

## **21 Head 21 – Auditor General**

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### **21.1 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 Auditor General 's Department 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 Head of the Department on 17 November 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.

### **21.2 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 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.

### **21.3 Audit observation**

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According to the Financial Records and the Books for the year ended 31 December 2013 it was observed that except for the effects of the general observations appearing at (a) to (d) and other major audit findings appearing in paragraphs 21.4 to 21.6 herein, the Appropriation Account and the Reconciliation statement of the Auditor General's Department had been prepared satisfactorily.

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

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A Register of Losses and Damages had not been maintained in an updated manner by the Department in terms of Financial Regulation 110.

#### **(b) Budgetary variance**

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Excess provisions had been made for 05 Objects and as such the savings thereunder after utilizing the provisions amounted Rs.55,315,546 and it ranged between 62 percent and 91 per cent of the net provisions relating to those objects.

#### **(c) Revenue Account**

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The following observations are made.

- (i) According to 01 Account presented, revenue amounting to Rs.189,455,801 had been in arrears and the arrears of such revenue related to a period ranging from 01 year to 03 years.
- (ii) The method of accounting of audit fees adopted was to take into account the issuing date of audit fees bills without considering the relevant year. As a result, the audit fees bills for certain portion of the semi Government institutions, such as certain Municipal Councils, Urban Councils, Pradeshiya Sabhas, Corporations and Boards had not been issued and accounted for, relating to some of the years from the year 2009 to 2012 even by end of the year under review.
- (iii) Even though the bills had been issued, the audit fees of certain institutions had not been recovered for over a long period.

- (iv) Even though the audit fees of certain institutions for the year under review and for recent years had been charged, audit fees for previous years had not been charged.
- (v) Even though certain Funds functioning under the Departments had been audited, the audit fees bills had not been issued and recovered.
- (vi) Inordinate delays were observed in obtaining prior approval from the relevant Ministry for charging audit fees from Corporations, Boards and Semi Government Institutions.

(d) Reconciliation Statement of Advances to Public Officers Account

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According to the Reconciliation Statement of the Advances to Public Officers Account, item No.02101 as at 31 December 2013, the balance that remained outstanding as at that date totalled Rs.3,340,243.

21.4 Accountability and Good Governance

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Implementation of Audit and Management Committee  
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The Audit and Management Committee had not been implemented adequately.

21.5 Assets Management

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The following observation is made.

Conduct of Annual Boards of Survey

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In terms of Public Finance Circular No.441 of 09 December 2009 as amended by the letter No.PF/Board of Survey / 01 dated 17 December 2010 of the Director General of Public Finance, the Annual Boards of Survey for 2013 should be conducted and the reports thereon should be furnished to the Auditor General before 31 March 2014. Nevertheless the reports relating to 05 branches had not been furnished for audit by the Department even by 31 October 2014.

## 21.6 Human Resources Management

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### Approved cadre and Actual cadre.

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

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i) Senior Level	354	213	141
(ii) Tertiary Level	1,215	824	391
(iii) Secondary Level	177	138	39
(iv) Primary Level	181	118	63
Total	<u>1,927</u>	<u>1,293</u>	<u>634</u>