

Head 192 - Report of Auditor General of the Ministry of Law and Order and Southern Development - 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 Account Act No. 24 of 2016 as amended by the Appropriation (Amendment) Act No. 32 of 2017 were presented to audit by the Ministry of Law and Order and Southern Development. The financial and physical performance reflected from the account and the reconciliation statement 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 the Head 192 - Ministry of Law and Order and Southern Development 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 to the Ministry on 08 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 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 Ministry of Law and Order and Southern Development for the year ended 31 December 2017 revealed in audit appear in Management Audit Report mentioned in paragraph 1. 3 above in detail. 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. The audit observations revealed in the execution of accountability as the Chief Accounting Officer in accordance with provisions of the Financial Regulation 127 of the Democratic Socialist Republic of Sri Lanka, to ensure the adequacy of the financial administration are summarized and shown in the undermentioned table

Accountability of the Chief Accounting Officer in terms of Financial Regulation 127	Non - compliance with that Provision made by the Chief Accounting Officer	Reference to the Paragraph included Observation
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Financial Regulation		

127 (1) (a)	All the financial work should be planned and to be confirmed as transacted with correctness and financial propriety.	Non-preparation of Budget Estimates in a realistic manner
127 (1) (b)	Be evolved a system which provides adequate controls over expenditure and the collection of revenues.	1. Management weaknesses 2. Deficiencies in Human Resources Management
127 (2)	The 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.	1. Abandonment of Projects without completion 2. Delays in performing Projects Not achieving the performance of Foreign Funded Projects
127 (6)	The collection of Revenue or other Government dues for which Accounting	Deficiencies appear in Public Officers' Advance Account

Officers are responsible is closely watched and examined by the Ministry.

2. Material and Significant Audit Observations

2.1 Performance

2.1.1 Not - achieving the Performance

(a) Not carrying out the Functions included in the Action Plan

The following activities had not been implemented by 31 December 2017.

- i.** The deployment of a 320 Battalion of Officers of the Sri Lanka Police and the Special Task Force for peace keeping duties in the State of Maldives.
- ii.** The programme to release the people depend on drugs from the provision of Rs. 100 million.
- iii.** It had been planned to construct a new housing complex at a cost of Rs. 388.14 million in the year 2016 for the Marital Officers of the Special Task Force considering as an urgent need with the objective of maintaining law and order in the Colombo and suburbs and engaging in speed work at other instances. However, although a sum of Rs. 67 million had been allocated for the year under review, the construction had not been commenced.
- iv.** A land in extent 16 acres belonging to the Sri Lanka Police located at Attidiya area had also been selected for the construction named the proposed Police University since 2014 as the Police and Criminal Justice University. However, preparation of the relevant Draft Bill and passed to establish the University had not been carried out even by the end of the year 2017.
- v.** The necessity of a Methodology for automatic fines to pay for offenses not brought to courts in the event of violations of road traffic laws by aiming to speed up recovery of vehicle fines, to increase amount of fines imposed on state revenue and to facilitate the payment of fines to public had been identified since 2014 . Although the project

was being pursued under state and private ownership, the automatic payment system had not yet been established even by 31 July 2018 .

(b) Not obtaining Expected Output Level

The following observations made in this regard.

- i. The provision made available for the year 2017 was Rs. 868.33 million to purchase vehicles and equipment for the United States Peace Keeping Duties. Although the procurement activities had been carried out under the 08 categories of necessary vehicles and basic equipment, only the payment of a sum of Rs. 8.17 million had been made during the year under review to purchase two generators under the 4th category .
- ii. The relevant Act for the establishment of the Southern Province Development Council had not been passed even by 31 July 2018 . However, Even though a sum of Rs. 120 million had been made available, for the Southern Province Development Council in the year under review, a sum of Rs. 52.08 had been utilized for the expenses of the Southern Province Interim Development Council, which was established according to the Paper of the Cabinet of Ministers.
- iii. Out of the provision amounted to Rs. 1,000 million made for 724 projects for the development of infrastructure facilities in the Southern Province during the year under review. a sum of 774.6 million had remained. Out of the projects which were not implemented, the provision amounted to Rs. 326 million allocated for the development of 09 roads in the Matara District using carpet had been included.

2.1.2 Achievement of Sustainable Development Goals

Sustainable Development Goals that need to be pursued with regard to the Agenda 2030, Goal 3 health and well-being and 16 - identified six targets under peace, justice and strong Institutions and the Sri Lanka Police had been named as the responsible Institution. Even though the indicators were being built up by using 2015 as the Base Year in the meantime, it had not been identified the required ground for regularizing related activities whilst reaching to Sustainable Development Goals.

2.2 Management Inefficiencies

The following observations made in this regard.

- (a) Due to the fact that the estimates prepared on unit rates not approved properly and on unit rates not related to the proposed work to be done a sum of Rs. 23,793,711 had been overpaid for 88 Road Development Projects implemented by the Ministry in the year 2016 to the Galle, Matara and Hambantota District Secretariats .
- (b) A sum of Rs. 1,378,839 or 70 per cent out of the contract value for the modernization with concrete blocks in two roads in the Weligama Divisional Secretariat under the Southern Development Project had been paid to the Contractor in December 2016 without laboratory test reports . According to laboratory reports obtained later on for that the concrete blocks used for these two roads, it had been confirmed that the concrete blocks found to be out of the prescribed compressibility. (30 N / mm)
- (c) A sum of Rs. 9,181,393 had been paid as works commencing advance in the year 2007 offering the contract for a sum Rs. 45,906,745 (with VAT) for the construction of an official housing scheme for Marital Officers of the Special Task Force. Due to the construction had been temporarily suspended and not restarted, actions had not been taken to recover the amount of Rs. 4,917,990 remained after deduction of the value of the works certified from the advance paid so far.
- (d) The amount of Rs. 4,150,000 received from the Republic of China on 26 November 2014 for the Sri Lanka Police for the welfare of those who were disabled at the time of their duties that had been remitted to the Treasury had not been utilized so far by for that purpose.

2.3 Utilization of Provision made by Parliament for the Execution of Activities

The Ministry of Law and Order had been commenced by the Gazette Extraordinary No. 1823/ 70 of 16 August 2013 . The particulars relating to the provision made to the Ministry and utilization and savings for the 04 years period ended 31 December 2017 and the audit observations in respect of that are given below.

Year	Category of Expenditure	Net Provision	Utilization	Savings	Savings as a percentage of Net Provision
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		Rs. Million	Rs. Million	Rs. Million	
2014	Recurrent	5,863.2	5,650.1	213.1	3.6
	Capital	463.0	359.4	103.6	22.4

	Total	6,326.2	6,009.5	316.7	5.0
2015	Recurrent	6,640.8	6,566.0	74.8	1.1
	Capital	979.9	704.1	275.8	28.1
	Total	7,620.7	7,270.1	350.6	4.6
2016	Recurrent	7,466.7	7,042.6	424.1	5.7
	Capital	1,971.4	1,005.9	965.5	49.0
	Total	9,438.1	8,048.5	1389.6	14.7
2017	Recurrent	7,493.4	7,403.6	89.8	1.2
	Capital	3,272.7	887.0	2,385.7	72.9
	Total	10,766.1	8,290.6	2,475.5	23.0

The following observations are made.

Appropriation Account

(I) Non – utilization of Provisions Made Available

The total net provision amounted to Rs. 125.4 million made available for 24 Objects had been totally saved without any utilization .

(II) Overprovisions Made Available

A total of Rs. 3,030 million had been made available for 23 Objects and since only the total of Rs. 707 million was utilized out of the provisions related to those Objects , the savings had ranged from 10 per cent to 91 per cent out of the net provisions made available.

(III) Provisions Made Available by Supplementary Estimates

Out of the total supplementary provisions amounted to Rs. 2,940 million for 08 Objects, a sum of Rs. 2,135 million had been saved. Percentage of those savings had ranged from 21 per cent to 100 per cent from the supplementary allocation obtained.

2.4 Advances to Public Officers' Account

Limits Authorized by Parliament

The limits authorized by the Parliament for the advances to Public Officers Account of the Ministry Item No. 19201 and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
100	82	75	100	230	111

The following observations are made in this regard.

(a) Non - recovery of outstanding loan balances

According to the Reconciliation Statement furnished to audit, excluding the loan balances of the officers who had station transferred the total of the balances remained outstanding as at that date was Rs. 2,015,762 and a sum of Rs. 1,332,808 out of that had been in outstanding even by 15 October 2018. Even though this outstanding balance had been existing from the period ranging 1 year to 14 years the Ministry had failed to recover the outstanding loan balances.

(b) Failure to Recover Property Loan

The total of loan receivable from two officers amounted to Rs. 5,258.22 million at the end of the year under review had exceeded 10 years. Actions had not been taken to recover the levy to the Government by auctioning such properties on the instructions of the Attorney General, in terms of the Budgetary Circular No. 118 of 11 October 2004.

2.5 Human Resources Management

2.5.1 Approved Cadre, Actual Cadre and expenditure for Personal Emoluments

The particulars in respect of the Approved Cadre, Actual Cadre and the Vacancies as at 31 December 2017 to execute the functions of the above Ministry are given below. The Ministry had incurred a sum of Rs. 5,258.22 million for the Object of personal emoluments for the year under review

(a) Staff of the Ministry of Law and Order and Southern Development

The cadre position of the Ministry as at 31 December 2017 was as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	18	17	01
(ii)	Tertiary Level	06	03	03
(iii)	Secondary Level	65	47	18
(iv)	Primary Level	34	29	05
	Total	<u>123</u>	<u>96</u>	<u>27</u>

(b) Staff of Police Special Task Force - Uniform Staff

The cadre position of the uniform staff as at 31 December 2017 was as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	68	46	22
(ii)	Tertiary Level	346	308	38
(iii)	Secondary Level	10,329	7,471	2,858
	Total	<u>10,743</u>	<u>7,825</u>	<u>2,918</u>

(i) The number of vacancies in the Uniform Staff of the Police Special Task Force were 2,918 . The number of vacancies in the posts of Police Constable were 2,331 and due to the fact that had been 33 per cent out of the approved number actions had not been taken to fill those vacancies identifying personnel required to carry on the functions of the Police Special Task Force.

(ii) There were 22 vacancies in the Senior Level of the Uniform Staff of the Police Special Task Force . Out of the 22 posts of Senior Superintendent of Police 05 posts and out of 45 posts of Assistant Superintendents of Police, 17 vacancies had remained.

(iii) The internal auditing activities had not been carried out due to the vacancy in the approved Internal Auditor post for the Police Special Task Force.

(c) Police Special Task Force - Civil Staff

 The cadre position of the civil staff as at 31 December 2017 was as follows.

	Category of Employees -----	Approved Cadre -----	Actual Cadre -----	Number of Vacancies -----
(i)	Senior Level	4	3	01
(ii)	Tertiary Level	-	-	-
(iii)	Secondary Level	65	34	31
(iv)	Primary Level	631	566	65
	Total	<u>700</u>	<u>603</u>	<u>97</u>

2.5.2 Human Resources that were Released to Other Parties irregularly

An officer had been released by the Ministry to the Presidential Secretariat and had been paid a sum of Rs.438,888 as his salary but had not been reimbursed.

2.5.3 Human Resources obtained from Other Parties Irregularly

Twenty eight officers from other institutions and 06 female officers of the Department of Civil Security had been assigned to duty at the Ministry. Actions had not been taken to reimburse their salaries from the relevant Institutions.