

Report of the Auditor General on Head 11 - Office of the Finance Commission – Year 2015

The audit of the Appropriation Account and the Reconciliation Statement including the financial records, books, registers and other records of the Head 11 - Office of the Finance Commission for the year ended 31 December 2015 was carried out 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 Commission on 19 September 2016. 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 the Reconciliation Statements in accordance with the provisions in Articles 148,149,150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Finance 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 Office of the Commission amounted to Rs.43 million and out of that, Rs.38.06 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provision of the Commission amounted to Rs.4.94 million or 11.49 per cent of the provision. Details appear below.

Expenditure	As at 31 December 2015			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs. Millions	Rs. Millions	
Recurrent	38.50	36.04	2.46	6.38
Capital	4.50	2.02	2.48	55.11
Total	43.00	38.06	4.94	11.49

2.2 Advances to Public Officers Account

Limits Authorised by Parliament

The limits authorised by Parliament for the Advances to Public Officers Account of the Office of the Commission, Item No.01101 and the actual amounts are given below.

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
3.21	1.02	1.01	2.30	12.00	4.78

2.2 General Deposit Account

The balances of the two General Deposit Accounts of the Office of the Commission as at 31 December 2015 totalled to Rs.50,050.

2.3 Audit Observation

The Appropriation Account and the Reconciliation Statement of the Office of the Commission for the year ended 31 December 2015 had been satisfactorily prepared subject to the audit observations appearing in the Management Audit Report referred to in Paragraph 1.1 above. The material and important Audit Observations out of the observations included in the Management Audit Report appear in Paragraph 3.

3. Material and Significant Audit Observations

3.1 Transactions without Authority

The employees deployed in the service of the Office of the Commission from 03 August 2015 are paid an allowance of $\frac{1}{4}$ of the monthly consolidated salary and that allowance had been paid to two officers who deployed in the service on contract basis.

3.2 Performance

According to the Annual Action Plan for year 2015, the observations on progress are given below.

- The recommendations in respect of the audit observations included in the Auditor General's Report issued to the Provincial Councils should have been issued by the Finance Commission for each Provincial Council. Nevertheless, the Commission had not furnished the recommendations for Northern, Southern and Eastern Provincial Councils in respect of the observations included in the Auditor General's Reports issued for the year 2014.

- (b) The officer attached to the Central Province had not participated for the progress review meetings of the province in the year under review while the officers had not been assigned to Southern, North Central, Uva and Sabaragamuwa Provinces

3.3 Human Resources Management

The following observations are made.

- (a) The Office of the Commission had failed to obtain a formal approval on the excess staff recruited.
- (b) An officer had been recruited by the Commission on contract basis for a permanent post approved by the Department of Management Services.