

Report of the Auditor General on Head 2 – Office of the Prime Minister - Year 2015

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 2 - Office of the Prime Minister 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 of the Prime Minister on 20 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 the 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

The total net provision made for the Office of the Prime Minister amounted to Rs.619.50 million and out of that Rs.545.81 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision of the Office amounted to Rs.73.69 million or 11.90 per cent. Details are given below.

Expenditure	<u>As at 31 December 2015</u>			Savings as a Percentage of Net Provisions
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs.Millions	Rs.Millions	
Recurrent	483.19	470.27	12.92	2.67
Capital	136.31	75.54	60.77	44.58
Total	619.50	545.81	73.69	11.90

2.2 Advances to Public Officers Account

The limits authorized by Parliament for the Advances to Public Officers Account under Item No.00201 of the Office of the Prime Minister and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
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Rs.Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
9.90	6.18	5.90	7.32	36.00	28.56

2.3 General Deposit Accounts

The balances of 02 Deposit Accounts of the Office of the Prime Minister as at 31 December 2015 totalled Rs.0.58 million. Details appear below.

Deposit Account Number	Balance as at 31 December 2015
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	Rs. Millions
6000/0000/00/0013/0090/000	0.01
6000/0000/00/0016/0085/000	0.57

Total	0.58
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2.4 Audit Observation

The Appropriation Account and the Reconciliation Statements of the Office of the Prime Minister for the year ended 31 December 2015, 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 Making Overprovision

Excess provisions had been made for 11 Objects and as such the savings, after the utilization of provisions, ranged from 24 per cent to 100 per cent of the net provisions relating to the respective Objects.

3.2 Transactions of Contentious Nature

Sums totalling Rs.10 million had been received as gifts comprising of Rs.5 million from a State Bank on 13 February 2015 and Rs.5 million from another State Bank on 12 March 2015 by the Office of the Prime Minister for a cultural show held to mark the Sixty Seventh Independence Day of Sri Lanka. Action in terms of Financial Regulation 170(2) had not been taken to credit the said gifts to the Government Revenue. A sum of Rs. 8 million so received for the Cultural Show held in connection with the Independence Day Celebration without taking action in terms of the Financial Regulation 170(2). Out of the balance amounting to Rs.2 million, a sum of Rs.1.13 million had been spent on a purpose extraneous to the purpose for which the gifts were given.

3.3 Irregular Transactions

The contract for laying concrete on the roads of Temple Trees premises had been awarded by the Office of the Prime Minister to the Colombo Municipal Council at an estimated cost of Rs.2.63 million. Twenty per cent of that contract value amounting to Rs.0.53 million had been paid as mobilization advance on 23 July 2015. According to the agreement entered into with the contractor, laying concrete should have been completed by 15 August 2015. Even though 06 months had elapsed since the expiry of the agreement period even as at 17 March 2016, the date of audit, no evidence in support of the completion of that contract had been made available to Audit.

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	Excess
(i)	Senior Level	31	27	04	-
(ii)	Tertiary Level	07	05	02	-
(iii)	Secondary Level	164	86	78	-
(iv)	Primary Level	178	91	87	-
(v)	Other (Casual/Temporary/Contract Basis)	-	05	-	05
	Total	380	214	171	05