

Head 231 - Report of the Auditor General on the Department of Debt Conciliation Board- Year 2017

The Appropriation Account and the Reconciliation Statement under the Head and the Item Number mentioned in the First Schedule and the Third Schedule of the Appropriation Act No.24 of 2016 as amended by the Appropriation (Amendment) Act No.32 of 2017 was furnished to audit by the Department of Debt Conciliation Board. The financial and physical performance indicated by those Accounts and Reconciliation Statements was 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 and the Accounting Officer on Financial Management and Accountability

Earning state money and collecting money receivable to the Government and also, the general supervision on monitoring all financial activities of the Government is entrusted to the Minister of Finance in terms of the Financial Regulation 124 of Financial Regulations of the Democratic Socialist Republic of Sri Lanka. The Chief Accounting Officers are appointed in terms of the Financial Regulation 124(2) to fulfill that responsibility by the Minister of Finance. The Head of the Department is the Accounting Officer on all monetary transactions of his Department in terms of the Financial Regulation 125(1)(a) and the Revenue Accounting Officer had been appointed by the Treasury. The responsibility also includes planning, implementation and the maintenance of the internal control relevant to the maintenance, preparation and fair presentation of the Accounts and Reconciliation Statements furnished by fulfilling its functions within the scope determined by the Parliament in compliance with Articles 148,149,150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Government Financial Regulations and with Administrative Regulations.

1.3 Scope of Audit

The audit of Head 231 Department of Debt Reconciliation Board for the year ended 31 December 2017 carried out on planning relating to the financial and physical performance, management of state expenditure, state revenue, human and physical resources, deployment of internal control provisions, compliance with laws, rules and regulations and maintaining and updating books, registers, records and reconciliation statements, preparing and furnishing Accounts timely, issuing Performance Reports to the relevant parties based on the Performance Index in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Acting Secretary to the Department on 31 August 2018. The audit observations, comments and findings on the accounts and reconciliation statements were based on a review of the 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

Audit observations revealed in the audit carried out in the Department for the year ended 31 December 2017 are mentioned in details in the Management Audit Report mentioned in the Paragraph 1.3 above. The material and significant audit observations out of those observations are mentioned from paragraph 2.1 to paragraph 2.9 of this Report. It was observed that he has fulfilled his accountability as the Accounting Officer under the audit observations summarized and stated in the Note given below revealed in fulfilling the provisions stated in the Financial Regulation 128 of Financial Regulations of the Democratic Socialist Republic of Sri Lanka, confirming the sufficiency of financial administration.

Accountability of the Accounting Officer in terms of the Financial Regulation 128(1)	Non-compliance to those provisions by the Accounting Officer	Reference to the paragraph in the Report in which the Observation is included
--	--	---

Financial
Regulation

128(1)(a)	<p>Making an initiative to plan and to implement the functions of the Department with discretion by considering the challenges of the Parliament in making available financial provisions for the policy prescribed and stated by the Government and the authorized activities and to complete the programme prescribed for the relevant year and/or to achieve the prescribed target.</p>	<ol style="list-style-type: none"> 1. Not preparing the Action Plan accurately. 2. Making available over-provisions. 	<p>2.1</p> <p>2.3</p>
128(1)(c)	<p>That Financial Regulations and other Government</p>	<ol style="list-style-type: none"> 1. Non-maintenance of Registers and 	<p>2.5</p>

	Supplementary Orders are followed in the Department and the Departmental Orders are issued additionally for necessary instances.	Books. 2. Non-compliances.	2.6
128(1)(d)	That a sufficient Method of Internal Inquiry is maintained for receipts, payments and for issuances and the operation of that Method is inquired from time to time.	Deficiencies mentioned in the Advances to the Public Officers' Account.	2.4
128(1)(e)	That sufficient and proper provisions are deployed for preserving and for the conservation of money belonging to the Government or money under the custody of the Government, goods, equipment and other assets, that they are verified from time to time and the clearance of those goods are being carried out in	Deficiencies in the Annual Boards of Survey.	2.2

compliance with the prescribed regulations and instructions in the instance where they are properly cleared.

128(1)(s)	Securities are being held as per the valid law and order of that time by the Officers who are bound to hold securities.	Deficiencies in obtaining securities from the relevant Officers.	2.9
-----------	---	--	-----

2. Material and Significance Audit Observations

2.1 Performance

Planning

The following deficiencies were observed relating to the Action Plan prepared for the year 2017 in terms of the Public Finance Circular No.01/2014 of 17 February 2014.

- (a) Details on the updated Organizational Structure of the Institution for the Action Plan of the year under review, the Approved Cadre and on the staff currently employed in service had not been furnished.

- (b) The Activity Plan, the Time Line and the Output/ Outcome prepared on the priorities based on the Annual Budget relating to the year under review had not been estimated and mentioned.

- (c) The Imprest Requirement Plan required for the annual activities had not been prepared.

2.2 Assets Management

Even though the Annual Board of Survey should be carried out in terms of the Public Finance Circular No.05/2016 of for the year 2017 of 31 March 2016 and those Reports should be furnished to the Auditor General before 17 March 2018 in terms of the Paragraph 3.1.6 of the Circular, the Annual Board of Survey Report had not been furnished to the Auditor General even by 29 August 2018 by the Department in terms of the Circular.

2.3 Utilization of provisions made available by the Parliament for the execution of Functions

Details on the provisions made available to the Department, utilization and savings within 05 years from the year ended 31 December 2017 appear below.

Year	Type of Expenditure	Net Provision	Utilization	Saving	Saving as a percentage of the Net Provision
-----	-----	-----	-----	-----	-----
		Rs.Millions	Rs.Millions	Rs.Millions	
2013	Recurrent	9.63	7.46	2.17	22.53
	Capital	0.77	0.72	0.05	6.49
	Total	10.40	8.18	2.22	21.34
2014	Recurrent	9.72	7.96	1.76	18.11
	Capital	1.25	1.06	0.19	15.20
	Total	10.97	9.02	1.95	17.77
2015	Recurrent	11.00	8.89	2.11	19.18

	Capital	1.00	0.49	0.51	51.00
	Total	12.00	9.38	2.62	21.83
2016	Recurrent	15.89	14.96	0.93	5.85
	Capital	0.80	0.56	0.24	30.00
	Total	16.69	15.52	1.17	07.01
2017	Recurrent	18.47	15.67	2.80	15.16
	Capital	0.85	0.74	0.11	12.94
	Total	19.32	16.41	2.91	15.06

Making Over- provisions

Only a total sum of Rs.13.66 million of the provisions made available relating to the above Objects had been utilized due to making over- provisions totalling Rs.2.83 million for 08 Objects in the year under review. As such, it was observed that the saving was ranging from 15 per cent to 76 per cent of the Net Provision made available

2.4 Advances to Public Officers' Account

The limits authorized by Parliament for the Advances to Public Officers' Account Item No.23101 of the Department and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
-----	-----	-----	-----	-----	-----
Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
1.50	0.79	0.30	0.46	3.50	2.17

The loan balance amounting to Rs.40,245 of a female Officer transferred on 31 August 2017 had been settled by Accounts Summaries in November 2017. However, it had been stated as a Cash Receipt in the Annual Reconciliation Statement.

2.5 Non- maintenance of Registers and Books

A Register of Fixed Assets had not been maintained by the Department in terms of the Treasury Circular No.842 of 19 December 1978.

2.6 Non- compliances

Non- compliance with Laws, Rules and Regulations

The permanent appointment should be made without a delay due to the acting appointment being made as a temporary remedy until a permanent appointment is made in terms of the Paragraph 13.3 of Chapter II of the Establishments Code of the Democratic Socialist Republic of Sri Lanka. However, the post of the Secretary to the Department remains vacant from May 2013 and a permanent appointment had not been made in this connection even by 29 August 2018. Moreover, a sum of Rs.157,569 had been paid to the relevant Officer for the year under review for acting in the post of the Secretary.

2.7 Internal Audit

It had been emphasized by the Financial Regulation 133 that Internal Audit Units should be established in their Departments for executing their duties and responsibilities stated in the Financial Regulation 128, in their Departments by the Accounting Officers. However, a separate Internal Audit Unit had not been established for this Department.

Moreover, even though it had been planned to carry out an Internal Audit relating to the activities of this Department in the year 2017 by the Internal Audit Unit established in the Ministry of Justice, such audit had not been carried out.

2.8 Human Resources management

Approved Cadre, Actual Cadre and the Expenditure for Personnel Salaries

Details on the approved cadre, actual cadre and the vacant cadre as at 31 December 2017 appear below. A sum of Rs.8.25 million had been spent for the Personnel Salaries Expenditure Code by the Department for the year under review.

	Approved Cadre	Actual Cadre	Number of Vacancies
	-----	-----	-----
(i) Senior Level	01	-	01
(ii) Secondary Level	14	08	06
(iii) Primary Level	06	05	01
	-----	-----	-----
	21	13	08
	=====	=====	=====

Total

The following observations are made in this connection.

(a) The Department had failed to identify the staff necessary to carry out the activities of the Department without hindrance and to fill those vacancies by the end of the year under review.

(b) Training the Staff

-
- (i) Even though a need of training the staff regularly remained, the actual cadre of the Department is 13 and 12 Officers out of them had not been obtained any type of training.
 - (ii) Provisions amounting to Rs.733,875 had been provisioned for the training activities in the five preceding years and a sum of Rs.329,850 of it had been utilized.as such, 55 per cent of the entire provision remained under- utilized. The under- utilized value of the Net Provision had been 76 per cent in the year under review.

2.9 Holding of Securities by Public Officers

Even though securities should be held in compliance with the Cap.612 of the Securities Ordinance of Public Officers that accepting or taking the custody of Government Money, Income Stamps or goods in terms of the provisions mentioned in the Financial Regulation 880, or the Officers who are either entrusted under being administratively responsible or under entrusting of authority relating to the distribution of Government Money or issuing of either stamps or goods, the persons who certify the vouchers and who initializes cheques that they perform their duties with honesty under Cap.612, action had not been taken accordingly by the Department relating to the Chief Clerk and relating to the Management Assistant female Officer who issues cheques.