

1.1 Scope of Audit

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Office of the Cabinet of Ministers for the year ended 31 December 2015 was carried out in pursuance of provisions in Article 154 (I) 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 to the Cabinet of Ministers on 16 May 2016. The audit observations, comments and findings on the accounts and 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 for the Accounts and 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

(a) Total Provision and Expenditure

The total net provision made for the Office of the Cabinet of Ministers amounted to Rs.77.40 million and out of that Rs.65.56 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provisions of the Office of the Cabinet of Ministers amounted to Rs.11.84 million or 15 per cent. 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	67.55	62.90	4.65	7
Capital	9.85	2.66	7.19	73
Total	77.40	65.56	11.84	15

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 Office of the Cabinet of Ministers, Item No.00501 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
2.59	2.50	2.39	2.96	13.00	9.05

2.3 Imprest Account

The imprest balance of the Office of the Cabinet of Ministers as at 31 December 2015 amounted to Rs.0.21 million.

2.4 General Deposit Account

The balance of the Deposit Accounts of the Office of the Cabinet of Ministers as at 31 December 2015 totalled Rs.184,000. Details appear below.

Office	Deposit Account Number	Balance as at 31 December 2015
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		Rs.
Office of the Cabinet of Ministers	6000/0000/00/0016/0029	180,000
- Do	6000/0000/00/0018/0036	4,000
Total		----- 184,000 =====

2.5 Audit Observation

According to the Financial Records and the Books for the year ended 31 December 2015, it was observed that subject to the audit observations appearing in the Management Audit Report referred to in Paragraph 1.1 above, the Appropriation Account and the Reconciliation Statements of the Office of the Cabinet of Ministers have been prepared satisfactorily. The material and important observations out of the observations included in the Management Audit Report appear in Paragraph 3 herein.

3. Material and Important Audit Observations

3.1 Good Governance and Accountability

3.1.1 Annual Performance Report

Even though the Annual Performance Report should be tabled in Parliament by the Office of the Cabinet of Ministers within 150 days after the end of the financial year, the Performance Report had not been tabled in Parliament even by 31 May 2016.

3.2 Assets Management

The following deficiency was observed at the audit test check carried out relating to the assets of the office.

Conduct of Annual Boards of Survey

According to the Public Finance Circular No. 05/2016 dated 31 March 2016 the Boards of Survey for the year 2015 should be conducted and the reports thereon should be furnished to the Auditor General before 17 March 2016. Nevertheless the Office had not furnished those reports even by 31 May 2016. The last Boards of Survey conducted had been for the year 2014.

3.3 Implementation of Projects under Domestic Financing

Projects Abandoned without Commencing

The project for establishment of a system of conservation and management of documents which estimated cost amounting to Rs.6 million had been planned to commence in the year 2012. The implementation of above project had been delayed due to the need of long discussions relating to the scope of the project and it had to be planned in compliance with the technological changes that will occur in the future.

3.4 Performance

According to the particulars furnished by the Office as at 31 August 2015, the number of Cabinet Memorandums submitted to the Office as at that date amounted to 1243. Ninety four Memorandums out of that had not been submitted either to the Cabinet of Ministers or to the Sub-committee of the Cabinet of Ministers on Administration Affairs. Final decisions had been taken for 1045 Cabinet Memorandums out of the other 1149 Memorandums. Number of Cabinet Memorandums which had not finalized amounted to 104, though they had submitted to the Cabinet of Ministers or to the Sub-Committee of the Cabinet of Ministers on Administration Affairs. The particulars of the performance of the Office of the Cabinet of Ministers up to 31 December 2015 had been furnished to audit even by 31 May 2016 even though called for by the letter dated 13 May 2016.

3.5 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2015 had been follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i)	Senior Level	16	11	05
(ii)	Tertiary Level	10	10	-
(iii)	Secondary Level	32	25	07
(iv)	Primary Level	32	25	07
	Total	90	71	19