

**Report of the Auditor General on Head 123 – Ministry of Housing and Construction
Year 2015**

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head –123, Ministry of Housing and Construction 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 Secretary to the Ministry on 24 October 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 on 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 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 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 amounted to Rs.6,359.88 million and out of that Rs.6,319.79 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision made for the Ministry had been Rs.40.09 million or 0.63 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	643.19	628.68	14.51	2.26
Capital	5,716.69	5,691.11	25.58	0.45
Total	6,359.88	6,319.79	40.09	0.63

2.2 Advance Account

2.2.1 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament and actual values of the Advances to the Public Officers Account under Item No.12301 of the Ministry are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.Millions	Rs.Million	Rs.Million	Rs.Million	Rs.Million	Rs.Millions
15.00	7.69	7.00	8.39	50.00	22.39

2.3 Imprest Account

The balance of the Imprest Account of the Ministry as at 31 December 2015 amounted to Rs. 63.76 million.

2.4 General Deposit Account

The balances of the 04 Deposit Accounts of the Ministry as at 31 December 2015 amounted to Rs. 0.43 million. Details are given below.

Deposit Account Number	Balance as at 31 December 2015
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	Rs. Millions
6000/0000/00/0001/0078/000	0.02
6000/0000/00/0002/0106/000	0.37
6000/0000/00/0013/0071/000	0.03
6000/0000/00/0015/0079/000	0.01

Total	0.43
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2.5 Audit Observation

The Appropriation Account and the Reconciliation Statements for the year ended 31 December 2015 of the Ministry of Housing and Construction have been prepared satisfactorily subject to the audit observations appearing in the Management Audit Report referred to in paragraph 1.1. The material and significant audit observations out of the observations included in the Management Audit Report appear in paragraph 3.

3 Material and Significant Audit Observations

3.1 Advances to Public Officers Account

According to the Reconciliation Statement of the Advances to Public Officers Account bearing Item No.12301 the outstanding balance as at 31 December 2015 totalled Rs. 799,878. Even though the balance remained outstanding from a period ranging from 1 year to 03 years, the Ministry had failed to recover the same.

3.2 Performance

The following observations are made on the progress of the Ministry in terms of the Annual Budget Estimate 2015 and the Action Plan.

- (a) Angulana Urban Housing Scheme – Second Phase and “Diriya Piyasa” projects had not been included into the 2015 Action Plan. As such, sums of Rs. 189.47 million and Rs. 176.69 million respectively had been spent for those projects by the Ministry.
- (b) It was planned to renovate 6,349 houses by an estimate of Rs. 376 million under the “Nagamu Purawara” programme in the year 2015. According to the information of the Ministry of Housing and Construction only 51 per cent of physical progress had been

achieved by spending a sum of Rs. 365.29 million or 97 per cent of the total provision by the end of the year under review. According to the information of the National Housing Development Authority, the renovated number of houses had been only 1,305 or 21 per cent of the expected number of houses.

- (c) Even though it was planned to fund for 5,000 houses Under the “Sevena Sarana” project in the 2015, only 316 houses had been constructed according to the information of the National Housing Development Authority. Even though it was planned to fund for 2,500 houses in the year 2015 under the ”Sevena” special funding scheme, it was funded only for 8 houses according to the information of the National Housing Development Authority. Even though it was planned to construct 39 houses for the Pallekale Prime Land Estate with the contribution of Government and the Private Sector, none of the houses had been constructed.

3.3 Human Resources Management

----- Approved Cadre and Actual Cadre -----

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

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
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(i)	Senior Level	27	25	04	02
(ii)	Tertiary Level	04	02	02	-
(iii)	Secondary Level	107	93	14	-
(iv)	Primary Level	44	39	05	-
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	Total	182	159	25	02
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