

Resettlement Authority -2013

The audit of financial statements of the Resettlement Authority for the year ended 31 December 2013, comprising the statement of financial position as at 31 December 2013 and the statement of financial performance, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with Section 13(1) of the Finance Act No. 38 of 1971 My comments and observations which I consider should be published with the Annual Report of the Authority in terms of Section 14(2)(c) of the Finance Act appear in this report.

1.2 Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

1.3 Auditors Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Sri Lanka Auditing standards consistent with International Auditing standards of supreme Audit Institutions (ISSA1 1000 – 1810). Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of risks of material misstatements of the financial statements whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the Authority’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overable presentation of financial statements. Sub – sections (3) and (4) of the Section 13 of the Finance Act No. 38 of 1971 give discretionary powers to the Auditor General to determine the scope and extent of the Audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

1.4 Basis for qualified opinion

My opinion is qualified based on the matters described in paragraph 2.2 of this report.

2. Financial Statements

2.1 Qualified Opinion

In my opinion, except for the effects of the matters described in paragraph 2.2 of this report, the financial statements give a true and fair view of the financial position of the Resettlement Authority as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

2.2 Comments on Financial Statements

2.2.1 Sri Lanka Public Sector Accounting Standards

The cash flow statement had not been prepared and presented in accordance with Sri Lanka Public Sector Accounting Standard No 02 by showing cash flows generated from operations, investments and financing activities separately.

2.2.2 Lack of evidence for audit

A provision of Rs.2,890,862 had been transferred to the District Secretary, Batticaloa by the Authority for providing cement and roofing sheet to resettled families. Eventhough it was stated that these materials had been distributed to 119 families belonging to 4 Divisional Secretariats, expenditure details or related bills to ensure such purchases were not made available.

2.3 Non – Compliance with Laws, Rules, Regulations and Management Decisions

The following non – compliances were observed in audit

Reference to Laws Rules, Regulations etc	Non – compliance
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(a) Section 12 of Part 1 of the Resettlement Authority Act, No. 09 of 2007	Branch offices to be set up in order to resettle the displaced persons living in Northern and Eastern provinces and to fulfil their requirements had not been set up even up to 31 May 2014.
(b) Section 20(1) of Part III of the Resettlement Authority Act No. 09 of 2007	Although there should be an independent fund for the Authority, action had not been taken to set up such a fund

3. Financial Review

The operation of the Authority for the year under review had resulted in a surplus of Rs.170,208 as against a deficit of Rs.414,455 for the preceding year thus indicating a deterioration of Rs.584,663 in the financial results.

4. Operating review

4.1 Performance

The Resettlement Authority with the intervention of the Ministry of Resettlement performs the functions such as the provision of food, water, sanitary facilities, remedying damaged houses, providing sudden human needs including welfare and betterment of internally displaced persons providing infrastructure facilities etc. which are the major problems faced by people being resettled. The period of this Authority established under the Resettlement Authority Act No. 09 of 2007 was 06 years. But the period had been extended for another 3 years as at 31 March 2013 by the Minister of Resettlement on the order of the Parliament published in the Extra Ordinary Gazette dated 22 February 2013.

Eventhough it was stated 2 primary objectives and 14 functions in accordance with the Resettlement Authority Act No. 09 of 2007, action had not been taken to submit proposals for reaching such objectives or to prepare and implement a Corporate Plan for the period of 2013 – 2016

4.2 Management Inefficiencies

The following observations are made

- (a) In addition to the motor vehicle allocated to the Chairman of the Authority, a motor vehicle had been obtained on a monthly hire basis at a rental of Rs.40,000 per month in the year under review without calling for tenders and without the approval of the Board of Directors. A sum of Rs.400,000 had been paid for this vehicle.
- (b) The preparation of a Corporate Plan of the Authority for the period 2013 – 2015 had been assigned to an external party. The agreed amount for this purpose was Rs.500,000 out of which a sum of Rs.230,457 had been paid during the year under review. The relevant Corporate Plan had not been prepared and presented even by 30 September 2014
- (c) Eventhough the Authority should obtain information regarding the displaced persons and refugees within the country in order to implement the Authority's objectives and functions and take action accordingly, action had not been taken to collect such data by a proper planning.

4.3 Personal Administration

Posts of an Engineer, a Technical officer and a designer included in the cadre of the Authority had been vacant since the year 2007. In addition, there were 4 vacancies in Development Assistants posts during the year under review. Even though applications were called and interviews were held during the year under review to fill those vacancies, recruitments had not been made even up to 31 May 2014. This situation had badly affected to achieve the objectives and functions of the Authority as expected.

5. Accountability and Good Governance

5.1 Action Plan

The Authority had not prepared an Annual Action Plan and a sum of Rs. 2,890,862 received from the Ministry of Resettlement during the year under review had been released to the District Secretary, Batticaloa, but no any activity had been carried out in this regard.

5.2 Meetings of Board of Directors

In terms of Section 4.2.2 of the Public Enterprises Circular No PED/12 of 02 June 2003, meetings of Board of Directors should be held every month. But only 4 meetings of Board of Directors had been held by the Authority during the year under review. Performance reports in order to evaluate the financial and physical progress had not been presented to such meetings and reviewed.

6. Systems and Controls

Deficiencies in systems and controls observed during the course of audit were brought to the notice of the Chairman of the Authority from time to time. Special attention is needed in respect of the following areas of control

- (a) Personnel Administration
- (b) Corporate Plan and Action Plan