

Report of the Auditor General on Head 121 – Ministry of Home Affairs - Year 2015

The audit of the Appropriation Account, Revenue Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 121 – Ministry of Home Affairs 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 Ministry on 04 July 2016. The audit observations, comments and findings on the accounts and the Reconciliation Statements were based on a review of the Accounts and the 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, Revenue 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, 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 amounted to Rs. 24,690.17 million and out of that, Rs. 21,700.51 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision of the Ministry amounted to Rs. 2,989.66 million or 12.11 per cent. 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	7,983.61	7,354.34	629.27	7.88
Capital	16,706.56	14,346.17	2,360.39	14.13
Total	24,690.17	21,700.51	2,989.66	12.11

2.2 Revenue Account

Estimated and Actual Revenue

The Ministry had prepared Revenue Estimates totalling Rs. 128 million in respect of Revenue Code 10.03.07.99 for the year 2015 and Revenue totalling Rs. 152 million had been collected. That represented 119 per cent of the Estimated Revenue. Details appear below.

Revenue Code	As at 31 December 2015			Excess as a Percentage of Estimate
	Estimated Revenue	Actual Revenue	Excess	
	Rs. Millions	Rs. Millions	Rs. Millions	
10.03.07.99	128.00	152.19	24.19	18.90

2.3 Advance Account

2.3.1 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account of the Ministry under Item No.12101 and the actual amounts are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
30.00	27.06	1.20	170.36	350	288.07

2.3 General Deposit Account

The balance of the 04 Deposit Accounts of the Ministry as at 31 December 2015 totalled Rs. 7.15 million. Details appear below.

Deposit Account Number	Balance as at 31 December 2015
-----	-----
	Rs. Millions
6000/0000/00/0016/0070/000	1.43
6000/0000/00/0001/0091/000	0.12
6000/0000/00/0013/0081/000	0.39
6000/0000/00/0002/0121/000	5.21

Total	7.15
	=====

2.5 Audit Observation

The Appropriation Account, Revenue Account and the Reconciliation Statements for the year ended 31 December 2015 of the Ministry of Home Affairs 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 significant Audit Observations out of the Audit Observations included in the Management Audit Report appear in paragraph 3.

3. Material and Significant Audit Observations

3.1 Non – maintenance of Registers and Books

It was observed during audit test checks that the Ministry had not maintained the following registers.

Type of Register	Relevant Regulation
-----	-----
(a) Register of Losses	Financial Regulation 110
(b) Register of Liabilities	Financial Regulation 214

3.2 Appropriation Account

3.2.1 Budgetary Variance

The following observations are made.

- (a) The entire net provision amounting to Rs. 45,200,000 made for 09 Objects had been saved.
- (b) Excess provisions had been made for 37 Objects and as such, the savings after the utilization of provisions ranged from 30 per cent to 99 per cent of the net provisions relating to the respective Objects.

3.3 Revenue Account

The duties relating to the preparation of Revenue Estimates, collection of Revenue, Accounting and the presentation of Accounts relating to the Revenue Code 10-3-07-99 had been assigned to the Secretary to the Minister as the Revenue Accounting Officer. The following deficiencies were observed during the course of audit test check relating to the Revenue Code.

- (a) According to the Annual Budget Estimates, the collection of Revenue amounting to Rs. 128 million had been estimated under the Revenue Code. A Revenue of Rs.152 million had been collected as at the end of the year under review and that amounted to 118.75 per cent of the estimated Revenue. As the District Secretariats and Divisional Secretariats had increased the collection of Revenue from issuing Monthly Revenue Certificates, Annual Revenue Certificates, Valuation Certificates and copies of Licenses on the requirements of clients, Revenue exceeding the estimated revenue had been collected.
- (b) However, the decrease of actual revenue in the year under review had been Rs. 8 million as compared with the actual revenue of the preceding year. The decrease of the revenue earned by the 10 District Secretariats had ranged from 9 per cent to 93 per cent and the reasons attributed for the decrease of percentage of collection of Revenue were not made available for audit.
- (c) Half-yearly Revenue Reports had not been prepared in terms of the Financial Regulation 128(2) of the Democratic Socialist Republic of Sri Lanka.

3.4 Reconciliation Statement of the Advances to Public Officers Account

The following deficiencies were observed during the course of audit test checks of the Reconciliation Statement as at 31 December 2015 relating to the Advances to Public Officers Account, Item No. 12101.

- (a) According to the Reconciliation Statement presented to audit the balances that remained outstanding as at that date totalled Rs. 32,724,365 and an age analysis relating to those outstanding loan balances had not been furnished. The Ministry had failed to recover those outstanding loan balances.
- (b) Without having outstanding loan balances from 08 officers in the year under review instances were observed that recovery of distress loans and festival advances amounting to Rs. 62,244 as installments.
- (c) The loan balances in the Regional Offices in Jaffna District had not been categorised and had not been furnished with the Reconciliation Statement.

3.5 Good Governance and Accountability

3.5.1 Internal Audit

Even though a post of Chief Internal Auditor (Sri Lanka Accountants' Service I) and a post of Internal Auditor (Sri Lanka Accountants' Service II/III) had been approved for the Ministry, that posts had remained vacant for the year under review and the Internal Audit Unit also had not been established.

3.5.2 Audit and Management Committee

Even though the meetings of the Audit and Management Committee should be held at least once in a quarter, the meetings of the Audit and Management Committee had not been held for the year under review.

3.6 Assets Management

Thirteen motor vehicles belonging to other institutions had been utilized by the Ministry without a formal vesting.

3.7 Performance

The observations on the progress of the Ministry according to the Performance Report for the year 2015 are given below.

- (a) Even though the financial progress and the physical progress of the activities implemented to execute the objectives in the year under review had been shown according to the Annual Performance Report prepared by the Ministry, the particulars based on to ensure those amounts had not been furnished and as such, the accuracy of the progress thereon could not be established.
- (b) According to the Performance Report prepared for the year under review, it was shown that 06 objectives of the Internal Audit Division had been implemented and shown a financial and physical progress thereon as 70 per cent. Nevertheless, an Internal Audit Unit had not been established during the year.

3.8 Human Resources Management

Approved Cadre and Actual Cadre

The position on the cadre as at 31 December 2015 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	30	17	13
(ii) Tertiary Level	06	02	04
(iii) Secondary Level	156	131	25
(iv) Primary Level	71	52	19
Total	263	202	61

The following observation is made.

The Salaries and wages amounting to Rs. 7,121,055,834 had been paid by the Ministry to the staff of the Ministry and to 15,639 officers of the Ministry of Economic Development who transferred to the Ministry in the year under review and a sum of Rs. 182,384,468 had been paid as loans and advances. Action had not been taken to obtain the approval thereon from the Department of Management Services for the staff of the Ministry inclusive of the above staff transferred to the Ministry in the year under review.