

Report of the Auditor General on Head 189 – Ministry of Educational Services –Year 2014.

Paragraphs 1 to 2 of this report contain the general information on the Accounts of the Ministry and audit observations appear in paragraph 3 onward.

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 Educational Services for the year ended 31 December 2014 were 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 that Ministry on 01 October 2015. 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 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.

2. Accounts

2.1 Appropriation Accounts

Total Provision and Expenditure

While the total net provision made for the Ministry amounted to Rs. 8,526 million, a sum of Rs. 8,304 million had been utilized as at the end of the year under review. Accordingly, savings of the Ministry out of the net provision had been Rs. 220 million or 2.58 per cent of the net provision. Details are shown below.

Expenditure	<u>As at 31 December 2014</u>			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
-----	-----	-----	-----	-----
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	8,053	7,908	144	1.79
Capital	473	396	76	16.07
	-----	-----	-----	
Total	8,526	8,304	220	2.58
	=====	=====	=====	

2.2 Advance Account

Advances to Public Officers Accounts

Limits Authorised by Parliament

The limits authorised by Parliament of the Advances to Public Officers Accounts and actual amounts are given below.

Item Number	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
18901	7.0	1.9	08	1.5	30.0	6.6

2.3 General Deposits Accounts

The balance of the Deposit Account of the Ministry as at 31 December 2014 was Rs.616 million.

2.4 Audit Observation

According to the Financial Records and books for the year ended 31 December 2014, it was observed that subject to the audit observations appearing in the management audit report, referred to in Paragraph 1.1 the Appropriation Account and the Reconciliation Statements of the Ministry had been prepared satisfactorily. The material and important observations out of those observations included in the management report, appear in paragraphs 4 herein.

3. Head 189 - Ministry of Educational Services

3.1 Appropriation Account

Budgetary Variance

Following observation is made.

The entire net provision of Rs. 2,854,000 made available for 07 Objects had been saved.

3.2 Imprest Account

Although the Ad-hoc Sub-imprest obtained should be settled immediately after completion the relevant work for which the advance was obtained in terms of Financial Regulation 371, Ad-hoc Sub-imprest obtained totalled to Rs. 247,125 in 15 instances had been settled after a delay of 02 months from the date of completion of the work.

3.3 Non-compliance

Non-compliance with Laws, Rules and Regulations

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

Reference to Laws, Rules and Regulations	Value	Non- compliance
-----	-----	-----
	Rs.	
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka		

(i) Financial Regulation 94	172,248,213	Commitments had been made exceeding the approved limits of provisions.
(ii) Financial Regulation 115	32,769,169	Approval of the Education Secretary of an Authorized Officer had not been obtained for making lapsed payments.
(b) Circulars of the Presidential Secretariat		

Letter No.CU/1/17/1 dated 14 May 2010.	251,461	Exceeding limits imposed with a view to ensure a High – quality Expenditure Management in the utilization of state resources.

3.4 Management Weaknesses

Eighteen Items of School Equipment purchased at a total cost of Rs. 1,840,416 had been kept in the stores without being distributed to the relevant schools until lapse of guarantee period of 12 months.

3.5 Human Resources Management

Approved Cadre and the Actual Cadre

Cadre position as at 31 December 2014 was as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i)	Senior Level	19	15	04
(ii)	Tertiary Level	03	01	02
(iii)	Secondary Level	56	32	24
(iv)	Preliminary Level	30	22	08
(v)	Others (Casual/ temporary/ contract basis)	04	-	04
	Total	112	70	42

Action had not been taken by Ministry to fill 42 vacancies as at the end of the year under review.