

Report of the Auditor General on Head 325 - Department of Sri Lanka Coast Guard Year 2016

The audit of the Appropriation Account including the financial records, books, registers and other records of the Head 325 - Department of Sri Lanka Coast Guard for the year ended 31 December 2016 was carried out in pursuance of provisions in Article 154(1) 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 31 July 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 on 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 Article 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. The 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

Total Provision and Expenditure

The total net provision made for the Department amounted to Rs.77.04 million and out of that Rs.70.30 million was expended. As at 31 December 2016, savings of Rs.6.74 million or 8.75 per cent of the net provision were made.

Expenditure	As at 31 December 2016			Savings as a percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	39.27	37.81	1.46	3.72
Capital	37.77	32.49	5.28	13.98
Total	77.04	70.30	6.74	8.75

2.2 General Deposit Account

The balance of the General Deposit Account No.6000/0000/00/0016/0118/000 of the Department as at 31 December 2016 amounted to Rs.0.62 million.

2.3 Audit Observation

The Appropriation Account of the Department of Sri Lanka Coast Guard for the year ended 31 December 2016 had been satisfactorily prepared subject to the Audit Observations included in the Management Audit Report referred to in paragraph 1.1 above. The material and significant Audit Observations appearing out of the Audit Observations appearing in that Management Audit Report appear in paragraph 3.

3 Material and Significant Audit Observations

3.1 Non-maintenance of Registers and Books

The Department of Sri Lanka Coast Guard had not been maintained the Register of Fixed Assets on Computers, Accessories and Software in terms of the Treasury Circular No. IAI/2002/02 dated 28 November 2002 in an updated manner.

3.2 Appropriation Account

3.2.1 Budgetary Variance

Excess provisions had been made for 04 Objects and as such the savings, after the utilization of provisions as at the end of the year under review, ranged from 20 per cent to 91 per cent of the net provision.

3.3 Good Governance and Accountability

3.3.1 Annual Action Plan

Even though an Annual Action Plan had been prepared by the Department in terms of the Public Finance Circular No.01/2014 of 17 February 2014, only one activity had been started in the year 2016 and completed out of the 10 activities during the year under review. Although the approved Budgetary provisions for the Capital works of the Department were Rs.37.76 million, the amount had been Rs. 1,973.70 million in accordance to the Action Plan for the Capital works. Accordingly, the Action Plan had not been prepared based on the Annual Budget Estimate.

3.3.2 Annual Procurement Plan

Even though the Procurement Plan had been prepared in terms of the National Budget Circular No.128 of 24 March 2006, It had not been prepared a Procurement Time Schedule.

3.3.3 Annual Performance Report

Even though the Department should table the Performance Report in Parliament within 150 days after the close of the financial year in terms of the Public Finance Circular No.402 of 12 September 2002, that report had not been tabled in Parliament even by 16 June 2017.

3.4 Assets Management

Tree televisions, one signal machine, eight fans including 15 machinery and equipment were decided condemned in the year 2015 and actions had not been taken to remove the same even by the end of the year under review.

3.5 Human Resources Management

A separate staff had not been approved by the Department of Management Services for the Department. Sixty nine officers and 1,118 sailors of the Sri Lanka Navy had been attached on secondment basis to execute the function of the Department.