

Report of the Auditor General on Head 173 - Ministry of Public Management Reforms – Year 2014

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

1:1 Scope of Audit

The Appropriation Account including the financial reports, reconciliation statements, books, registers and other records of the Ministry of Public Management Reforms for the year ended 31 December 2014 were audited in pursuance of provisions in 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 to the Ministry on 13 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 Account and reconciliation statements in accordance with the provisions in Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and the 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.

2. Accounts

2.1 Appropriation Account

Total Provision and Expenditure

The total net provision made for the Ministry for the year under review amounted to Rs.239,800,000 and out of that, a sum of Rs. 214,420,236 had been utilized by the end of the year under review. Accordingly, the savings amounted to Rs.25,379,764 or 10.6 per cent of the net provision. Details appear below.

Expenditure	As at 31 December 2014			Savings as a Percentage of the total Net Provision
	Net Provision	Utilization	Savings	
	Rs.	Rs.	Rs.	
Recurrent	132,800,000	125,924,455	6,875,545	5.18
Capital	107,000,000	88,495,781	18,504,219	17.29
Total	239,800,000	214,420,236	25,379,764	10.6

2.2 Advance Account

2.2.1 Advances to Public Officers Account

Limits Authorized by Parliament

Limits authorized by Parliament for the Advances to Public Officers Account relating to the Ministry and the actual values are given below.

Item Number	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
17301	3,000,000	2,979,672	1,000,000	1,785,426	10,000,000	7,388,640

2.3 General Deposit Account

The balance of the Deposit Account of the Ministry as at 31 December 2014 amounted to Rs.1,562,992.

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 at the Management Audit Report, referred to in Paragraph 1.1, the Appropriation Account and the Reconciliation Statements of the Ministry of Public Management Reforms had been prepared satisfactorily. The material and important observations included in that Management Audit Report appear in Paragraphs from 3.1 to 3.11 herein.

3. Head 173 - Ministry of Public Management Reforms

3.1 Non-maintenance of Registers and Books

The Ministry had not maintained and updated the Fixed Assets Register in terms of the Treasury Circular No.842 of 19 December 1978.

3.2 Appropriation Account

Budgetary Variance

Following observations are made.

- (a) The entire net provisions made for 04 Objects amounting to Rs. 3,400,000 had been saved.
- (b) Excess provision had been made for 14 Objects and as such the savings thereunder after utilization of provisions ranged between 14 per cent to 98 per cent of the net provision relating to the respective Objects.

3.3 Imprest Account

The Imprest Register had not been furnished for audit.

3.4 General Deposit Account

Action had not been taken in terms of Financial Regulation 571 with regard to 02 deposits amounting to Rs.440,000 which had exceeded a period of 2 years.

3.5 Reconciliation Statement of Advances to Public Officers Account

According to the Reconciliation Statement as at 31 December 2014 of the Advances to Public Officers Account Item No. 17301 the balances that remained outstanding as at that date totalled Rs.7,388,640 had been less the period of one year.

3.6 Good Governance and Accountability

3.6.1 Annual Procurement Plan

Even though the Procurement Plan should be prepared and submitted to the audit in terms of the National Budget Circular No.128 of 24 March 2006, it had not been prepared even by 30 June 2015.

3.6.2 Internal Audit

Even though an Internal Audit Unit had been in operation, no adequate internal audit had been carried out.

3.7 Assets Management

During the course of audit test examination carried out in respect of assets of the Ministry the following deficiencies were observed.

(a) Idle and Underutilized Assets

The floor area of 5,450 square feet or ¼ floor area in the 6th floor of the II stage of Sethsiripaya building which the Ministry is being functioning had been idle during the year under review.

(b) Conduct of Annual Boards of Survey

The following observations are made.

(i) **Conduct of Board of Survey**

In terms of the Public Finance Circular No.2/2014 dated 17 October 2014, the Board of Survey for the year 2014 should be conducted and submitted the report thereon to the Auditor General before 17 March 2015. Nevertheless, the Ministry had not furnished that report to the audit even by 30 June 2015. The last Board of Survey conducted had been for the year 2013.

(ii) Action on the excesses and shortages pointed out and the other recommendations made in the Reports of the Board of Survey for the year 2013, had not been taken in terms of the Financial Regulations.

(c) Unsettled Liabilities

Liabilities remaining for a period of less than one year which had not been settled by the Ministry as at 31 December 2014 amounted to Rs.2,259,581.

3.8 Non – compliance

Non – compliance with Laws, Rules, Regulations etc.

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

Reference to Laws, Rules and Regulations -----	Non-compliance -----
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka -----	
Financial Regulation 104 (3)	Action in terms of the Financial Regulations had not been taken relating to the accidents caused to 03 vehicles during the year under review.

(b) Public Administration Circulars

Circular No 41/90 of 10 October 1990 The fuel consumption of vehicles of the Ministry had not been checked in every 06 months.

3.9 Performance

The performance report for the year under review had not been submitted to the audit to check the progress of the Ministry with the annual Budget Estimate and Action Plan for the year 2014.

3.10 Cash Control

The Ministry had not prepared and submitted the monthly bank reconciliation statements to the audit.

3.11 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2014 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
	-----	-----	-----	-----
(i)	Senior Level	12	10	02
(ii)	Secondary Level	73	46	27
(iii)	Primary Level	20	16	04
		-----	-----	-----
	Total	105	72	33
		=====	=====	=====

The following observation is made.

Actions had not been taken by the Ministry to fill 33 vacancies by the end of the year under review.