

### **3. Head 3 – Secretariat for Special Functions (Senior Ministers)**

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#### **3.1 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 Secretariat for Special Functions (Senior Ministers) for the year ended 31 December 2013 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 on 15 August 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.

#### **3.2 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 of Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Financial 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.

#### **3.3 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 observation appearing at (a) and (b) and other major audit findings appearing in paragraphs 3.4 to 3.9 herein, the Appropriation Account and the Reconciliation Statements of the Secretariat for Special Functions (Senior Ministers) had been prepared satisfactorily.

(a) **Non – maintenance of Registers and Books**  
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It was observed during audit test checks that the Secretariat had not maintained the following registers.

**Type of Register**  
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**Relevant Regulation**  
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| (i) Register of Fixed Assets   | Treasury Circular No. 842 of 19 December 1978        |
| (ii) Register of Fixed Assets on Computers, Accessories and Software | Treasury Circular No. IAI/2002/2 of 28 November 2002 |

(b) **Budgetary Variance**  
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The following observations are made.

- (i) The entire capital provisions amounting to Rs.4,250,000 made under 11 Objects and the entire recurrent provisions amounting to Rs.1,070,000 made under 15 Objects had been saved.
- (ii) Excess provisions had been made for 72 Objects and as such the savings there under after utilizing the provisions ranged between 20 per cent and 98 per cent of the net provisions relating to those objects.

**3.4 Good Governance and Accountability**  
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**3.4.1 Annual Action Plan**  
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Even though the office should prepared an Annual Action Plan in terms of the paragraph 1.4.1 of the letter No. PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of Public Finance, the Action Plan for the year under review had not been properly prepared even by 31 December 2013.

### **3.4.2 Annual Procurement Plan**

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The Annual Procurement Plan in terms of the National Budget Circular No. 128 of 24 March 2006 had not been properly prepared even by 31 December 2013.

### **3.4.3 Internal Audit**

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An Internal Audit Unit had not been established.

### **3.5 Assets Management**

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The following observations are made.

#### **(a) Idle and Underutilized Assets**

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It was observed during audit test checks that certain assets remained either idle or underutilized as analyzed below.

Category of Assets	Number of Units	Period of Idling or Underutilization
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(i) Laptop Computers and Servers	05	06 months
(ii) Finger Print Machine	01	01 year

#### **(b) Unsettled Liabilities**

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The unsettled liabilities of the office less than one year as at 31 December 2013 amounted to Rs.13,733,247.

### **3.6 Non-compliance**

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#### **Non-compliance with Laws, Rules and Regulations etc.**

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The instances of non-compliances with the provisions of laws, rules and regulations observed during the course of audit test checks are analyzed below.

<b>Reference to Laws, Rules and Regulations</b> -----	<b>Value</b> ----- <b>Rs.</b>	<b>Non-compliance</b> -----
<b>(a) Financial Regulations of Democratic Socialist Republic of Sri Lanka</b> -----		
(i) Financial Regulation 94(1)	888,603	Liabilities had been committed exceeding the provisions.
(ii) Financial Regulation 115(3)b	365,337	Payments had been made in the year under review relating to the claims of the previous year without properly certifying by an authorized officer.
(iii) Financial Regulation 753(1) and 753(2)	2,350,720	Action had not been taken in terms of the provisions of the Financial Regulations in respect of issues and receipts of the goods.
(iv) Financial Regulation 272(3)	725,350	Sixteen paid vouchers had not been furnished to audit.
(v) Financial Regulation 137(5)	182,932	Payments had been made prior to taken over the assets purchased accurately.
<b>(b) Public Administration Circulars</b> -----		
Circular No. 10/2007 dated 09 May 2007 and No. 10/2007(1) dated 05 March 2009		It was decided to pay Rs.100,000 per month to the Ministers who entitled the quarters and for obtaining houses on rent including electricity bill and

water bill, and subsequently that amount had been reduced to Rs.50,000. It was observed at audit test check that the monthly electricity bill only of those houses of two Senior Ministers of the Secretariat had been ranged between Rs.110,000 and Rs.133,595.

**(c) State Accounts Circulars**

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Paragraph 2.2 of the  
Circular No. SA/AS/AA  
dated 12 July 2013

Statement of Movement of Non-current Assets had not been furnished according to proper Code Numbers.

**3.7 Transactions of Contentious Nature**

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The following observations are made.

- (i) Even though cash had been paid to a private institution on 31 December 2013 for the purchase of furniture amounting to Rs.182,932 by the Co-ordination Project for Science, Technology and Innovation; the goods had not been received even by 11 June 2014 from the institution.
  
- (ii) A cheque for Rs.222,040 had been drawn on 31 December 2013 by a name of private institution for the purchase of office furniture and retained in hand. Subsequently the date of the cheque had been extended and the equipment had been purchased on 16 May 2014. These goods had been received by the institution in May 2014 but the date of receipt had been entered as 31 December 2013 in the Inventory Register.

### 3.8 Un-resolved Audit Queries

The audit paragraphs which the follow up action had not been taken included in the previous years Auditor General's reports relating to the office are given below.

Reference to the Auditor General's Report		Referred Subject
Year	Paragraph No.	
2012	1.6 (a)	Even though motor vehicles supplied from the project aid should be used only for the relevant project, a motor vehicle supplied to the Communication and Response Capacity Development Project of the Disaster Management Centre had been taken by the Secretariat for Special Functions.

### 3.9 Human Resources Management

#### Approved Cadre 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
(i) Senior Level	19	04	15
(ii) Tertiary Level	01	01	-
(iii) Secondary Level	35	24	11
(iv) Primary Level	102	102	-
(v) Others (Casual / Temporary / Contract basis)	140	140	-
<b>Total</b>	<b>297</b>	<b>271</b>	<b>26</b>

The Secretariat had not taken action to fill 26 vacancies even by the end of the year under review.