

## Report of the Auditor General on Head 311 – Department of National Physical Planning - Year 2015

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 311 – Department of National Physical 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 04 August 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 Responsibility of the Chief Accounting Officer and the Accounting Officer for 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 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, 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

#### (a) Total Provision and Expenditure

The total net provision made for the Department of National Physical Planning amounted to Rs. 192.25 million and out of that, a sum of Rs. 176.71 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provisions amounted to Rs. 15.54 million or 8.08 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	179.25	169.07	10.18	5.68
Capital	13.00	7.64	5.36	41.23
Total	192.25	176.71	15.54	8.08

## 2.2 Advance Account

### 2.2.1 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.31101 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
12.48	10.17	7.68	11.91	60.00	30.52

## 2.5 Audit Observation

The Appropriation Account and the Reconciliation Statements for the year ended 31 December 2015 of the Department of National Physical 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 Observation

### 3.1 Non – maintenance of Registers and Books

It was observed during audit test checks that the Department had not maintained the following registers in the proper and updated manner.

Type of Register	Relevant Regulation
(a) Register of Fixed Assets	Treasury Circular No. 842 dated 19 December 1978.
(b) Register of Fixed Assets on Computers, Accessories and Software	Treasury Circular No. IAI/2002/02 dated 28 November 2002.

### **3.2 Appropriation Account**

#### **Budgetary Variance**

The entire net provisions amounting to Rs. 200,000 made for 02 Objects had been saved.

### **3.3 Reconciliation Statement of the Advance to Public Officers Account**

The following deficiencies were observed during the course of audit test checks of the Reconciliation Statement as at 31 December 2015 relating to the Advances to Public Officers Account Item No. 31101.

- (a) According to the Reconciliation Statement presented to audit, the balances that remained outstanding as at that date, totalled Rs. 1,084,724. Even though, those outstanding balances remained for a period ranging from 01 year to 29 years, the follow up action on the recovery of the outstanding balances had been at a weak level.
- (b) The files relating to 10 outstanding loans totalling Rs. 172,096 had not been furnished to audit. The actions taken to recover those loans or the reasons for not recovery of loans were not revealed in audit. It was informed to audit by the responsible officers concerned, that those files could not be found. Even though, disciplinary actions should be taken against the responsible officers for the files misplaced with outstanding balances, the necessary action had not been taken thereon.
- (c) The loans balances of 2 officers transferred out totalling Rs. 207,810 had not been settled even by the end of the year under review.

### **3.4 Good Governance and Accountability**

#### **3.4.1 Internal Audit**

An Internal Audit Unit had not been established in terms of the provisions of the Financial Regulations 133 and the Paragraph 03 of the Management Audit Circular No. DMA/2009(1) dated 09 June 2009. An internal audit had not been carried out in the Department even by the Internal Audit Unit of the Ministry.

### **3.5 Non-compliances**

#### **Non-compliance with Laws, Rules and Regulations**

Instances of non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
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<b>(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka</b>	<b>Rs. Million</b>	
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(i) Financial Regulation 137 and 138	3.97	Action had been taken to authorize and certify the payments before receiving the computers and accessories properly contrary to the Regulations.
(ii) Financial Regulation 139	3.97	Even though it should be ensured with the written evidence that the articles had been received in terms of the Regulations, the payments had been made by cheques on 31 December 2015 before receiving articles without ensuring that the articles had been received.

### 3.6 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
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(i) Senior Level	40	09	31
(ii) Tertiary Level	08	01	07
(iii) Secondary Level	113	72	41
(iv) Primary Level	233	206	27
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<b>Total</b>	<b>394</b>	<b>288</b>	<b>106</b>
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The following observations are made.

- (a) Two approved posts of Additional Directors General had been vacant even by 31 December 2015.
- (b) Despite, that there is a separate Ministry for the Development of religious places, 165 of the staff members had been attached for the maintenance of the religious places in 12 places.