

**Report of the Auditor General on Head 280 - Department of Project Management and Monitoring
– Year 2015**

The audit of Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Department of Project Management and Monitoring Head 280, for the year ended 31 December 2015 was carried out in pursuance of provisions of 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 07 September 2016. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and the 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 the 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 Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and the Public, Financial and Administrative Regulations. This responsibility includes the planning, 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 Provisions and Expenditure

The total net provision made for the Department amounted to Rs. 100.62 million and out of that, a sum of Rs. 91.78 million had been utilized by the end of the year under review. Accordingly, the net savings of the Department amounted to Rs. 8.84 million or 8.79 per cent. Details appear below.

Expenditure	As at 31 December 2015			Savings as a percentage of Total Net Provisions
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	78.68	78.63	0.05	0.06
Capital	21.94	13.15	8.79	40.06
2.2. Total	100.62	91.78	8.84	8.79

Advances to Public Officers' Account

The limits authorized by Parliament for Advances to Public Officers' Account under item No: 28001 relevant to the Department 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
3.81	3.07	2.71	3.46	18.00	13.07

2.3 Audit Observation

The Appropriation Account and the Reconciliation Statement of the Department of Project Management and Monitoring, had been prepared satisfactorily for the year ending 31 December, 2015, subject to the 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 that management audit report appear in paragraph 3,.

3. Material and Significant Audit Observations

3.1 Foreign Aid Projects

During the period from July 2013 to December 2015, the Department had implemented the Strategic Placement Project (SPoDPMM) under foreign financing loans. According to the agreement, the total of its amended estimated cost was US\$ 160,164, and by the end of the year under review, US\$ 72,422 had been utilized for this project. The following observations are made in this regard:

- (a) In order to strengthen the capacity for monitoring and evaluation of projects, a grant of US\$ 94,500 had been made by this project to the Department in the year 2013 to modernize and strengthen the Integrated National Development Information System (INDIS). as at 31 December 2015, when the project period was ending, only US\$ 23,178 or 24.5 per cent had been utilized. Even though the service of the Information Communication Technology Agency (ICTA) had been obtained to improve the system, modernization of this system had not been completed even by the end of the year.
- (b) In order to develop the project evaluation and monitoring skills of the officials of the Department, a sum of Rs.975,475 had been spent in the year 2014 for giving local training to 12 officers from the project funds. Even though Rs.788,975 had been spent for training locally 8 officers out of them, had obtained transfers in the year 2016.

The Director General had informed the audit that she had noted to take action to enter into an agreement with the officers, after consulting the Director General of Establishments about the minimum number of years' service the officers should render to the Department after training, if any officer was to be trained in future by the Department incurring a substantial expenditure.

3.2 Performance

Observation about the progress of the Department in accordance with the Annual Action Plan for 2015, is shown below:

Even though it had been planned to monitor projects through field visits, field visits had been made only in respect of 13 projects out of 1051 local and foreign projects implemented in the year 2015. Those projects had not been selected so as to cover all the provinces in the island. In addition to this, during the year under review, only 4 District Secretariats had been under taken project investigation visits.

The Director General had informed the audit that field observations are not done in respect of all the projects implemented during the year, and that field observations are done only in respect of projects where problems had been reported during progress reviews, and also where the anticipated targeted progress had not been achieved.

3.3 Uneconomic Transactions

Two floors with an area of 10,707.4 square feet in the Central Bank of Sri Lanka building are being used by this Department which has an approved cadre of 93, and in the year 2015, Rs.25,697,760 had been paid as rent in that behalf at the rate of Rs.200 per square foot. It was observed that this represents 33 per cent of the net allocation of Rs.78,680,185 for recurrent expenditure in the year 2015.

3.4 Human Resource Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2015 is shown below:

Category of Employee	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	37	29	08
(ii) Tertiary Level	01	01	-
(iii) Secondary Level	35	23	12
(iv) Primary Level	20	18	02
Total	93	71	22

Following observation is made:

The Department had released a Development Officer to another party improperly without the approval of the appointing authority, and the Department had paid a sum of Rs.576,774 as salaries and allowances for this officer from 15 October 2014 to 31 December 2015