

Appropriation Head 176 - Ministry of Civil Aviation

Report of the Auditor General – Year 2012

1.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Ministry of Civil Aviation for the year ended 31 December 2012 was carried out in pursuance of provisions of 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 23 October 2013. 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 the fair presentation of the Appropriation Account and the Reconciliation Statement in accordance with the provisions of Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and the 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 2012, it was observed that except for the effects of the general observation appearing at (a),(b) and other major observations appearing in paragraphs 1.4 and 1.6 herein the Appropriation

Account and the Reconciliation Statement of the Ministry of Civil Aviation had been prepared satisfactorily.

(a) Appropriation Account

(i) Total Provision and Expenditure

The total net provision made for the year under review for the Ministry amounted to Rs.14,915,440,000 and out of that a sum of Rs.14,879,067,497 had been utilized by the end of the year under review. Accordingly, the net savings amounted to Rs.36,372,503 and represented 0.24 per cent of the total net provision. Details appear below.

Particulars of Expenditure	Estimated Provision	Net Provision	Utilization	Savings	Savings as a Percentage of Net Provision
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	Rs.	Rs.	Rs.	Rs.	
Recurrent	86,715,000	86,140,000	77,884,891	8,255,109	9.58
Capital	12,006,550,000	14,829,300,000	14,801,182,606	28,117,394	0.18
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Total	12,093,265,000	14,915,440,000	14,879,067,497	36,372,503	
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(ii) Budgetary Variance

- The entire Capital provision of Rs.1,000,000 made under the Object 176-2-3-2302 had been saved.
- The savings out of the provisions amounting to Rs.51,625,000 made for 16 Objects after the utilization of provisions amounting to Rs.20,534,635 had been Rs.31,090,365. That represented 14 per cent to 100 per cent of the net provision relating to those Objects. The savings had resulted from the excess provisions made for the Objects.

(iii) Provision obtained from the Budgetary Support Services Contingent Liabilities

Out of the sum of Rs.25,000,000 provided under the Budgetary Support Services Contingent Liabilities only a sum of Rs.655,239 or 2.62 per cent had been utilized by the end of the year under review.

(b) Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account, Item No.17601 and the actuals are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
-----	-----	-----	-----	-----	-----
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,000,000	1,309,350	1,600,000	1,940,595	11,900,000	8,900,626

The following observations are made

- (i) Instead of recovery of the salary loan balance of a retired officer amounting to Rs.127,521 from the pension gratuity in terms of Section 4.2.4 of Chapter XXIV of the Establishments Code, recovery at Rs.1,500 per month had been allowed and a sum of Rs.103,521 remained recoverable as at 31 December 2012.
- (ii) Contrary to the provisions in Sections 4.4.1 and 4.5 of Chapter XXIV of the Establishments Code a sum of Rs.376,426 recoverable from three officers who had vacated posts remained without being recovered over a period exceeding 02 years.

1.4 Good Governance and Accountability

1.4.1 Corporate Plan

Even though the Ministry should have prepared a Corporate Plan at least for a period of 03 years from the year 2010 onwards at the beginning of the year in terms of the letter No.PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of Public Finance addressed to all Secretaries to Ministries, Chief Secretaries of Provincial Councils, Heads

of Departments, District Secretaries and Heads of Local Authorities, the Ministry had not prepared that plan even by 31 December 2012.

1.4.2 Annual Performance Reports

Even though the Annual Performance Report that should have been prepared by the Ministry in terms of the Public Finance Circulars No.402 of 12 September 2002 and No.402(1) of 20 February 2004 referred to in the letter of the Director General of Public Finance referred to in paragraph 1.4.1 above should have been tabled in Parliament with a copy to the Auditor General within 150 days after the close of the financial year, the Annual Performance Report for the year under review had been forwarded for tabling in Parliament only on 03 June 2013.

1.5 Transactions of Contentious Nature

The following observation is made.

The Ministry had spent a sum of Rs.391,637 as incidental expenses and Rs.12,600 as visa fees of two officers of the Minister's staff who do not belong to the Public Service, for participation in an exhibition held in the People's Republic of China.

1.6 Human Resources Management

Approved Cadre and Actual Cadre

The position of the Cadre as at 31 December 2012 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	03	03	--
(ii)	Tertiary Level	02	02	--
(iii)	Secondary Level	42	30	12
(iv)	Primary Level	21	18	03
(v)	Other	02	02	--
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	Total	70	55	15
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The following observation is made.

The Ministry had not taken action even by the end of the year under review to fill the 15 vacancies in the Secondary and the Primary Levels.