

Head 173 - Ministry of Public Management Reform

Auditor General Report – Year 2013

1:1 Scope of Audit

The Appropriation Account including the financial reports, reconciliation statements, books, registers and other records of the Ministry of Public Management Reform for the year ended 31 December 2013 were audited 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.

w was issued to the Secretary to the Ministry on 27 November 2014. The audit observations, comments and findings on the accounts and the 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 audit coverage as possible within the limitations of staff, other resources and time available to me.

1.2 Responsibility of the Chief Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Account and 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 the Public Financial 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.

1.3 Audit Observation

According to the Financial Reports and the Books for the year ended 31 December 2013, it was observed that except for the general observations appearing at (a) to (d) and the other major audit findings appearing in paragraphs 1.4 to 1.9 herein, the Appropriation

Account and the Reconciliation Statements of the Ministry of Public Management Reform have been prepared satisfactorily.

(a) Appropriation Account

Total Provision and Expenditure

The total net provision made for the Ministry for the year under review amounted to Rs. 223,680,000 and out of that, a sum of Rs. 178,288,073 had been utilized by the end of the year under review. Thus, the net savings amounted to Rs.45,391,927 and it represented 20 per cent of the total net provision. Details appear below.

Expenditure	As at 31 December 2013			Savings as a Percentage of the total net Provision
	Net Provision	Utilization	Savings	
	Rs.	Rs.	Rs.	
Recurrent	121,880,000	114,656,409	7,223,591	06
Capital	101,800,000	63,631,664	38,168,336	37
Total	223,680,000	178,288,073	45,391,927	20

The following observations are made in this connection.

- (i) The entire net provisions made for 03 Objects amounting to Rs. 2,250,000 had been saved.
- (ii) Excess provision had been made for 12 Objects and as such the savings thereunder after the utilization of provisions ranged between 24 per cent and 91 per cent of the net provision relating to the respective Objects.

(b) Advances to Public Officers AccountLimits Authorized by Parliament

Limits authorized by Parliament for the Advances to Public Officers Account relating to the Ministry and the actual values are given below.

<u>Item Number</u>	<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
	<u>Maximum Limit</u>	<u>Actual</u>	<u>Minimum Limit</u>	<u>Actual</u>	<u>Maximum Limit</u>	<u>Actual</u>
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
17301	2,555,000	2,553,459	1,000,000	1,447,137	8,500,000	6,205,164

According to the Reconciliation Statement as at 31 December 2013 of the Advances to Public Officers Account Item No. 17301 the balances that remained outstanding as at that date totalled Rs. 6,205,164.

(c) Imprest Accounts

The imprest debit balance of the Ministry by 31 December 2013 was Rs.4,160,416. The following observations are made in this regard.

- (i) In contrary to the provisions in the Financial Regulation 371, ad hoc sub-imprest amounted to Rs. 230,695 had been issued to 08 non staff grade officers in 24 instances.
- (ii) Although according to the Financial Regulation 371 the ad hoc sub-imprest obtained should be immediately settled after completing the purposes for which they were granted, the ad hoc sub-imprest had been settled after delaying the period ranging from 01 month to 10 months.
- (iii) Although according to the Financial Regulation the maximum ad hoc sub-imprest can be granted to a staff grade officer in each case was Rs.20,000, contrary to this provisions the ad hoc sub-imprest totalled Rs.677,150 had been granted to 12 officers in 19 instances exceeding Rs.20,0000.

(d) General Deposit Accounts

The balance in the Deposit Account of the Ministry as at 31 December 2013 amounted to Rs.693,107. Action had not been taken in terms of Financial Regulation 571 with regard to 07 deposits amounting to Rs.446,136 which had exceeded a period of 2 years.

1.4 Assets Management

During the course of audit test examination carried out in respect of assets of the Ministry the following deficiencies were observed.

(a) Idle and Underutilized Assets

The floor area of 5,450 square feet or ¼ floor area in 6th floor of the II stage of Sethsiripaya building which the Ministry is being functioning had been idle for a period of 23 months since commencement of the year under review to 01 November 2014.

(b) Conduct of Annual Boards of Survey

The following observations are made.

- (i) Even though the annual Board of Survey for the year 2013 should be conducted and the report thereon to be presented to the Auditor General before 31 March 2014 in terms of Public Finance Circular No. 441 of 09 December 2009 amended by letter No.PF/ Board of Survey / 01 dated 17 December 2010 of Director General of Public Finance, such report had not been presented to audit by the Ministry even up to 02 May 2014.
- (ii) In conducting the verification on inventory kept in the store as at end of the year under review and the Board of Survey report thereon had not been presented to audit

(c) Unsettled Liabilities

 Liabilities remaining for a period of less than one year which had not been settled by the Ministry as at 31 December 2013 amounted to Rs.859,371.

1.5 Non – compliance.

 Non – compliance with Laws, Rules, Regulations etc.

Even though according to the paragraph 01 of the President Secretariat Circular No.CA/1/17/1 of 14 May 2010 as far as possible the Ministry and the offices of Institutes thereunder should be maintained in the buildings owned by Government or Corporation, in contrary to this an outside building for a rental of Rs. 676,500 had been obtained by the Ministry for the Nuwara Eliya Project office.

1.6 Performance

 According to the Budgeted Estimate and Action Plan for the year 2013, the observations on the progress of the Ministry are given below.

(a) Main Functions not Adequately Performed

 Even though a mobilization advance of Rs. 1,944,000 had been paid to an external consultancy firm for the preparation of four years plan in order to enhancing the performance of the public institutions through the management reform, this function had not been performed even by the end of the year under review.

(b) Planning

 Non perform in line with the Annual Action Plan

Although a sum of Rs. 1,000,000 had been allocated by the annual budgeted estimate for installation of an office system in the Ministry of Public Management and the project for searching solution through utilizing the share point software, it had been spent an amount of Rs. 4,340,564 by exceeding Rs. 3,340,564.

1.8 Un-economical Transections

 A sum of Rs. 11,746,636 had been paid as building rent for the period from 10 January to 31 March of the year under review in respect of 6th floor of the Battaramulla, Sethrripaya II stage building. However, office of the Ministry had been functioned in another private building during this period.

1.9 Human Resources Management

----- Approved Cadre and Actual Cadre -----

The position of the cadre as at 31 December 2013 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	14	10	4
(ii)	Tertiary Level	-	-	-
(iii)	Secondary Level	100	41	59
(iv)	Primary Level	24	16	8
(v)	Others (Casual/Temporary/ Contract Basis)	04	04	-
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	Total	142	71	71
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The following observation is made.

Actions had not been taken by the Ministry to fill 71 vacancies by the end of the year under review.