

Report of the Auditor General on Head 21 – Auditor General– year 2015

The audit of the Appropriation Account and the Reconciliation statements including the financial records, books, registers and other records of the Head 21 - Auditor General 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 Auditor General on 21 September 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 Department amounted to Rs.1,185.8 million and out of that Rs.1,158.1 million had been utilized by the end of the year under review. Accordingly, the savings out of total net provision of the Department amounted to Rs.27.7 million or 2.3 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	1,157.65	1,138.33	19.32	1.67
Capital	28.22	19.83	8.39	29.73
Total	1,185.87	1,158.16	27.71	2.34

2.2 Revenue Account

Estimated and Actual Revenue

The Department had prepared a Revenue Estimate totalling Rs.110.0 million for the Revenue Code 20.03.02.01 and Revenue totalling Rs.109.3 million had been collected. That represented 99.36 per cent of the Estimated Revenue. Details appear below.

Revenue Code	As at 31 December 2015			Deficit as a Percentage of Estimated Revenue
	Estimated Revenue	Actual Revenue	Deficit	
	Rs. Millions	Rs. Millions	Rs. Millions	
20.03.02.01	110.0	109.3	0.7	0.64

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 Department under Item No.02101 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
50.00	36.02	45.00	54.68	280.00	218.37

2.4 General Deposit Accounts

The balance of the 04 Deposit Accounts of the Department as at 31 December 2015 totalled to Rs.24.99 million. Details appear below.

Deposit Account Number	Balance as at 31 December 2015
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	Rs.Millions
6000/0000/00/0002/0132/000	0.20
6000/0000/00/0015/0012/000	3.81
6000/0000/00/0016/0081/000	16.06
6000/0000/00/0018/0084/000	4.92
Total	<u>24.99</u>

2.5 Audit Observation

The appropriation Account and the Reconciliation Statements and Revenue Account for the year ended 31 December 2015 of the Auditor General's Department 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 General Deposit Account

Action in terms of Financial Regulation 571 had not been taken on 05 deposits older than 02 years totalling Rs.130,585.

3.2 Revenue Accounts

The duties relating to the preparation of Revenue Estimates, collection of Revenue, Accounting and the presentation of Accounts relating to the Revenue Code 20.03.02.01 had been assigned to the Head of the Department as the Revenue Accounting Officer. The following deficiencies were observed during the course of the test audit of that Revenue Code.

- (a) According to the Revenue Account presented to Audit, Revenue totalling Rs.214.4 million had been in arrears and the arrears of Revenue related to periods ranging from 1 year to 32 years. The follow-up action on the recovery of arrears of Revenue had been at a weak level.
- (b) When revised the Revenue Estimates prepared by the Department, the estimated Revenue had been increased by the Treasury by 9 per cent in the year 2014 and 10 per cent of the estimated Revenue in the year 2015.
- (c) Audit fees totalling Rs.6,555,758 in respect of 24 audited institutions which were not operated at present had remained in arrears due to the reasons such as Closing down,

Consolidation, Restructuring and Selling of those Institutions which were owned by the Government.

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.02101 as at 31 December 2015, the balances that remained outstanding as at that date totalled Rs.1,921,229. Even though those outstanding balances remained over periods ranging from 01 year 24 years, the follow-up action on the recovery of those outstanding balances had been at a weak level.

3.4 Good Governance and Accountability

3.4.1 Internal Audit

An Internal Audit Unit had not been established for the year under review.

3.5 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	352	205	147
(ii) Tertiary Level	1,204	1,024	180
(iii) Secondary Level	183	151	32
(iv) Primary Level	183	143	40
Total	1,922	1,523	399