

## **Head 2 - Report of the Auditor General on the Prime Minister's Office- Year 2017**

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The Appropriation Account and Reconciliation Statement under Head and Item Number stated in the First Schedule and Third Schedule of the Appropriation Act, No. 24 of 2016 as amended by the Appropriation (Amendment) Act, No.32 of 2017 were presented to Audit by the [Prime Minister's Office](#). The financial and physical performance reflected by those accounts and the reconciliation statements were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

### **1.2 Responsibility of the Chief Accounting Officer for the Financial Management and Accountability**

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The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124 of the Democratic Socialist Republic of Sri Lanka. The Chief Accounting Officers have been appointed by the Minister of Finance to discharge the above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all the financial transactions of his Department in terms of Financial Regulation 125(1)(a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament 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, Government Financial Regulations and Administrative Regulations.

### **1.3 Audit Scope**

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The audit of [Prime Minister's Office](#) – Head 2 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources, apply of internal control systems, compliance with laws, rules and regulations and maintenance of books, registers, records and reconciliation statements in an updated manner, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The Management Audit Report for the year under review was issued to the Secretary to the Prime Minister on 31 August 2018. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports 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.

## 1.4 Audit Observation

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The audit observations of the Prime Minister's Office for the year ended 31 December 2017 revealed in audit appear in Management Audit Report in detail, mentioned in paragraph 1.3 above. The material and significant audit observations out of the audit observations included in the Management Audit Report appear in paragraph 2.1 to 2.3 of this report. It was observed that the accountability as the Chief Accounting Officer had been satisfactorily executed, to ensure the adequacy of the financial administration subjected to the following summarized audit observations revealed in the execution of the provisions of the Financial Regulation 127 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

Accountability of the Chief Accounting Officer in terms of Financial Regulation 127	Non-compliance of the Chief Accounting Officer to the Provision	Reference to the Paragraph of the report Containing Observations
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### Financial Regulations

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127 (1)(b)	A system should be evolved providing adequate controls over expenditure and the collection of revenues.	Deficiencies in the Human Resource Management	2.3
127 (4)	Appropriation Accounts are duly rendered by each of his Accounting Officers, and examined at the Ministry before he signs them; and that important differences in the Estimates and the actual expenditure are critically investigated by him.	Failure to prepare Budget Estimates realistically.	2.2

## 2. Material and Significant Audit Observations

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### 2.1 Planning

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#### Achievement of Sustainable Development Goals

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In accordance with the concurrence reached by the member countries of the United Nations Organization at its conference held in September 2015, the Agenda 2030 for the United Nations Sustainable Development Goals including the goals and targets to be reached by each member country by the year 2030 had been unveiled. Accordingly, every Public institution should follow out the above agenda. Nevertheless, the Prime Minister's Office was not aware

of the manner in which it should act in connection with the functions coming under the scope thereof and relevant suitable measures had not been taken thereon.

## 2.2 Utilization of Provision Made by the Parliament for the Execution of Activities

Information relating to the provision made for the [Prime Minister's Office](#) during the 05 year period ended as at 31 December 2017, utilization, and the saving along with audit observations thereon, are as follows.

Year	Category of Expenditure	Net Provision	Utilization	Savings	Savings as a percentage of the net provision
		Rs. Millions	Rs. Millions	Rs. Millions	
2013	Recurrent	236.33	230.44	5.88	2.5
	Capital	96.40	72.93	23.47	24
	<b>Total</b>	<b>332.73</b>	<b>303.37</b>	<b>29.35</b>	<b>09</b>
2014	Recurrent	269.36	269.09	0.27	0.1
	Capital	65.91	52.30	13.61	21.64
	<b>Total</b>	<b>335.27</b>	<b>321.39</b>	<b>13.88</b>	<b>4.1</b>
2015	Recurrent	483.19	470.27	12.92	2.67
	Capital	136.31	75.54	60.77	44.58
	<b>Total</b>	<b>619.50</b>	<b>545.81</b>	<b>73.69</b>	<b>11.90</b>
2016	Recurrent	878.27	754.69	123.57	14.07
	Capital	495.93	414.46	81.48	16.43
	<b>Total</b>	<b>1374.20</b>	<b>1169.15</b>	<b>205.05</b>	<b>15.0</b>
2017	Recurrent	912.88	855.30	57.58	6.31
	Capital	576.67	523.42	53.25	9.23
	<b>Total</b>	<b>1489.55</b>	<b>1378.72</b>	<b>110.83</b>	<b>7.44</b>

The following observations are made.

- (i) Failure to utilize the provisions made

The net provisions amounting to Rs.2.004 million made for 03 Objects had been entirely saved without being utilized for any purpose.

(ii) Making overprovisions  
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Since overprovisions aggregating Rs.111.35 million had been made for 25 Objects, sums totalling Rs.64.88 million of the provisions related to those Objects only had been used. Accordingly, savings of the provisions had ranged from 20 per cent to 100 per cent of the provisions made.

(iii) Utilization of provisions made available by other Ministries  
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Provisions totalling Rs.5.35 million comprising Rs.4.05 million and Rs.1.30 million had been made available for various purposes by 02 Ministries respectively. Sums totalling Rs.3.22 million of the above provision only had been used by the end of the year under review. Accordingly, Rs.2.14 million or 40 per cent of the provisions made had been saved.

## 2.3 Human Resource Management

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### Attached Cadre, Actual Cadre, and Expenditure on Personnel Emoluments

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Particulars on the approved, actual, and vacant cadre for the execution of duties of the Prime Minister's Office as at 31 December 2017 were as follows. Prime Minister's Office had spent a sum of Rs. 257.91 million for the year under review on personnel emoluments. Accordingly, the per capita annual expenditure amounted to Rs. 826,649.

Category of Employee	Approved Cadre	Actual Cadre	No.of Vacancies
Senior Level	44	32	12
Tertiary Level	07	03	04
Secondary Level	187	134	53
Primary Level	164	113	51
Other (Casual / Temporary / Contract basis)	55	30	25
Total	457	312	145