

Report of the Auditor General on Head 158 – Ministry of Public Enterprise Development – Year 2015

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 158 – Ministry of Public Enterprise Development 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 15 September 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 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 Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and Public Financial and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliations 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.1,206.89 million and out of that Rs.1,189.90 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provision of the Ministry amounted to Rs.16.99 million or 1.41 per cent. Details appear below.

Expenditure	As at 31 December 2015			Savings as a Percentage of the Net Provisions
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs.Millions	Rs.Millions	
Recurrent	24.93	17.60	7.33	29.40
Capital	1,181.96	1,172.30	9.66	0.82
Total	1,206.89	1,189.90	16.99	1.41

2.2 Advance Account

Advances to Public Officers Account

Limits Authorized by Parliament

Limits authorized by Parliament for the Advances to Public Officers Account, Item No.15801 of the Ministry 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
3.00	0	0.02	0.11	20.00	4.40

2.3 Imprest Account

The balance of the Imprest Account No. 7002/0000/00/0453/0015/000 of the Ministry as at 31 December 2015 amounted to Rs.1.50 million.

2.4 Audit Observation

The Appropriation Account and the Reconciliation Statements for the year ended 31 December 2015 of the Ministry have 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 said 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 Fixed Assets	Treasury Circular No.842 of 19 December 1978

- | | | |
|-----|---|---|
| (b) | Register of Fixed Assets on Computers, Accessories and Software | Treasury Circular No. IAI/2002/02 of 28 November 2002 |
| (c) | Register of Cheques, Money Orders, etc. | Financial Regulation 451 |
| (d) | Security Register | Financial Regulation 891(1) |
| (e) | Register of Electrical Fittings | Financial Regulation 454(2) |
| (f) | Register of Attendance of the Procurement Committee and the Technical Evaluation Committees | Guideline 2.11.2 of the Government Procurement Guidelines |

3.2 Appropriation Account

Budgetary Variance

The entire net provision itself of Rs.2.08 million made for 9 Objects had been saved.

3.3 Reconciliation Statement of Advances to Public Officers Account

The Reconciliation Statement as at 31 December 2015 relating to the Advances to Public Officers Account Item No. 15801 had been made available to Audit. The Register of Loans and Advance Balances stated in that statement had not been prepared in terms of the Public Enterprises Circular No.96 of 10 August 1994.

3.4 Assets Management

The Annual Boards of Survey for the year 2015 had not been conducted in terms of the Public Finance Circular No.02/2014 of 17 October 2014.

3.5 Human Resources Management

Approved Cadre and Actual Cadre

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

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	19	08	11
(ii)	Tertiary Level	03	01	02
(iii)	Secondary Level	32	19	13
(iv)	Primary Level	30	12	18

(v)	Other (Casual/ Temporary/ Contract Basis)	04	01	03
	Total	----- 88	----- 41	----- 47
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