

Report of the Auditor General on Head 149 – Ministry of Industries and Commercial Affairs - Year 2015

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 149 – Ministry of Industries and Commercial 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 12 October 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 Ministry amounted to Rs.5,485.69 million and out of that, a sum of Rs.4,105.67 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.1,380.02 million or 25.16 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	1,804.16	1,691.16	113.00	6.26
Capital	3,681.53	2,414.51	1,267.02	34.42
Total	5,485.69	4,105.67	1,380.02	25.16

2.2. Advance Account

Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account Item No.14901 of the Ministry 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
16.00	14.04	9.50	17.19	80.00	46.66

2.3 General Deposit Accounts

The balances of the 04 Deposit Accounts of the Ministry as at 31 December 2015 totalled Rs.53.11 million. Details appear below.

Deposit Account Number

Balance as at 31 December 2015

	Rs.Millions
6000/0000/00/0002/0066/000	0.08
6000/0000/00/0013/0031/000	5.76
6000/0000/00/0016/0018/000	44.87
6000/0000/00/0018/0022/000	2.40
Total	53.11

2.4 Audit Observation

The Appropriation Account and the Reconciliation Statements for the year ended 31 December 2015 of the Ministry of Industries and Commercial Affairs had been prepared satisfactorily, 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 Books and Registers

It was observed during audit test checks that the following Registers had not been maintained by the Ministry.

Type of Register -----	Relevant Regulation -----
(i) Register of Electrical Equipment	Financial Regulation 454(2)
(ii) Register of Counterfoil Books	Financial Regulation 341

3.2 Appropriation Account -----

Budgetary Variance -----

The following observations are made.

- (a) The entire provisions made for 16 Objects amounting to Rs.223.60 million had been saved without being utilized.
- (b) Excess provisions had been made for 41 Objects and as such the savings after the utilization of provisions ranged between 25 to 99 per cent of the net provisions relating to the respective Objects.

3.3 Reconciliation Statement of the Advances to Public Officers Account -----

According to the Reconciliation Statement of the Advances to Public Officers Account, Item No.14901 as at 31 December 2015, the balances that remained outstanding for over a period of 6 years recoverable from the officers interdicted and vacated of posts amounted to Rs.100,208.

3.4 Performance -----

The observations on the progress of the Ministry according to the Annual Budget Estimates and Action Plan for the year 2015 are given below.

(a) Key Functions not Executed Adequately -----

Even though, mobilization advances amounting to Rs.102.71 million had been paid for the construction works of 07 industrial cities which were planned to be complete in the year under review by the Ministry, an adequate physical progress had not been achieved thereon even by the end of the year under review.

(b) Action not taken in accordance with the Annual Action Plan -----

Even though, provisions of Rs.153.3 million had been made for various construction works and services which were planned to be executed in 07 Industrial cities according to the Action Plan for the year 2015, those works had not been commenced even by the end of the year under review.

3.10 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	Excess Cadre
	-----	-----	-----	-----	-----
(i)	Senior Level	74	62	17	05
(ii)	Tertiary Level	08	04	04	-
(iii)	Secondary Level	686	529	157	-
(iv)	Primary Level	141	118	23	-
		-----	-----	-----	-----
	Total	909	713	201	05
		=====	=====	=====	=====