

**Head 119- Ministry of Power and Energy**  
**Report of the Auditor General- Year 2012**

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1.1 Scope of Audit

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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 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 Ministry on 26 June 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 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

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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

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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 observations appearing at (a) to (e) and other major audit findings appearing in paragraphs 1.4 to 1.7 herein, the Appropriation Account and the Reconciliation Statement of the Ministry of Power and Energy had been prepared satisfactorily.

#### (a) Non -maintenance of Registers and Books

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- (i) It was not possible to verify the loan balances amounting to Rs. 209,047 satisfactorily due to the unavailability of required audit evidence such as loan files, personal files, etc. with the Ministry.
- (ii) The Register of Fixed Assets had not been maintained in accordance with the Treasury Circular No 842 of 19 December 1978.

#### (b) Appropriation Account

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##### (i) Total Provisions and Expenditure

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The total net provision made for the Ministry for the year under review amounted to Rs.34,290,340,000 and a sum of Rs.32,665,105,333 had been utilized by the end of the year under review. Accordingly, the net savings out of the provisions amounted to Rs.1,625,234,667 or 4.74 per cent of the total net provisions. Details appear below.

Expenditure	As at 31 December 2012 Estimated provision	As at 31 December 2012		Savings as a Percentage of Net Provision
		Net Provision	Savings	
	Rs.	Rs.	Rs.	
Recurrent	1,083,340,000	1,074,240,000	615,678,645	57.31
Capital	32,500,000,000	33,216,100,000	1,009,556,022	2.94
Total	33,583,340,000	34,290,340,000	1,625,234,667	4.74

## (ii) Budgetary Variance

The entire net provision of Rs. 529,849,700 made for 09 Objects had been fully saved. Excess provisions had been made for 13 Objects and as such the savings thereunder, after the utilization of provisions, ranged between 45 per cent and 94 per cent of the net provision.

## (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 Item No 11901 are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
<u>Maximum</u>	<u>Actual</u>	<u>Minimum</u>	<u>Actual</u>	<u>Maximum</u>	<u>Actual</u>
<u>Limit</u>		<u>Limit</u>		<u>Limit</u>	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
5,000,000	2,191,116	2,600,000	3,310,776	20,000,000	10,605,220

According to the Reconciliation Statement of the Advances to Public Officers account Item No 11901 at 31 December 2012, the balances that remained outstanding as at that date totalled Rs.225,442.

## (d) Imprest Account

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The debit balance of the imprest account as at 31 December 2012 amounted to Rs.16,130,664.

## (e) General Deposit Account

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The balance of the General Deposit Account of the Ministry as at 31 December 2012 amounted to Rs.8,610,783. Action in terms of the Financial Registration 571 had not been taken in the deposit of Rs.197,523 older than 2 years.

## 1.4 Good Governance and Accountability

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## Annual Performance Report

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Even though the Annual Performance Report on the Ministry, which should have been taken in parliament within 150 days after the close of the Financial Year with a copy to the Auditor General in terms of the Public Finance Circulars No 401 of 12 September 2002 and No 402(i) of 20 February 2004 referred to in the Letter No.PF/R/2/2/3/5(4) dated 10 March 2010, had been tabled on 23 October 2013, after a delay of 147 days.

## 1.5 Assets Managements

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The following observations are made.

## (a) Assets Given to Other Parties

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Four Motor Vehicles costing Rs.7,000,000 had been released to a Board of in government.

## (b) Irregular use of Assets belonging to Other Institutions

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Two Motor Vehicles belonging to a Board of the government had been used by the Ministry.

## 1.6 Non-compliances

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 Non-compliance with Laws, Rules, Regulations, etc.  
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Reference to Laws, Rules and Regulations	Value	Non-compliance
	Rs.	
Financial Regulation of the Democratic Socialist Republic of Sri Lanka		
(a) Financial Regulation 103(1)	517,107	Accidents to Four Motor Vehicles Written as losses caused to the Ministry without reporting to the police.
(b) Financial Regulation 104(3) and (4)	602,956	Even though the inquiries should be commenced immediately after an accident a loss for damaged for caused and preliminary and final report should be furnished within 3 months, it had not been so done and inquiries had been conducted over period range in from two to 6 years and the loses had been written off.

## 1.7 Human Resources Management

### (a) Approved and Actual Cadre

The position of cadre as at 31 December 2012 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	64	43	21	-
(iv) Primary Level	46	35	11	-
(v) Others	01	20	-	19
Total	132	112	39	19

The following observations are made.

The Ministry had failed to fill 39 vacancies by the end of the year under review. The excess cadre recruited without the approval of the Department of Management Services had been 19.

(b) Human Resources Irregularly Obtained from Other Parties

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The following observations are made in connection with the human resources irregularly obtained by the Ministry.

- (i) The salaries of a driver of an Authority deployed in the service of the Ministry without formal approval for the year under review amounting to Rs. 718,835 and Rs. 738,195 in respect of the period from May 2010 to December 2011 has been paid by a Government Board to the Authority concerned on the order of the Ministry.
- (ii) Twenty four officers of a Board had been deployed in the service of the Ministry without proper approval. The Board had paid Rs. 20,074,851 and Rs. 1,488,106 as salaries and allowances and incentive allowances respectively in the year 2012.