

1. Appropriation Head 145: Ministry of Resettlement
Auditor General's Report year 2012

1.1 Scope of Audit

The Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Ministry of Resettlement for the year ended 31 December 2012 were audited in pursuance of provision of Article 154(1) of 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 21 August 2013. 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

The Chief Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with the provisions of Articles 148,149,150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and 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

According to the Financial Records and Books for the year ended 31 December 2012, it was observed that except for the effects of the general observations appearing at (a) to (c) and other major observations appearing in paragraphs 1.4 to 1.9 herein, the

Appropriation Account and the Reconciliation Statements of the Ministry of Resettlement have been prepared satisfactorily.

(a) Appropriation Account

(i) Total Provision and Expenditure

The total net provision made for the Ministry amounted to Rs. 635,497,55 and out of that a sum of Rs. 545,902,171 had been utilized by the end of the year under review. Therefore, the net savings of the Ministry amounted to Rs. 89,595,384 or 14 per cent of the total net provision. Details appear below.

Expenditure	Estimated Provision as at 31 December 2012	Net Provision as at 31 December 2012	Savings as at 31 December 2012	Savings as a Percentage of the Net Provision
	Rs	Rs	Rs	%
Recurrent	272,555,000	225,905,000	25,773,688	11
Capital	209,050,000	409,592,555	63,821,696	15
Total	<u>481,605,000</u>	<u>635,497,555</u>	<u>89,595,384</u>	

(ii) Budgetary Variance

(a) The entire net capital provision of Rs. 400,000 made for one Object had been saved.

(b) Excess provisions had been made for 12 Objects and as such the savings after the utilization of such provisions ranged between 23 per cent to 92 per cent of the net provisions of those Objects.

(b) Advances to Public Officers Account

Limits Authorised by Parliament

The limits authorized by Parliament in respect of Advances to Public Officers under Item No. 14501 and the actual amounts are shown below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
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Rs	Rs	Rs	Rs	Rs	Rs
4,000,000	3,567,003	2,500,00	5,534,756	13,000,000	9,110,270

The following observations are made.

(i) According to the Reconciliation Statement of the Advances to Public Officers Account Item No. 14501, as at 31 December 2012, the balances that remained outstanding as at that date totalled Rs. 184,520 and those outstanding balances had not been recovered even up to 31 August 2013.

(ii) The Ministry had not prepared the Register of Individual Balances regarding the balances of loans and advances in terms of the Financial Regulations.

(c) **General Deposit Account**

The balance of the General Deposit Account of the Ministry as at 31 December 2012 amounted to Rs. 11,635,219.

1.4 Good Governance and Accountability

1.4.1 Corporate Plan

Even though the Ministry should have prepared a Corporate Plan at the beginning of the year at least for 3 ensuing years from the year 2010 and onwards according to the letter No. PF/R/2/2/3/5(4) dated 10 March 2010 of Director General, Public Finance addressed to all Secretaries of Ministries, Chief Secretaries of Provincial Councils, Heads of Departments and Heads of Local Authorities, the Ministry had not prepared such a Plan even up to 31 December 2012.

1.4.2 Annual Procurement Plan

The Annual Procurement plan had not been prepared even by 31 December 2011 in terms of National Budget Circular No. 128 of 24 March 2006. That had been prepared

only on 31 July 2012.

1.5 Non-compliances

Non-compliance with Laws, Rules, Regulations etc.

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

Reference to Laws, Rules, Regulations etc	Value	Non-compliance
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	Rs.	
(a) Financial Regulations		

(i) Financial Regulation 104		- Even though it should be informed to the Auditor General in respect of losses, it had not been informed accordingly in respect of 03 vehicles accidents occurred in the year under review
(ii) Financial Regulation 110		- A Register of Losses and Damage had not been maintained
(iii) Financial Regulation 371(2)(b)	819,318	Even though it should not be paid advances more than Rs. 20,000 at one instance for officers to the Ministry, a sum of Rs. 819,318 had been granted in 17 instances exceeding the limit, without complying with that.
(iv) Financial Regulation 371(2)(c)	914,318	Even though the advances obtained should be settled immediately after the completion of the purpose, advances amounting to Rs. 914,318

granted in 24 instances had been settled after a delay ranged from 01 month to 07 months

- (v) Financial Regulation 1646 - The Daily Running Charts had not been forwarded to Auditor General.
- (vi) Financial Regulation 1647(b) - Even though a complete verification of vehicles and their equipment should be carried out annually, such a verification had not been carried out.

(b) **Treasury Circulars**

Circular No. 842 dated 19 December 1978 114,617,018 A Fixed Assets Register had not been maintained in terms of the Circular.

1.6 Performance

The observation on the progress of the Ministry according to the Action Plan for the year 2012 is shown below.

A project had been commenced by the Ministry in the month of July during the year under review to construct 500 new houses for 500 families affected by terrorist attacks and unsettled in Welioya Grama Niladhari Division of Anuradhapura District. A sum of Rs.150 Million had been provided thereon and out of that a sum of Rs.149.90 Million had been granted during the year under review. According to the information furnished to audit 06 houses had only been totally completed and 465 houses had remained halfly completed as at 31 December 2012 and a sum of Rs. 102.64 Million had been incurred thereon.

1.7 Irregular Transactions

A jeep belong to the Ministry had met with an accident on 05 September 2011 and it had been handed over to a private company for repairs at an estimated value of Rs. 3,500,000 without calling quotations. A sum of Rs. 700,000 had been paid to that

company as an advance but the repair work of this jeep had not been completed even by 31 July 2013.

1.8 Human Resources Management

Approved Cadre and Actual Cadre

The position the cadre of 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	11	07	04
(ii) Tertiary Level	04	-	04
(iii) Secondary Level	84	66	18
(iv) Primary Level	27	21	06
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Total	<u>126</u>	<u>94</u>	<u>32</u>

Action had not been taken to fill 32 vacancies by the end of the year under review.