

Report of the Auditor General on Head 242- Department of Management Services- Year 2015

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 242 Department of Management Services 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 Director General of the Department on 06 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 and the Accounting Officer on the Accounts and Reconciliation Statements

The Chief Accounting Officer and the 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 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, 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

The total net provision made for the Department amounted to Rs.48.40 million and out of that Rs.46.45 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision of the Department had been Rs.1.95 million or 4.03 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	44.33	43.11	1.22	2.75
Capital	4.07	3.34	0.73	17.94
Total	48.40	46.45	1.95	4.03

2.2 Advances to Public Officers Account

The limits authorized by Parliament and actual values of the Advances to the Public Officers Account under Item No.24291 of the Department 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
4.00	2.44	2.00	2.39	18.00	10.11

2.3 Audit Observation

The Appropriation Account, Revenue Account and the Reconciliation Statements for the year ended 31 December 2015 of the Department of Management Services 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 Appropriation Account

The following observations are made.

- (a) Provisions ranging from 27 per cent to 100 per cent had been saved out of the net provision relating to 6 Objects after the utilization of provisions due to over provisions.

3.2 Performance

The observations on the progress of the Department according to the Annual Action Plan 2015 are given below.

- (a) Taking action in terms of the Financial Regulation 71 relating to the changing of designations of posts, the creation of new posts, the grading of posts, the addition of authorized cadre, the creation of new rates or scales of salary, wages, allowances and other emoluments and remuneration or the revision of existing rates or scales or the absorption of temporary employees into the permanent cadre has been the functions of the Department. As such, it was observed that the Department had planned including only several selected functions in preparing the Action Plan and including preparing plans for some functions included in the functions of the Department into the Action Plan had not been done from several years.

- (b) The opportunity had not been given for promoting up to the Super Grade even though the qualifications had been fulfilled before retirement for the Senior Officers of the Accountants' Service due to the approved Super Grade posts being limited according to the Accountants' Service Minute. As such, the officers were compelled to retire without being promoted due to this reason and it had been informed by the Order No.10 to take action to create Super Grade posts. However, the approval had been given only to create 04 posts in 04 Ministries in this connection.
- (c) The necessary initialized documents and the Discussion Notes to confirm that the discussions/ meetings had been conducted with the relevant parties in executing functions such as the creation of posts, revision or abolition by the Department as identified in the audit test checks conducted relating to the functions carried out in terms of the Financial Regulation 71 and the Management Services Circular No.2014/03 of 31 March 2014 had not been furnished to audit.
- (d) A Procedure to make those functions convenient and that could be used as a Guideline in taking action in terms of the Financial Regulation 71 by the Department had been prepared. Evidence that action had been taken in terms of that Procedure had not been furnished to audit.
- (e) The activities of 15 Districts had been completed by June 2015 in the staff review of the District/ Divisional Secretariats which had commenced from the year 2013. However, action had been taken for the staff review in 09 remaining districts. As such, even though 03 years had lapsed, the activities had not been completed even by the end of the year under review.
- (f) Even though it was expected to carry out activities of 31 institutions in the review relating to Higher Education Institutions by the Action Plan of the year 2015 which had commenced after conducting a discussion with the University Grants Commission in June 2014, the activities had not been completed even by the date of audit of 25 August 2016.

(g) Even though it had been identified that 21,232 additional posts are necessary for the Department of Police, the approval had been given to recruit only for 2,559 posts. The new approved staff had been provided to the Institution by winding up the reviewing activities. However, it was observed that requests had been presented from time to time to obtain the approval for the new posts.

3.3 Human Resources Management

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

The position on the approved and actual cadre of the Department 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	21	13	08
(ii)	Tertiary Level	02	02	-
(iii)	Secondary Level	45	35	10
(iv)	Primary Level	14	14	-
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	Total	82	64	18
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The following observation is made.

Even though maintaining information systems on the staff of the Public Service and of the Provincial Public Service had been a function of this Department, the Department had failed to maintain information systems by including information of the actual staff due to 04 posts relating to Information and Communication Technology being vacant.