

Report of the Auditor General on Head 178- Ministry of Coconut Development and Janatha Estate Development - Year 2014

Paragraphs 1 and 2 of this report contained the general information on the accounts of the Ministry and the audit observations of the Head appear in paragraph 3 onwards.

1.1 Scope of Audit

The audit of the Appropriation Account and Reconciliation Statement including the financial records, reconciliation statements books, registers and other records of the Ministry of Coconut Development and Janatha Estate Development for the year ended 31 December 2014 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 06 August 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 Account

Total Provision and Expenditure

While the total net provision made for the Ministry amounted to Rs.1,941.65 million, a sum of Rs.1,717.52 million had been utilized as at the end of the year under review. Accordingly, the savings out of the net provisions amounted to Rs. 224.13 million or 11.5 per cent of the net provision. Details are shown below.

Expenditure	As at 31 December 2014			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs.Millions	Rs.Millions	
Recurrent	952.10	913.17	38.94	4.09
Capital	989.55	804.35	185.19	18.72
Total	1,941.65	1,717.52	224.13	11.54

2.2 Advance Account

2.2.1 Advances to Public Officers Account

Limits Authorized by Parliament

Limits authorized by 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.Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
17801	5.0	4.8	1.0	2.7	10.0	8.5

2.3 Imprest Account

The balance of the Imprest Account of the Ministry as at 31 December 2014 was Rs.172,186.

2.4 General Deposit Account

The balance of the General Deposit Account of the Ministry as at 31 December 2014 was Rs.915,022.

2.5 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 at the Management Audit Report, referred to in Paragraph 1.1, the Appropriation Account and the Reconciliation Statements of the Ministry of Coconut Development and Janatha Estate Development had been prepared satisfactorily. The material and important observations included in that Management Audit Report appear in Paragraph 3.1 to 3.5 herein.

3. Head 178 - Ministry of Coconut Development and Janatha Estate Development

3.1 Appropriation Account

Budgetary Variance

Following observations are made.

- (a) The entire net provision amounting to Rs. 1.4 million made for 02 Objects had been saved.
- (b) Excess provision had been made for 13 Objects and as such the savings, after the utilization of provisions, ranged between 25 per cent to 70 per cent of the net provisions relating to the respective Objects.

3.2 Assets Management

Conduct of Annual Boards of Survey

According to the Public Finance Circular No. 02/2014 of 17 October 2014, the Board of Survey for the year should be conducted and the reports thereon should be furnished to the Auditor General before 17 March 2015. Nevertheless, the Ministry had not furnished those reports even by 31 May 2015.

3.3 Non – compliance

Non – compliance with Laws, Rules and Regulations

Instances of non – compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analysed below.

References to Laws, Rules and Regulations.	Value	Non – compliance
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	Rs.	
(a) Statutory Provisions		

Public Service Provident Fund Ordinance	615,829	Deduction of the provident Fund contribution for the period 2012 to 2014 year of the employees from their salaries had been sent to the Fund after a certain period of delay in year 2014.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka		

(i) Financial Regulation 1646	-	Running Charts and Monthly Performance Reports relating to 06 motor vehicles of the fleet had not been submitted to Auditor General before the 15 of the next month.
(ii) Financial Regulation 1647(b)	-	A board of Survey had not been conducted with regard to vehicles and equipment of the vehicles as at 31 December 2014.

(c) Treasury Circulars

- (i) Circular No. 842 of 19 December 1978
- (ii) Circular No.1A1/2002/02 of 28 November 2002

Fixed Assets Register had not been maintained.

Register for computer, computer accessories and software had not been maintained .

3.4 Performance

Activities Contrary to Key Functions

The Ministry had been given Rs.5 million out of the total provision made from the Annual Budget Estimate Rs. 200 million under the programme of Weligama Coconut Leaf Wilt Disease to the Coconut Cultivation Board as at 02 September 2014, without a formal approval of the Secretary of the Treasury. Out of the that amount the Board had spent a sum of Rs.4.9 million, for the development of Southern Coconut Development Training Centre situated at Medamulana.

3.5 Human Resources Management

Approved Cadre and the Actual

Cadre position as at 31 December 2014 was as follows.

Category of Employee	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior level	6	5	1
(ii) Tertiary Level	9	4	5
(iii) Secondary Level	765	478	287
(iv) Preliminary Level	20	20	-
Total	800	507	293

Action had not been taken by the Ministry to fill 293 vacant posts at the end of the year under review.