

Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Ministry of Power and Energy for the year ended 31 December 2013 was carried out 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 Secretary to the Ministry on 08 December 2014. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements 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.

1.2 Responsibility of the Chief Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements 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 and Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

1.3 Audit Observation

According to the Financial Records and Books for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing at (a) to (e) and other major audit findings reveals appearing in paragraphs 1.4 to 1.7 herein, the Appropriation Account and the Reconciliation Statements of the Ministry of Power and Energy had been prepared satisfactorily.

(a) Non -maintenance of Registers and Books

The Ministry had not properly maintained and updated the Register of Fixed Assets and all the details on vehicles had not been included in it.

(b) Appropriation Account
-----(i) Total Provisions and Expenditure

The total net provision of the Ministry amounted to Rs.28,550,149,000 and a sum of Rs.21,381,068,532 had been utilized by the end of the year under review. Accordingly, the net savings out of the provisions amounted to Rs.7,169,080,468 or 25 per cent of the total net provisions. Details appear below.

Expenditure	Net Provisions	As at 31 December 2013		Savings as a Percentage of Net Provisions
		Utilization	Savings	
-----	-----	-----	-----	-----
	Rs.	Rs.	Rs.	
Recurrent	1,087,399,000	710,466,613	376,932,387	35
Capital	27,462,750,000	20,670,601,919	6,792,148,081	25
Total	28,550,149,000	21,381,068,532	7,169,080,468	25
	=====	=====	=====	

(ii) Budgetary Variance

The following observations are made.

- The entire net provisions amounting to Rs.1,384,519,000 made under 24 Objects had been saved .
- Excess provisions had been made for 23 Objects and as such the savings thereunder after the utilization of provisions ranged between 25 per cent and 99 per cent of the net provision.
- Provisions had been made in the year under review for 12 Objects and as such the savings thereunder after utilization of provisions had been amounting to Rs.8,851,040. A commitment of liability

amounting to Rs.15,246,233 had occurred and the savings remaining after the utilization contrary to Financial Regulation 94(1) exceeded by Rs.6,395,193.

(c) Advances to Public Officers' Account

Limits Authorized by Parliament

Limits authorized by Parliament and the actual values relating to the Advances to Public Officers' Account in relation to the Ministry are given below.

<u>Item No.</u>	<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
	<u>Maximum Limit</u>	<u>Actual</u>	<u>Minimum Limit</u>	<u>Actual</u>	<u>Maximum Limit</u>	<u>Actual</u>
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
11901	5,000,000	2,960,963	2,400,000	2,988,753	20,000,000	10,527,579

(d) Imprest Account

While the balance of the Imprest Account as at 31 December 2013 was amounted to Rs.13,442,220 , the balance amounted to Rs.8,065,332 out of that had not been settled even by 30 April 2014 to the Department of Treasury Operations .

(e) General Deposit Account

The balances of the General Deposit Account of the Ministry as at 31 December 2013 totalled Rs.879,687 and action had not been taken in terms of Financial Regulation 571 in respect of deposits amounted to Rs.197,523 remained more than 2 years.

1.4 Good Governance and Accountability

1.4.1 Annual Action Plan

Mission, key functions and the time periods of completing the targeted objectives of the Ministry had not been included in the Action Plan prepared by the Ministry in the year under review in terms of Paragraph 1.4.1 of the letter of the Director General of Public Finance No. PF/R/2/2/3/5/(4) dated 10 March 2010.

1.4.2 Annual Performance Report

Even though an Annual Performance Report that should be prepared by the Ministry within 150 days after the closure of the financial year in terms of Public Finance Circular No. PF/402 dated 12 September 2002, should be tabled in Parliament with a copy to the Auditor General, the performance report for the year 2013 had been tabled in Parliament on 29 October 2014.

1.5 Non-compliances

Non-compliance with Laws, Rules, Regulations, etc.

Instances of non-compliance with the provisions of laws, rules, and regulations observed during audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
-----	-----	-----
	Rs.	
(a) Circulars of the Presidential Secretary Office		

Circular No.CA/1/17/1 dated 14 May 2010		
(i) Paragraph 2.1	473,232	Deploying officers in the Minister and Deputy Minister's staff for different posts exterior to the posts denoted in the Circular.

13,293,768 Attachment of 44 additional officers to the Minister and Deputy Minister's staff in addition to the approved cadre.

(ii) Paragraph 3.1

Even though the maximum number of official vehicles allocated for the usage and security purposes of the Ministers and Deputy Ministers were 3, contrary to that 06 vehicles for the Minister and 05 vehicles for the Deputy Minister had been allocated.

(b) Letters of the Volume 401,176
No.NSCC/2/1/6/1/1/1-11 dated
24 March 2009 and 02 July
2010 of the Secretary to the
National Salaries and Cadre
Commission.

Payment of overtime allowances for the casual clerks by employing them for work overtime.

(c) National Budget Circulars

National Budget Circular
No.146 dated 29 April 2010.

Even though the structure of the Ministry should be prepared as the Hon. Minister, Deputy Minister and the Secretary to the Ministry established in the same place, it had not been so done.

1.6 Transactions of Contentious Nature

Certain transactions of contentious nature revealed at audit test checks are given below.

(a) A sum of Rs.367,942 and a sum of Rs.1,457,030 in the year under review and from May 2010 to December 2012 respectively had been reimbursed to the Authority by a Board by the order of the Ministry as salary of a driver who had been deployed for the service in the Ministry without proper approval .

(b) An advance amounting to Rs.6,142,276 had been obtained by the Ministry in the year 2006 from a Board had not been settled even as at 31 December 2013.

1.7 Human Resources Management

(a) Approved and Actual Cadre

The position of the cadre as at 31 December 2013 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
(i) Senior Level	17	13	04	-
(ii) Tertiary Level	04	01	03	-
(iii) Secondary Level	111	51	60	-
(iv) Primary Level	46	35	11	-
(v) Others	-	14	-	14
Total	178	114	78	14

The following observation is made.

The Ministry had failed to fill 78 vacancies even by the end of the year under review. Excess number of employees recruited without approval of the Department of Management Services were 14.

(b) Human Resources Irregularly Obtained from Other Parties

The following observation is made in relation to the human resources irregularly obtained by the Ministry .

Twenty four officers of a Board had been deployed by the Ministry without a proper approval. The Board had paid salaries and allowances of Rs.20,074,851 and incentives amounted to Rs.1,488,106 in the year 2013 in this connection.