

1. Head 1 - His Excellency the President

1.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Presidential Secretariat for the year ended 31 December 2012 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 President on 21 January 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 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 the Books for the year ended 31 December 2012, it was observed that except for the effects of the general observations at (a) to (c) and other major audit findings appearing in paragraphs 1.4 to 1.6 herein, the Appropriation Account and the Reconciliation Statement of the Presidential Secretariat had been prepared satisfactorily.

(a) **Budgetary Variance**

Excess provisions had been made for 03 Objects and as such the savings after the utilization of provisions amounted to Rs.993,236,379 and ranged between 95 per cent to 98 per cent of the net provisions relating to those Objects.

(b) **General Deposits Account**

Action in terms of Financial Regulation 571 had not been taken on the balances of the General Deposit Account older than 02 years amounting to Rs.37,480,220..

(c) **Reconciliation Statement of the Advances to Public Officers Account**

According to the Reconciliation Statement as at 31 December 2012 of the Advances to Public Officers Account Item No. 00101, the balances that remained outstanding as at that date totalling Rs.958,928 and the Secretariat had failed to recover those outstanding balances.

1.4 **Non-compliances**

Non-compliance with Laws, Rules, Regulations etc.

An instance of non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks is analysed below.

In terms of Financial Regulation 94 liabilities exceeding the provisions should not be incurred. Nevertheless, liabilities amounting to Rs.401,402,702 which exceeded the savings totaling Rs.356,994,014 under 03 Recurrent Objects and 05 Capital Objects had been incurred in the year under review.

1.5 **Losses and Damage**

The observations on losses and damage revealed during the course of test checks are given below.

- (a) The sum of Rs.3,715,594 recorded in the Register of Losses and Damage as the amount remaining for recovery or write-off after the receipt of insurance indemnity to 12 accidents to motor vehicles had not been included in the Appropriation Account.
- (b) The insurance indemnity received in connection with accidents to 24 motor vehicles caused during the year under review had not been included in the Appropriation Account.

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 as at 31 December 2012		Number of Vacancies	Excess
	Permanent	Temporary	Permanent	Temporary		
(a) Senior Level	56	162	45	226	11	64
(b) Tertiary Level	23	95	16	128	07	33
(c) Secondary Level	326	80	258	104	68	24
(d) Primary Level	603	142	475	168	128	26
Total	1,008	479	794	626	214	147

Two hundred and fourteen vacancies in the permanent posts existed as at the end of the year under review and the formal approval had not been obtained for the excess cadre of 147 in the temporary posts.