

Report of the Auditor General on Head 302 – Co – Operative Employees Commission -Year 2017

The Appropriation Account and the Reconciliation Statements of the Head and subject number in the first schedule and third schedule of the Amended Appropriation Act No. 24 of 2016 as amended by the Appropriation (Amended) Act No. 32 of 2017 had been presented to the audit by Co – Operative Employees Commission. The financial and physical performance indicated from that account and reconciliation statement was audited in pursuance of provisions in 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

As per Financial Regulation 124 of Financial Regulations of the Democratic Socialist Republic of Sri Lanka, 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 the supervision of all the financial operations of government. The Chief Financial Officers have been appointed for performing those duties as per Financial Regulation 124(2). In accordance with the Financial Regulation 125(1)(a), the Head of Department is the Accounting Officer in respect of all the financial transactions of his department and Revenue Accounting Officer is appointed by the Treasury. This responsibility includes the maintenance of accounts and the Reconciliation Statements that presented by performing own duties within the limits imposed by the 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, preparation and planning, implementation and maintenance of internal controls in relation to present fairly.

1.3 Scope of Audit

The audit of planning in respect of financial and physical performance, management of public income, public expenditure, human and physical resources, using of internal control provisions, compliance with laws, rules and regulations and maintenance of books, documents, reports and reconciliation statements by updating, preparation and presentation of accounts timely, issuing performance reports based on performance indicators to the related parties of the Head 302 – Co -Operative Employees Commission for the year ended 31 December 2017 was carried out in pursuance of provisions of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review had been issued to the Secretary to the Commission 2018. The audit observations, comments and findings were based on a review of the plans, accounts, reconciliations and performance reports presented to audit and substantive tests of samples of transactions. That review and the scope and extent of tests were such as to enable as wide audit coverage as possible within the limitations of staff, other resources and time available to me.

1.4 Audit Observation

Audit observations revealed at the audit carried out of Co-Operative Employees Commission for the year ended 31 December 2017 had been stated in detail in the Management Audit Report mentioned in the above 1.3 paragraph. Material and significant audit observations had been mentioned in the paragraph 2.1 to paragraph 2.5 of this report out of those observations. Except for the audit observations that revealed when performing the provisions of Financial Regulation 128 of Financial Regulations of the Democratic Socialist Republic of Sri Lanka so as to confirm the sufficiency of financial administration stated in the following note by summarizing, it was observed that the own accountability as the Chief Financial Officer had been accomplished in satisfactorily.

Accountability of Chief Accounting Officer as per Financial Regulation 128(1)	Non-compliance of those provisions by Chief Accounting Officer	of Paragraph Reference to the report included the observation
128 (1) (a) All the work of own 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 financial provision for the activities authorized that an endeavour is made to complete the programme of work laid down for the year end/or to attain the targets specified.	1. Non-attaining of expected results 2. Non- utilization of provisions made	2.1.1 2.4
128 (1) (f) The information, statements and return called by the Chief Accounting Officer or the Treasury are rendered correctly and promptly	Non presenting of Annual performance report	2.1.2
127 (1)(i) The activities of the Department are undertaken with due regard to economy, efficiency, propriety and integrity expected in the transaction of public business.	Unsolved audit paragraphs	2.2

2. Material and Significant Audit Observations

2.1 Performance

2.1.1 Planning

The action plan for the year 2017 had been prepared in accordance with Public Finance Circular No. 01/2014 dated 17 February 2014. Accordingly, there are three main functions to

perform by the Co- Operative Employees Commission during the year under review and following weaknesses were observed relating to the action plan prepared.

- (a) According to the Annual Action Plan it was planned to complete 110 investigations of appeals by the Co-Operative Employees Commission. Nevertheless, 41 appeals had been received in the year 2017. According to the progress report of the Commission on Action Plan prepared for the year 2017, it was observed that investigation of 17 appeals had been completed.
- (b) The register of recording complaints of the Commission had not been updated properly to determine the complaints resolved and further resolve out of the complaints received for the previous years.

2.1.2 Annual Performance Report

Even though the annual performance report had to be tabled in the parliament within 150 days after end of the financial year in accordance with the Public Service Circular No. 402 dated 12 September 2002, it had not been tabled in parliament even up to 10 August 2018.

2.2 Unsolved Audit Paragraphs

Follow up action had not been finished on failure to implement of pension scheme as shown by the paragraph 3.4 of Auditor General Report of the year 2016.

2.3 Utilization of Provisions made by Parliament for the Performing Functions

The details of provisions made for the Commission, utilization and savings and audit observations on them for the period of 05 years ending for 31 December 2017 are as follows;

Year	Expenditure Category	Net provision	Utilization	Savings	Savings as a percentage of net provision
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		Rs. Million	Rs. Million	Rs. Million	
2013	Recurrent	11.87	10.37	1.50	12.6
	Capital	0.97	0.65	0.32	32.9
	Total	12.84	11.02	1.82	14.1
2014	Recurrent	11.68	10.96	0.72	6.2
	Capital	1.403	1.399	0.004	0.3
	Total	13.08	12.36	0.72	5.5
2015	Recurrent	14.09	13.27	0.82	5.8
	Capital	1.13	0.99	0.14	12.4
	Total	15.23	14.26	0.97	6.4
2016	Recurrent	14.78	13.16	1.62	11.0
	Capital	0.85	0.77	0.08	9.4
	Total	15.63	13.93	1.70	10.2
2017	Recurrent	16.01	14.59	1.42	8.9

Capital	1.90	1.64	0.26	13.7
Total	17.91	16.23	1.68	9.4

Following observation is made in this regard.

Out of the provision made for a recurrent object of Rs. 360,000 had been transferred under Financial Regulation 66 to other 03 objects and balance provision of Rs. 20,000 had been saved even by the end of the year under review.

2.4 Advances to Public Officers' Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers' Account Item No.30201 relating to the Commission and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
1.8	1.09*	0.30	0.54	6.0	2.61

Following observation is made in this regard.

*The differences of the opening balance of the year Rs. 40,500, credit for the year Rs. 11,138 and closing balance at the end of the year Rs. 51,639 had been observed between the treasury printouts and the Commission's books of the Advance to Public Officers Account

2.5 Human Resource Management

Assigned Cadre, Actual Cadre and Expenditure for Personal Emoluments

Approved, actual and vacant cadre details as at 31 December 2017 for the performing functions of Commission are as follows. The Commission had spent Rs. 8.43 million for the expenditure object of Personal emoluments.

Employee Category	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	03	02	01
(ii) Tertiary Level	01	-	01
(iii) Secondary Level	13	08	05
(iv) Primary Level	06	05	01

Total	----- 23 =====	----- 15 =====	----- 08 =====
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Following observation is made in this regard.

Training of the Employees

A sum of Rs. 163,698 had been spent and held 04 awareness programmes for the officers of the Commission in the year under review while information had not been revealed that the follow up action had not been done relating to the efficiency of the service of the officers participated to the programmes.