

Report of the Auditor General on Head 324—Department of Management Audit-Year 2016

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 324 – Department of Management Audit for the year ended 31 December 2016 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 12 June 2017. 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 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 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

Total Provision and Expenditure

The total net provision made for the Department amounted to Rs.44.41 million and out of that Rs.43.01 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision of the Department amounted to Rs.1.40 million or 3.15 per cent. Details are given below.

Expenditure	As at 31 December 2016			Savings as a Percentage of Net Provisions
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs.Millions	Rs.Millions	
Recurrent	42.54	41.33	1.21	2.84
Capital	1.87	1.68	0.19	10.16
Total	44.41	43.01	1.40	3.15

2.2. Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account, Item No.32401 of the Department 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
2.20	2.18	1.25	2.22	10.00	6.47

2.3 Audit Observation

The Appropriation Account and the Reconciliation Statement of the Department of Management Audit for the year ended 31 December 2016, 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 Performance

One of the key functions of the Department of Management Audit is to introduce guidelines for internal auditing and the Department had taken action since the year 2014 to issue guidelines on the conduct of performance audit and special investigations. Even though it had been informed the audit in the year 2015 that action was to be taken to issue those guidelines in the year 2016, the Department had failed to finalize that activity even by the end of the year 2016.

3.2 Human Resources Management

The position of the cadre as at 31 December 2016 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	17	16	01
(ii)	Secondary Level	23	18	05
(iii)	Primary Level	13	07	06
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	Total	53	41	12
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Twelve vacancies had been vacant as at the end of the year under review. The Director General had informed the audit that out of those vacancies, only 08 vacancies exist at present and the Ministry was informed of filling 04 vacancies out of the above and filling the remaining 04 vacancies in the Primary Level is not essential.