

**Appropriation Head 173 - Ministry of Public Management Reform**  
**Auditor General Report – Year 2012**

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1:1 Scope of Audit

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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 2012 were audited 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 was issued to the Secretary to the Ministry on 13 January 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 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 for the Accounts and Reconciliation Statements

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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 of 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 Observations

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According to the Financial Reports and the Books for the year ended 31 December 2012, it was observed that except for the general observations appearing at (a) to (c) and the other major audit findings appearing in paragraphs 1.4 to 1.6 herein, the Appropriation Account and the Reconciliation Statements of the Ministry of Public Management Reform have been prepared satisfactorily.

(a) Non-maintenance of Registers and Books

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The Ministry had not maintained the following registers.

<u>Type of Register</u>	<u>Relevant Regulation</u>
Register of Fixed Assets	Treasury Circular No.842 of 19 December 1978
Register of Losses and Damages	Financial Regulation 110

(b) Appropriation Account

(i) Total Provision and Expenditure

The total net provision made for the Ministry for the year under review. amounted to Rs. 186,050,000 and out of that, a sum of Rs. 99,887,011 had been utilized by the end of the year under review. Thus, the net savings amounted to Rs. 86,162,989 and it represented 46 per cent of the total net provision. Details appear below.

<u>Expenditure</u>	<u>Estimated Provision as at 31 December 2012</u>	<u>Net Provision as at 31 December 2012</u>	<u>Savings as at 31 December 2012</u>	<u>Savings as a Percentage of the total net Provision</u>
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	Rs.	Rs.	Rs.	%
Recurrent	86,050,000	86,050,000	22,331,683	25.95
Capital	100,000,000	100,000,000	63,831,306	63.83
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<b>Total</b>	<b>186,050,000</b>	<b>186,050,000</b>	<b>86,162,989</b>	<b>46.31</b>
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(ii) Saving of Provision  
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- Entire provision of Rs. 6,200,000 made for 05 Objects had been fully saved.
- Even after freezing the provision in terms of National Budget Circular No. 155 of 30 December 2011, the savings after the utilization of the provisions under 18 Objects was Rs. 75,099,495 and it was ranged 26 per cent to 93 per cent of the net provisions relating to those Objects.

(c) Imprest Accounts  
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The imprest debit balance of the Ministry by 31 December 2012 was Rs.1,993,712. The following observations are made in this regard.

- (i) In contrary to the provisions in the Financial Regulation 371(2) (c), ad hock sub-imprest amounted to Rs. 452,350 had been issued to 11 non staff grade officers in 57 instances.
- (ii) Although according to the Financial Regulation 371(2) (c) the ad hock sub-imprests obtained should be immediately settled after completing the purposes which it was granted, the ad hock sub-imprests had been settled after delaying 74 days.
- (iii) Although according to the Financial Regulation 371(2) (b) the maximum ad hock sub-imprest can be granted to a staff grade officer in each case was Rs. 20,000, contrary to this provisions the ad hock sub-imprest totalled Rs. 536,000 had been granted to 08 officers in 12 instances exceeding Rs. 20,000.

1.4 Good Governance and Accountability  
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1.4.1 Corporate Plan  
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Even though a Corporate Plan for minimum of 3 ensuing years from the year 2010 to further period should have been prepared by the Ministry in terms of the Letter No.PF/R/2/2/3/5(4) of the Director General of Public Finance dated 10 March 2010 addressed to all Secretaries of Ministries, Chief Secretaries of Provincial Councils,

Heads of Departments, District Secretaries and Heads of Local Authorities, such plan had been prepared by the Ministry only on 23 August 2012.

1.4.2 Annual Performance Report  
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In terms of the Public Finance Circular No. 402 and 402(1) dated 12 September 2002 and 20 February 2004 stated in the letter of the Director General of Public Finance as stated in paragraph 1.4.1 above, the Annual Performance Report to be prepared within 150 days after the closure of the financial year by the Ministry, should be tabled in Parliament with a copy to the Auditor General. Nevertheless, the performance report relevant to the year under review had not been tabled in Parliament even by 31 December 2013.

1.4.3 Annual Procurement Plan  
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The Annual Procurement Plan in terms of the National Budget Circular No. 128 of 24 March 2006 had been prepared only on 06 March 2012.

1.8 Non-compliances

Non-compliance with Laws, Rules, and Regulations etc.

Instances of non-compliance with the provisions of laws, rules, and regulations observed during audit test checks are analyzed below.

Reference to Laws, Rules, and Regulations etc. -----	Value ----- Rs.	Non-compliance -----
(a) <u>Financial Regulations</u> F.R.104 (3)	-	When a delay of more than 07 days is envisaged for making a full report, a preliminary report should be submitted and a full report should be submitted within three months from the date of losses. Nevertheless, actions had not been taken accordingly with regard to 10 accidents occurred

during the year under review.

(b) President Secretariat  
Circulars

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Paragraph 01 of the 275,000  
Circular No.CA/1/17/1  
of 14 May 2010

Even though 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 rental building had been obtained by the Ministry for the Nuwara Eliya Project office.

(c) Public Administration  
Circulars

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Circular No.41/90 of 10 -  
October 1990

Fuel consumption of motor vehicles should be tested once in six months. Nevertheless, action had not been taken to comply with this.

1.6 Human Resources Management

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Approved Cadre and Actual Cadre  
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The position of the cadre as at 31 December 2012 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	09	09	-
(ii)	Secondary Level	60	32	28
(iii)	Primary Level	20	12	08
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	Total	89	53	36
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Thirty six vacancies of the cadre to be fill by the end of the year under review.