

Report of the Auditor General on Head 325- Department of Coast Conservation- Year 2015

The audit of the Appropriation Account including the financial records, books, registers and other records of the Head 325 Department of Coast Conservation for the year ended 31 December 2015 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 Director General of the Department on 20 July 2016. The audit observations, comments and findings on the accounts and 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 and the Accounting Officer on the

Accounts and Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the 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 Public Finance and Administrative Regulations. The responsibility includes designing, implementing, 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 Department amounted to Rs.136.92 million and out of that Rs.89.38 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provision of the Department had been Rs.47.54 million or 34.72 per cent. Details are given below.

Expenditure -----	As at 31 December 2015 -----			Savings as a percentage of Net Provision -----
	Net Provision ----- Rs. Millions	Utilization ----- Rs. Millions	Savings ----- Rs. Millions	
Recurrent	32.27	30.62	1.65	5.11
Capital	104.65	58.76	45.89	43.86
Total	136.92	89.38	47.54	34.72
	=====	=====	=====	

2.2 Imprest Account

The balance of the Imprest Account No.7002/0000/00/0409/0015/000 of the Department as at 31 December 2015 amounted to Rs.2.45 million.

2.3 General Deposit Account

The balance of the General Deposit Account No.6000/0000/00/0015/0171/000 of the Department as at 31 December 2015 amounted to Rs.1.08 million.

2.4 Audit Observation

The Appropriation Account of the Department of Coast Conservation for the year ended 31 December 2015 had been satisfactorily prepared subject to the Audit Observations included in the Management Audit Report referred to the paragraph 1.1 above. The material and significant Audit Observations appearing out of the Audit Observations appearing in that Management Audit Report appear in paragraph 3.

3. Material and Significant Audit Observations

3.1 Budgetary Variance

Excess provisions had been made for 05 Objects and as such the savings, after the utilization of provisions as at the end of the year under review, ranged from 25 per cent to 100 per cent of the net provision.

3.2 Good Governance and Accountability

3.2.1 Annual Action Plan

The Annual Action Plan for the year under review had not been prepared by the Department in terms of the Public Finance Circular No.01/2014 of 17 February 2014.

3.2.2 Annual Procurement Plan

The Annual Procurement Plan had not been prepared in terms of the National Budget Circular No.128 of 24 March 2006.

3.2.3 Annual Performance Report

Even though the Department should table the Performance Report in Parliament within 150 days after the close of the financial year in terms of the Public Finance Circular No.402 of 12 September 2002, that report had not been tabled in Parliament even by 16 June 2016.

3.3 Assets Management

Thirty- two various items valued at Rs.164,920 which remained without being issued over a long time in the store of the Head Office were observed and those included 16 inventory items valued at Rs.113,541 purchased in the years 2010 and 2011 as well.

3.4 Transactions of Contentious Nature

The following transactions of contentious nature were observed at the audit test checks conducted relating to the transactions of the Department.

- (a) A sum of Rs.136,030 had been overpaid in the purchase of 6”x9” size granite at valuations done without paying attention to the prices prevailing in the province or the rates available in the Provincial Engineering Offices.
- (b) An examination of the files and worksheets relating to construction and maintenance revealed that the Department had been purchasing materials throughout the year for construction and maintenance activities without preparing a Procurement Plan relating to the year 2015. Action had been taken to purchase under separate quotations invited

according to each work and under various types in the year for those materials at different prices. Instances where action had been taken based only on price without paying attention to the Technical Evaluation Reports, conditions of the materials and brands, specifications presented, were observed.

3.5 Human Resources Management

A separate staff had not been approved by the Department of Management Services for the Department. Seventy- one officers and 1,111 sailors of the Sri Lanka Navy had been attached on secondment basis to execute the function of the Department.