net Provision	Utilization	Savings	Savings as a percentage of Net Provision
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		Rs.millions	Rs.millions	Rs.millions	
2013	Recurrent	17.07	13.57	3.50	20.50
	Capital	0.91	0.87	0.04	4.40
	Total	17.98	14.44	3.54	19.69
2014	Recurrent	16.62	14.62	2.00	12.03
	Capital	1.05	0.47	0.58	55.24
	Total	17.67	15.09	2.58	14.60
2015	Recurrent	23.13	22.92	0.21	0.91
	Capital	1.20	0.56	0.64	53.33
	Total	24.33	23.48	0.85	3.49
2016	Recurrent	22.20	21.19	1.01	4.55
	Capital	0.85	0.67	0.18	21.18
	Total	23.05	21.86	1.19	5.16
2017	Recurrent	23.50	23.04	0.46	1.96
	Capital	0.85	0.54	0.31	36.47
	Total	24.35	23.58	0.77	3.16

The following observations are made in this connection.

Making Over Provision

As a result of making over provision for two Objects in the year under review by the Tribunal, the savings after utilization of that provisions had been 100 per cent and 88 per cent of the net provision .

2.5 Human Resources Management

Approved Cadre, Actual Cadre and Expenditure incurred for the Personnel Emoluments

The details on the approved, actual and vacancies on the cadre as at 31 December 2017 for the execution of the duties mentioned in Paragraph 2.1 above are given below. A sum of Rs.10.80 million had been spent for the Object of personnel emoluments by the Tribunal for the year under review.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	02	02	-
(ii)	Tertiary Level	04	01	03
(iii)	Secondary Level	17	11	06
(iv)	Primary Level	08	07	01
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	Total	31	21	10
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The following observations are made in this connection.

Inadequate Training of the Staff

Even though necessity of regular training of the staff existed, attention in that connection had not been paid by the Tribunal. Even though provisions totalling Rs.290,000 had been made during the previous 05 years, out of that only a sum of Rs.13,500 had been utilized. Although provision of Rs.50,000 had been made in the year under review, only a sum of Rs.6,000 had been spent for the training of three officers.