

## **Report of the Auditor General on Head 237 - Department of National Planning – Year 2017**

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The Appropriation Account, Reconciliation Statement and the Advances to Public Officers Account 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 Department of National Planning. 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 and the 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 Department of National Planning – Head 237 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 Director General of the Department on 06 September 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 Department of National Planning 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 2.4 of this report. It was observed that the accountability as the 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 128 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

General responsibilities of the Accounting Officers in terms of Financial Regulation 128 (1)	Non-compliance of the Accounting Officer to the Provision	Accounting	Reference to the Paragraph of the report Containing Observations
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### Financial Regulations

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128 (1) (a)	The work of his department is planned and carried out with due despatch, having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provision for the activities authorised and that an endeavour is made to complete the programme of work laid down for the year and / or attain the targets specified.	1. Failure to adequately plan the procurement activities. 2. Overprovision	2.2 2.3
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## 2. Material and Significant Audit Observations

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### 2.1 Performance

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#### Sustainable Development

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Every Public institution should take steps in conformity with the United Nations Sustainable Development Goals “Agenda 2030” and the Department was conversant with that matter. Nevertheless, necessary targets, objectives, milestones to be reached and the indicators required for the evaluation of the progress had not been recognized.

### 2.2 Planning of Procurements

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The Procurement Plan had not been adequately prepared.

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

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Information relating to the provision made for the Department 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 Net Provision
		Rs. Millions	Rs. Millions	Rs. Millions	
2013	Recurrent	63.66	61.67	1.99	3.13
	Capital	99.08	95.69	3.39	3.42
	<b>Total</b>	<b>162.74</b>	<b>157.36</b>	<b>5.38</b>	<b>3.31</b>
2014	Recurrent	75.25	73.53	1.72	2.29
	Capital	98.11	72.14	25.97	26.47
	<b>Total</b>	<b>173.36</b>	<b>145.67</b>	<b>27.69</b>	<b>15.97</b>
2015	Recurrent	76.11	68.49	7.62	10.02
	Capital	15.60	13.02	2.57	16.50
	<b>Total</b>	<b>91.71</b>	<b>81.51</b>	<b>10.19</b>	<b>11.12</b>
2016	Recurrent	88.16	76.64	11.52	13.07
	Capital	6.87	5.84	1.03	15.08
	<b>Total</b>	<b>95.03</b>	<b>82.48</b>	<b>12.55</b>	<b>13.22</b>
2017	Recurrent	85.22	82.82	2.40	2.82
	Capital	10.22	6.27	3.95	38.63
	<b>Total</b>	<b>95.44</b>	<b>89.09</b>	<b>6.35</b>	<b>6.65</b>

## **Making Overprovisions**

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Overprovisions of Rs.07 million had been made relating to 03 Objects and sums totalling Rs.2.95 million of the provisions made for the above Objects only had been utilized. Accordingly, savings had ranged from 15 per cent to 93 per cent.

## **2.4 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 Department as at 31 December 2017 were as follows. The Department had spent a sum of Rs. 60.21 million in the year under review on personnel emoluments. Accordingly, the per capita expenditure had been Rs.781,955.

<b>Category of Employees</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>No. of vacancies</b>
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(i) Senior Level	59	44	15
(ii) Tertiary Level	02	-	02
(iii) Secondary Level	28	14	14
(iv) Primary Level	29	19	10
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Total	118	77	41
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The following observations are made in this connection.

- (i) It was not observed in audit that attention had been drawn on filling vacancies or revising the cadre, if the existence of 41 vacancies as in the above manner adversely affects the performance of the Department.
- (ii) Although there were 41 vacancies by the end of the year under review, provisions made according to the Appropriation Account prepared for the year 2017 had been saved without being utilized. Nevertheless, the existence of vacancies of the staff had not been influential on the above savings. It was observed in audit that overestimation had been made relating to the above approved cadre.