

Head 175 –Ministry of State Resources and Enterprise Development
Auditor General’s Report – Year 2013

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 State Resources and Enterprise Development for the year ended 31 December 2013 was carried out in pursuance of provisions in Article 154 (1) 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 10 October 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 Accounts, the Revenue account and the Reconciliation Statements in accordance with the provisions in Articles 148,149,150 and 152 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 Reconciliations 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 2013, it was observed that except for the effects of the general observation appearing at (a) and major audit findings appearing in paragraphs 1.4 to 1.6 herein, The Appropriation Account of the Ministry of State Resources and Enterprise Development had been prepared satisfactorily.

(a) Appropriation Accounts

Following observations are made

(i) Total Provision and Expenditure

While the total net provision made for the Ministry amounted to Rs.834,546,865, a sum of Rs.778,994,830 had been utilized as at the end of the year under review. Accordingly, a saving of Rs.55,552,035 or 6.6 per cent of the net provision was observed. Details are shown below.

Expenditure	As at 31 December 2013			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.	Rs.	Rs.	
Recurrent	110,769,415	84,190,330	26,579,085	24
Capital	723,777,450	694,804,500	28,972,950	4
Total	834,546,865	778,994,830	55,552,035	6.6
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(ii) Budgetary Variance

Following observations are made.

- The entire net provision of Rs.763,000 made under 02 Expenditure Items had been saved.
- Due to excessive provisions made for 09 Items of Expenditure, savings after utilization of net provision were in a range between 58 per cent and 92 per cent of those Expenditure items.

(iii) Advances to Public Officers' Account
-----**Limits Authorized by the Parliament**

Limits authorized by the Parliament on Advances to Public Officers account relating to the Ministry and actual values are shown below.

Item No	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
17501	5,000,000	2,544,000	1,500,000	2,164,654	20,000,000	10,397,218

(iv) General Deposit Account

General Deposits Account balance of the Ministry as at 31 December 2013 had been Rs. 3,140,978. Action in terms of financial Regulation 571 had not been taken with regard to two deposits totalling Rs.477,853 that had remained for more than 02 years.

1.4 Assets Management

Following observations were made in sample checks carried out with regard to the assets of the Ministry.

(a) Conducting Annual Board of Survey

Action had not been taken in terms of financial regulations with regard to surpluses, shortages and other recommendations pointed out in the Board of Survey Reports for the year 2013.

(b) Improper use of Assets belong to other Institutions

While a vehicle belongs to a Corporation had been used by the Ministry without proper approval from 06 May 2013, a vehicle belongs to a Plantation Company too, had been used in the same manner.

(c) Unsettled Liabilities

Unsettled Liabilities for less than one year as at 31 December 2013, by the Department amounted to Rs.795,508.

1.5 Noncompliance

----- Non-compliance of Laws, Rules and Regulations etc. -----

Instances of non-compliance with laws, rules and regulations observed in audit sample checks are analyzed below.

Reference to Laws, Rules and Regulations -----	Value ----- Rs.	Non-compliance -----
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka -----		
(i) Financial Regulation 139(4)	9,471,843	Payments had been made without obtaining acknowledgements
(ii) Financial Regulations 231(1) and 237(a)	343,490	Procurement Committee decisions, Invoices and Inventory Certificates relating to purchases had not been attached to the vouchers.
(iii) Financial Regulation 1646	-	Although the monthly reports and daily running charts relating to journeys should be sent to the Auditor General before 15th of the ensuing month, those reports relating to 06 vehicles for the year 2013 had not been furnished.
(b) Public Administration Circulars -----		
Circular No. 41/90 dated 10 October 1990	-	Fuel consumption tests relating to the vehicles own by the Ministry had not been carried out once in 06 months.

1.6 Human Resources Management

Approved and Actual Cadre

Cadre position as at 31 December 2013 was as follows.

Category of Employee	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior level	19	14	05
(ii) Tertiary Level	03	02	01
(iii) Secondary Level	56	32	24
(iv) Preliminary Level	36	34	02
Total	114	82	32

Action had not been taken by the Ministry to fill 32 vacant posts at the end of the year under review.