

**Report of the Auditor General on Head 237 - Department of National Planning
Year 2015**

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books and records registers and other reports of the Head 237 – Department of National Planning 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 Director General of the Department on 26 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 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and Accounting Officer are 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.91.71 million and out of that a sum of Rs.81.51 million had been utilized by the end of the year under review. Accordingly, a sum of Rs.10.20 million or 11.12 per cent out of the total net provision made for the Department had been saved. Details appear below.

Expenditure	<u>As at 31 December 2015</u>			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs. Millions	Rs. Millions	
Recurrent	76.11	68.49	7.62	10.01
Capital	15.60	13.02	2.58	16.54
Total	91.71	81.51	10.20	11.12

2.2 Advance Account

2.2.1 Advances to Public Officers Account

Limits Authorised by Parliament

The limits authorised by Parliament for the Advances to Public Officers Account of the Department under Item No.23701 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
4.98	3.29	2.98	3.24	30.00	15.16

2.3 Audit Observation

The Appropriation Account and the Reconciliation Statements for the year ended 31 December 2015 of the Department of National Planning 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 Advances to Public Officers' Account

According to the Reconciliation Statement of the Advance to Public Officers Account Item No.23701, the balances that remained outstanding as at that date totalled Rs.213,887. Even though the balances remained outstanding ranging from 11 years to 24 years, the Department had failed to recover those balances.

3.2 Performance

It is the main function of the Department is to assist while preparing projects and programmes by the line Ministries. The Department had informed that it is in assistance with preparation of projects by Ministries to be submitted thus it is prevailing for all provinces of the country and the development should be done on an equal basis. According to the information provided with regard to the evaluation of projects on each of the sections of the Department projects on water and sanitary had not been prevailed in every province of the country.

3.3 Management Weaknesses

Following observations are made.

- (a) While examining of a sample of project proposal files a foreign institution had represented to provide funds for a project. The application for the same, should have been forwarded before the 15 of February 2015. Although the Department had sent a letter on 19 May 2015, requesting more details on the proposals from the Engineering Faculty of Peradeniya and during the time period it had been lapsed for the provisions to be applied for the project. As a result, it had been unable to obtain foreign aids for the relevant project.
- (b) The Department had evaluated the proposals on various projects to be implemented by each of the Miniseries/Departments. Due to unavailability of the records of accurate details of the evaluated and unevaluated projects, evaluation of 08 projects on the Unit of Postal Information Technology and Communication for the year 2015 and the details of 2 projects on Electricity Power and Energy Unit had not been submitted to audit. It had been submitted the details of the approved projects relating to Transport Unit for the year 2016 instead of the year 2015.

3.4 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	57	42	15
(ii)	Tertiary Level	02	-	02
(iii)	Secondary Level	28	12	16
(iv)	Primary Level	29	27	02
	Total	116	81	35
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Following observations are made.

- (a) The approved Librarian Post had been vacant and Assistant Director of the Planning Service had been recruited on acting basis. It had been observed that to carry out the functions of the Department the establishment of the Development Information Centre's Library; organization, distribution, inquiries and investigation and other services etc. could not be successfully obtained effectively such an Officer of the Planning Service instead of recruited the approved post of the Librarian and it had been revealed that rendering of these services would have been affected to the normal

duties of the Officer concern. Further, in the audit quarry No. TRE/D/NPD/2/15/03 dated 30 November 2015 had been issued stating the same problems raised could have been as a result of the above situation.

- (b) It had been observed that evaluation of projects relating to various fields such technology and communication, technology and research, electricity, power and energy, ports, naval and air had been carried out by the officers who were experienced only in one field or in one service category. It had been observed that by recruiting of an officer for the post of Civil Engineer, would be effectively carried out the evaluation of project proposals on construction field.