

**Report of the Auditor General on the Special Spending Units
(Heads 1 to 22) – Year 2012**

This report comprises two Parts.

Part 1 - The Summary Report on the Accounts of the Heads of Special Spending Units.

Part 2 - The Detailed Report on each Head of the Special Spending Units.

Part 1

The Summary Report on the Accounts of the Heads of Special Spending Units

1. The Heads relating to the Special Spending Units and the Departments, Offices and Commissions relating thereto.

Head	Name of Departments, Office and Commission
-----	-----
1	His Excellency the President
2	Office of the Prime Minister
3	Secretariat for Special Functions (Senior Ministers)
4	Judges of the Superior Courts
5	Office of the Cabinet of Ministers
6	Public Service Commission
7	Judicial Service Commission
8	National Police Commission
9	Administrative Appeals Tribunal
10	Commission to Investigate Allegations of Bribery or Corruption
11	Office of the Finance Commission
12	National Education Commission
13	Human Rights Commission of Sri Lanka
14	Department of Attorney General
15	Department of Legal Draftsman
16	Parliament
17	Office of the Leader of the House of Parliament
18	Office of the Chief Government Whip of Parliament
19	Office of the Leader of the Opposition of Parliament
20	Department of Elections
21	Auditor General
22	Office of the Parliamentary Commissioner for Administration

2. **Accounts**

2.1 **Appropriation Accounts**

Total Provisions and Expenditure

The total net provisions made for the 22 Departments, Offices and Commissions amounted to Rs.13,987 million and out of that Rs.11,592 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provisions of those Departments, Offices and Commissions ranged between Rs.0.11 million and Rs.1,722 million or 0.0007 per cent to 12.31 per cent of the total net provisions. Details appear below.

Head	Department / Office/ Commission	Net Provision		Utilisation		Savings	
		Recurrent	Capital	Recurrent	Capital	Recurrent	Capital
		Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
1	His Excellency the President	4,010.410	3,647.755	3,888.694	2,047.384	121.716	1,600.371
2	Office of the Prime Minister	187.725	81.400	178.226	48.713	9.499	32.687
3	Secretariat for Special Functions (Senior Ministers)	277.236	136.500	271.921	103.243	5.315	33.257
4	Judges of the Superior Courts	182.520	34.500	170.418	23.466	12.102	11.034
5	Office of the Cabinet of Ministers	62.720	20.930	54.446	6.981	8.274	13.949
6	Public Service Commission	110.110	18.600	108.851	15.451	2.259	3.149
7	Judicial Service Commission	37.367	50.500	35.584	0.277	1.783	50.233
8	National Police Commission	38.297	4.252	36.042	0.216	2.255	4.036
9	Administrative Appeals Tribunal	12.5555	0.150	11.705	0.052	0.850	0.098
10	Commission to Investigate Allegations of Bribery or Corruption	136.993	99.000	131.842	69.389	4.151	29.611
11	Office of the Finance Commission	37.557	32.400	34.740	0.808	2.817	31.592
12	National Education Commission	25.196	0.385	20.958	0.279	4.238	0.106
13	Human Rights Commission of Sri Lanka	144.075	2.950	137.746	2.184	6.329	0.766
14	Department of Attorney General	444.425	20.400	428.620	15.257	15.805	5.143
15	Department of Legal Draftsman	51.477	82.600	48.533	7.570	2.944	75.030
16	Parliament	1,621.850	177.040	1,570.244	115.158	51.606	61.882
17	Office of the Leader of the House of Parliament	24.300	1.200	22.581	0.920	1.719	0.280

18	Office of the Chief Government Whip of Parliament	34.430	7.421	33.491	7.020	0.938	0.401
19	Office of the Leader of the Opposition of Parliament	57.415	10.700	52.802	9.391	4.613	1.309
20	Department of Elections	939.841	26.600	930.113	23.773	9.728	2.827
21	Auditor General	710.092	378.147	694.444	223.975	15.648	154.172
22	Office of the Parliamentary Commissioner for Administration	8.037	0.100	7.948	0.081	0.089	0.019
	Total	9,153.628	4,833.530	8,870.949	2,721.588	284.679	2,111.942

2.2 Revenue Accounts

Estimated and Actual Income

Out of the 22 Departments, Offices and Commissions, 02 Departments had estimated revenue amounting to Rs.77 million under 02 Revenue Codes for the year 2012 and revenue amounting to Rs.94.56 million which exceeded the estimated revenue by Rs.17.56 million had been collected. Accordingly, revenue exceeding the estimated revenue by 22.80 per cent had been collected. Details appear below.

Revenue Accounting Officer -----	Revenue Code -----	Estimated ----- Rs.Millions	Actual ----- Rs.Millions	Excess Collections ----- Rs.Millions
Auditor General	2003-02-01	45.000	60.203	15.203
Attorney General	2003-02-11	32.000	34.360	2.360
		----- 77.000 =====	----- 94.563 =====	----- 17.563 =====

2.3 Advance Accounts

2.3.1 Advances to Public Officers Accounts

The limits authorized by Parliament for the Advances to Public Officers Accounts of 22 Departments, Offices and Commissions had been complied with by 21 institutions and one institution had exceeded the limit on the maximum debit balance by a sum of Rs.291,863. Details appear below.

Head	Item Number	Expenditure		Receipts		Debit Balance		Excess on Debit Balance
		Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual	
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	00101	20,000,000	13,517,434	12,000,000	18,310,834	90,000,000	73,231,781	-
2	00201	7,000,000	3,248,042	3,200,000	4,031,506	23,600,000	20,638,820	-
3	00301	2,500,000	2,466,112	600,000	1,414,882	8,000,000	5,773,580	-
4	00401	12,200,000	10,805,037	5,400,000	9,919,963	52,000,000	32,495,336	-
5	00501	2,600,000	2,595,796	2,000,000	2,736,077	11,000,000	11,291,863	291,863
6	00601	8,000,000	3,016,904	2,000,000	5,125,517	32,000,000	21,883,293	-
7	00701	3,000,000	1,414,095	1,200,000	1,950,269	17,500,000	8,259,352	-
8	00801	1,950,000	1,288,317	1,500,000	1,742,018	11,000,000	4,216,917	-
9	00901	1,000,000	388,487	260,000	345,570	4,000,000	1,219,236	-
10	01001	6,000,000	2,608,065	2,500,000	4,000,143	25,000,000	17,789,687	-
11	01101	4,000,000	2,020,679	4,000,000	1,348,384	20,000,000	7,509,386	-
12	01201	1,500,000	663,247	600,000	1,305,319	6,000,000	2,747,287	-
14	01401	23,500,000	16,890,877	10,000,000	13,619,423	90,000,000	46,511,882	-
15	01501	5,300,000	2,644,811	2,000,000	3,532,865	24,000,000	14,163,257	-
16	01601	39,500,000	26,907,810	20,000,000	27,932,046	175,000,000	144,082,287	-
17	01701	1,200,000	1,196,000	800,000	1,330,225	3,500,000	2,185,355	-
18	01801	2,000,000	1,282,200	1,000,000	1,520,120	7,500,000	4,379,559	-
19	01901	1,500,000	1,261,790	1,000,000	1,961,169	9,000,000	3,879,441	-
20	02001	23,000,000	14,068,857	14,000,000	15,200,062	80,000,000	58,182,585	-
21	02101	58,000,000	52,191,250	40,000,000	51,829,346	300,000,000	265,787,391	-
22	02201	800,000	713,300	180,000	303,018	30,000,000	1,770,638	-

2.3.2 General Deposit Accounts

The Balances of the General Deposits Accounts in 16 institutions included under the 22 Departments, Offices and Commissions as at 31 December 2012 totaled Rs.637,708,965 and the details thereon are given below.

Head	Department / Office / Commission	Account Number	Balances as at 31 December 2012 Debit / (Credit)
			Rs.
1	His Excellency the President	6000/0006/0077	(402,834,548)
2	Office of the Prime Minister	6000/0015/0001	(153,999,085)
		6000/0015/0002	(1,784,268)
3	Secretariat for Special Functions (Senior Ministers)	6000/0015/0003	(3,590,824)
5	Office of the Cabinet of Ministers	6000/0015/0003	(1,302,518)
6	Public Service Commission	6000/0015/0008	(1,461,239)
7	Judicial Service Commission	6000/0002/0032	(124,149)
8	National Police Commission	6000/0015/0009	(849,893)
10	Commission to Investigate Allegations of Bribery or Corruption	6000/0015/0010	(4,421,340)
11	Office of the Finance Commission	6000/0015/0013	(530,175)
12	National Education Commission	6000/0015/0014	(68,975)
13	Human Rights Commission of Sri Lanka	6000/0015/0170	12,367,420
14	Department of Attorney General	6000/0015/0110	(7,377,767)
15	Department of Legal Draftsman	6000/0015/0111	(2,758,815)
16	Parliament	6000/0015/0004	(14,642,211)
20	Department of Elections	6000/0015/0011	(11,320,216)
21	Auditor General	6000/0015/0012	(43,010,362)
	Total		637,708,965

2.3.3 Imprest Accounts

The balances of the Imprest Accounts of 20 institutions included under the 22 Departments, Offices and Commissions as at 31 December 2012 amounted to Rs.19, 462,075 and the details appear below.

Head	Department / Office / Commission	Account Number	Balances as at 31 December 2012 Debit / (Credit)
			Rs.
1	His Excellency the President	7002/0000/0117/0011	315,217
		7003/0000/0077/0012	(38,558)
2	Office of the Prime Minister	7002/0000/0118/0012	529
4	Judges of the Superior Court	7002/0000/0390/0012	730,934
5	Office of the Cabinet of Ministers	7002/0000/0119/0012	2,121,931
6	Public Service Commission	7002/0000/00/0297/0012	277,882
7	Judicial Service Commission	7002/0000/00/0122/0012	12,106,760
8	National Police Commission	7002/0000/00/0365/0012	17,431
9	Administrative Appeals Tribunal	7002/0000/00/036/0012	180,782
10	Commission to Investigate Allegations of Bribery or Corruption	7002/000/00/0139/0012	694,733
11	Office of the Finance Commission	7002/000/00/0729/0012	8,580
12	National Education Commission	7002/000/00/0408/0012	495,528
14	Department of Attorney General	7002/0000/00/0137/0012	52
15	Department of Legal Draftsman	7002/0000/00/0138/0012	288,929
16	Parliament	7002/0000/00/0120/0012	600
17	Office of the Leader of the House of Parliament	7002/0000/00/0275/0012	226,720
18	Office of the Chief Government Whip of Parliament	7002/0000/00/0276/0012	268,007
19	Office of the Leader of the Opposition of Parliament	7002/0000/00/0277/0012	5,470
20	Department of Elections	7002/0000/000/0121/0012	61,247
21	Auditor General	7002/0000/00/0001/0012	14,768
		7003/0000/00/0089/0012	1,554,136
22	Office of the Parliamentary Commissioner for Administration	7002/000/00/0209/0012	130,397
Total			19,462,075

Part 2

Detailed Report on each Head

1. Head 1 - His Excellency the President

1.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Presidential Secretariat for the year ended 31 December 2012 was carried out 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 was issued to the Secretary to the President on 21 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

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 Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory provisions and Public Finance 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 Records and the Books for the year ended 31 December 2012, it was observed that except for the effects of the general observations at (a) to (c) and other major audit findings appearing in paragraphs 1.4 to 1.6 herein, the Appropriation Account and the Reconciliation Statement of the Presidential Secretariat had been prepared satisfactorily.

(a) **Budgetary Variance**

Excess provisions had been made for 03 Objects and as such the savings after the utilization of provisions amounted to Rs.993,236,379 and ranged between 95 per cent to 98 per cent of the net provisions relating to those Objects.

(b) **General Deposits Account**

Action in terms of Financial Regulation 571 had not been taken on the balances of the General Deposit Account older than 02 years amounting to Rs.37,480,220..

(c) **Reconciliation Statement of the Advances to Public Officers Account**

According to the Reconciliation Statement as at 31 December 2012 of the Advances to Public Officers Account Item No. 00101, the balances that remained outstanding as at that date totalling Rs.958,928 and the Secretariat had failed to recover those outstanding balances.

1.4 **Non-compliances**

Non-compliance with Laws, Rules, Regulations etc.

An instance of non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks is analysed below.

In terms of Financial Regulation 94 liabilities exceeding the provisions should not be incurred. Nevertheless, liabilities amounting to Rs.401,402,702 which exceeded the savings totaling Rs.356,994,014 under 03 Recurrent Objects and 05 Capital Objects had been incurred in the year under review.

1.5 **Losses and Damage**

The observations on losses and damage revealed during the course of test checks are given below.

- (a) The sum of Rs.3,715,594 recorded in the Register of Losses and Damage as the amount remaining for recovery or write-off after the receipt of insurance indemnity to 12 accidents to motor vehicles had not been included in the Appropriation Account.
- (b) The insurance indemnity received in connection with accidents to 24 motor vehicles caused during the year under review had not been included in the Appropriation Account.

1.6 Human Resources Management

Approved Cadre and Actual Cadre

The position of the Cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre		Actual Cadre as at 31 December 2012		Number of Vacancies	Excess
	Permanent	Temporary	Permanent	Temporary		
(a) Senior Level	56	162	45	226	11	64
(b) Tertiary Level	23	95	16	128	07	33
(c) Secondary Level	326	80	258	104	68	24
(d) Primary Level	603	142	475	168	128	26
Total	1,008	479	794	626	214	147

Two hundred and fourteen vacancies in the permanent posts existed as at the end of the year under review and the formal approval had not been obtained for the excess cadre of 147 in the temporary posts.

2. Head 2 – Office of the Prime Minister

2.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Office of The Prime Minister for the year ended 31 December 2012 was carried out in pursuance in 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 was issued to the Secretary to the Prime Minister on 28 November 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.

2.2 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 Finance 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.

2.3 Audit Observation

According to the Financial Records and the 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 audit findings appearing in paragraphs 2.4 to 2.6 herein, the Appropriation Account and the Reconciliation Statements of the Office of the Prime Minister had been prepared satisfactorily.

(a) Non – updating of Registers

The Register of Fixed Assets had not been updated and maintained in terms of the Treasury Circular No.842 of 19 December 1978.

(b) **Budgetary Variance**

- (i) The entire provision of Rs.5,550,000 made for 02 Capital Objects had been saved.
- (ii) Excess provision had been made for 15 Recurrent Objects and as such the savings after the utilization of provisions amounted to Rs.8,773,003 and ranged between 6 per cent to 99 per cent of the net provision relating to those objects.

(c) **Reconciliation Statement of the Advances to public Officers Account**

The loan balance of Rs.38,836 of an officer who had vacated post on 06 August 2011 and the festival advance balance of Rs.3,500 of an officer whose service had been terminated on 17 August 2011 had not been recovered even by 31 December 2012.

2.4 **Non – compliances**

Non – compliances with Laws, Rules and Regulations

Even through the advances obtained should be settled immediately after the completion of the purpose in terms of Financial Regulation 371 advances obtained amounting to Rs.272,582 had not been settled even up to 31 December 2013. Similarly proper estimates had not been prepared for obtaining advances.

2.5 **Losses and Damage**

The insurance indemnity received in connection with the loss of Rs.1,242,417 caused by accidents to 04 motor vehicles amounted to Rs.257,770 only due to obtaining the third party insurance cover and insuring the motor vehicles for a value less than the market value. As such a damage of Rs.984,647 had to be written off as a loss.

2.6 **Human Resources Management**

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Numbers of Vacancy
(a) Senior Level	14	11	03
(b) Tertiary Level	05	04	01
(c) Secondary Level	44	43	01
(d) Primary Level	67	62	05
Total	130	120	10

The Office had not taken action to fill 10 vacancies by the end of the year under review.

3. Head 3 – Secretariat for Special Functions (Senior Ministers)

3.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Secretariat for Special Functions for the year ended 31 December 2012 was carried out 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 was issued to the Secretary on 29 May 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.

3.2 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 Finance 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.

3.3 Audit Observation

According to the Financial Records and the Books for the year ended 31 December 2012, it was observed that except for the effects of the general observations appearing at (a) and (b) and other major audit findings appearing in paragraphs 3.4 to 3.8 herein, the Appropriation Account and the Reconciliation Statement of the Secretariat for Special Functions had been prepared satisfactorily.

(a) Non – maintenance of Registers and Books

It was observed during the course of audit test checks that the Office had not maintained the Register of Liabilities in terms of Financial Regulation 214 and that certain other registers had not been maintained in the proper and updated manner.

(b) Budgetary Variance

- (i) The entire net provision amounting to Rs.300,000 made for 06 Recurrent Objects and Rs.7,850,000 made for 21 Capital Objects had been saved.
- (ii) Provisions amounting to Rs.38,578,000 had been made for 38 Objects and after utilization of Rs.16,638,041 out of that, a saving of Rs.21,939,959 was observed. Such savings ranged between 20 per cent to 99 per cent of the net provisions made under the respective Objects.

3.4 Good Governance and Accountability

3.4.1 Corporate Plan

Even though the Office should have prepared a Corporate Plan at least for a period of 03 year from the year 2010 and onwards, at the beginning of the year in terms of the letter No.PF/R/2/2/3/5/(4) dated 10 March 2010 of the Director General of Public Finance addressed to all Secretaries to Ministries, the Chief Secretaries of Provincial Councils, Heads of Departments, District Secretaries and the Heads of Local Authorities, that plan had not been prepared even by 31 December 2012.

3.4.2 Annual Action Plan

Even though the Office should prepared and Annual Action Plan from the year 2010 and onwards in accordance with the Corporate Plan prepared in terms of the letter of the

Director General of Public Finance referred to the paragraph 3.4.1 above, the Action Plan for in year under review had not been prepared even by 31 December 2012

3.4.3 Annual Performance Report

Even through the Annual Performance Report that should be prepared by the Office in terms of the Public Finance Circular No. 402 of 12 September 2002 and No. 402 (1) of 20 February 2004 referred to in the letter of the Director General of Public Finance referred to in paragraph 3.4.1 above should have been tabled in Parliament within 150 days after a close of the financial year with a copy to the Auditor General, the Performance Report for the year under review had not been tabled in Parliament even by 30 August 2013.

3.4.4 Annual Procurement Plan

The Annual Procurement Plan in terms of the National Budget Circular No. 128 of 24 March 2006 had not been properly prepared even by 31 December 2012.

3.4.5 Internal Audit

An Internal Audit Unit had not been established in terms of the Department of Management Audit Circular No.DMA/2009 (1) dated 09 June 2009.

3.5 Assets Management

(a) Conduct of Annual Boards of Survey

According to the Public Finance Circular No. 441 of 09 December 2009 as amended by the letter No. PF/Boards of Survey/ 01 dated 17 December 2010, the Annual Board of Survey for the year 2012 should be conducted and the reports thereon should be furnished to the Auditor General before 31 March 2013. Nevertheless, the Office had not furnished those reports to audit even by 31 May 2013. The last Board of Survey conducted had been for the year 2011.

(b) Unsettled Liabilities

The unsettled liabilities of the Office less than one year as at 31 December 2012 amounted to Rs.16,368,664 and out of that liabilities amounting to Rs.401,197 had not been disclosed in the Account.

3.6 Non – compliances

Non – compliances with Laws, Rules, Regulations, etc.

The instances of non – compliances with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed bellow.

Reference to Laws, Rules and Regulations -----	Value ----- Rs.	Non – compliance -----
(a) Financial Regulations -----		
(i) Financial Regulation 66(3)(c)	1,450,000	The applications for transfer of provisions had not been submitted prior to 31 December 2012.
(ii) Financial Regulation 94(1)	13,635,278	The liabilities incurred and the expenditure incurred should not exceed the provision make for the financial year under any circumstances. Nevertheless, liabilities had been incurred without provisions.
(iii) Financial Regulation 751(1)	-	Inventory Registers and Stock Books had not been maintained for official quarters.
(iv) Financial Regulation 754	-	The Stock Books of the Secretarial had not been balanced at the end of the year.
(v) Financial Regulation 756 (2) (a)	-	The officer in charge of the store had been appointed as a member of the Board of Survey.
(vi) Financial Regulation 757(4)	-	A survey of the existence of the motor vehicles had not been carried out and reports furnished to the Auditor General.

- (vii) Financial Regulation 1646 - Daily Running Charts had not been furnished to the Auditor General.
- (b) Treasury Circular

Paragraph 2 of in Treasury letter No. 842 of 19 December 1978 - The motor vehicles purchased the year 2011 and 2012 only had been recorded in the Register of Fixed Assets. But 04 motor vehicles formally taken over from other institutions had not been recorded.
- (c) National Budget Circular

Circular No.BD/356/413/3/2008 dated 01 June 2010 of the Director General of National Budget - Even though motor vehicles supplied from Project aid should be used only for the relevant Project, a motor vehicle supplied to the Communication and Response Capacity Development Project of the Disaster Management Centre had been removed to the Secretariat for Special Functions.

3.7 Transaction of Contentious Nature

Bids had been called for the supply of janitorial services and security services without indicating the criteria used for the evaluation of bids in the bid application forms. Nevertheless, one bidder had been selected by writing those criteria by hand in one application those criteria had been written by hand in one bid.

3.8 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees -----	Approved Cadre -----	Actual Cadre -----	Numbers of Vacancies -----
(a) Senior Level	19	04	15
(b) Tertiary Level	01	01	-
(c) Secondary Level	23	22	01
(d) Primary Level	102	102	-
(e) Other (cadre/ Temporary casual Basis	140	140	-
Total	285	269	16
	====	====	====

The Secretariat had not taken action to fill 16 vacancies even by the end of the year under review.

4. Head 4 – Judges of the Superior Courts

4.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Judges of the Superior Courts for the year ended 31 December 2012 was carried out 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 was issued to the Registrar of the Office on 31 October 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.

4.2 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 Finance 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.

4.3 Audit Observation

According to the Financial Records and the Books for the year ended 31 December 2012, it was observed that except for the effects of the general observations appearing at (a) and (b) and other major audit findings appearing in paragraphs 4.4 to 4.6 herein, the Appropriation Account and the Reconciliation Statements of the Department of Judges of the Superior Courts had been prepared satisfactorily.

(a) **Budgetary Variance**

- (i) The entire net provision of Rs.2,580,000 made for 04 Objects had been saved.
- (ii) Excess Provisions had been made for 14 Objects and as such as savings after the utilization of provisions amounted to Rs.10,287,604 and ranged between 11 per cent and 81 per cent of the net provisions relating to those Objects.

(b) **Reconciliation Statement of the Advances to Public Officers Account**

According to the Recondition Statement as at 31 December 2012 of the Advances to Public Officers Account Item No. 04011, the balances that remained outstanding as at that date totaled Rs.291,826 and the Office had failed to recover those outstanding balances.

4.4 Good Governance and Accountability

4.4.1. Annual Performance Report

Even through the Annual Performance Report prepared by in Office in terms of the Public Finance Circular No. 402 of 12 September 2002 and No. 402 (1) of 20 February 2004 referred to in the letter of the Director General Public Finance addressed to all Secretaries to Ministries, the Chief Secretaries of Provincial Councils, Heads Departments, District Secretaries and the Heads of Local Authorities should have been tabled in Parliament within 150 days after the close of the financial year with copy to the Auditor General, the Performance Report for the year under review had been tabled in Parliament only on 19 June 2013.

4.4.2 Annual Procurement Plan

The Annual Procurement Plan for the year 2012 in terms of the National Budget Circular No. 128 of 24 March 2006 had not been properly prepared even by 31 December 2012.

4.5 Performance

The number of pending Cases of the office of Judges of the Superior Courts as at 01 January 2012 had been 2,937 and the member of new cases registered in the year 2012 had been 2,018. As such the number of cases to be judged in the year 2012 had been 4,955. Out of these cases, 1,562 cases had been finalised in the year and the number of pending cases as at 31 December 2012 had been 3,393.

4.6 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Numbers of Vacancies	Excess
-----	-----	-----	-----	-----
(a) Senior Level	07	06	01	-
(b) Tertiary Level	03	07	-	04
(c) Secondary Level	119	131	-	12
(d) Primary Level	91	123	-	32
(e) Other (Casual/ Temporary Contract Basis)	-	02	-	02
Total	-----	-----	-----	-----
	220	269	01	50
	====	=====	====	====

The Office had not taken action to obtain formal approval for the excess cadre recruited.

5. Head 5 – Office of the Cabinet of Ministers

5.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Office of the Cabinet of Ministers for the year ended 31 December 2012 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic in Sri Lanka. The Management Audit Report for the year under review was issued to the Secretary of the Office on 06 June 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.

5.2 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 Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory provisions and Public Finance 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.

5.3 Audit Observation

According to the Financial Records and the Books for the year ended 31 December 2012, it was observed that except for the effects of the general observation at (a) and other major audit findings appearing in paragraphs 5.4 to 5.8 herein, the Appropriation Account and the Reconciliation Statement of the Office of the Cabinet of Ministers had been prepared satisfactorily.

(a) Budgetary Variance

- (i) The total net provision of Rs.9,000,000 made for 01 Object had been saved.
- (ii) Provisions amounting to Rs.17,070,000 had been made for 04 Objects and after utilizing Rs.4,911,701 out of that savings amounting to Rs.12,158,299 were observed. Those savings ranged between 41 per cent to 94 per cent of the net provision made under the respective Objects.

5.4 Good Governance and Accountability

5.4.1 Annual Performance Reports

Even though the Annual Performance Report that should be prepared by the Office in terms of the Public Finance Circulars No.401 of 12 September 2002 and No.402(1) of 20 February 2004 referred to in the Letter No.PF/R/2/2/3/5(4) dated 10 March 2010 should have been tabled in Parliament 150 days after the close of the financial year with a copy to the Auditor General, the Performance Report for the year under review had not been tabled in Parliament even by 30 August 2013.

5.4.2 Internal Audit

An Internal Audit Unit had not been established.

5.4.3 Implementation of the Audit and Management Committee

An Audit and Management Committee had not been established.

5.5 Assets Management

(a) Conduct of Annual Boards of Survey

According to the Public Enterprises Circular No. 441 of 09 December 2009 as amended by the letter No. PF/Board of Survey/01 dated 17 December 2010 of the Director General of Public Finance, the Annual Board of Survey for the year 2012 should have been completed and the reports thereon should have been furnished to the Auditor General before 31 March 2013. Nevertheless, the Office had not furnished those reports even by 02 August 2013. The last Board of Survey conducted had been for the year 2011.

5.6 Non-compliances

Non-compliance with Laws, Rules, Regulation etc.

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

Reference to Laws, Rules and Regulations	Value	Non-compliance
-----	-----	-----
	Rs.	
(a) <u>Financial Regulations</u>		

(i) Financial Regulation 231 (1) and (2)	25,725	Documentary evidence in support of payments had not been furnished.
(ii) Financial Regulation 257	36,701	Payments had been made on uncertified vouchers.

(iii)	Financial Regulation 264 (1)	253,292	An acknowledgement of the receipt of the gross amount appearing in the voucher had not been obtained from the payee.
(iv)	Financial Regulation 1646	-	Daily Running Charts of motor vehicles had not been furnished to audit.
(b)	Treasury Circulars -----		
	Circular No. IAI/2002/02 of 28 November 2002		A Register of Fixed Assets had not been maintained for the computers, computer accessories and software.
(c)	National Budget Circulars -----		
	Paragraphs 1.1.3 to 1.1.7 of Circular No. 118 of 11 October 2004	1,300,936	Action had not been taken to settle the loan balances of the officers transferred to the Office through the Monthly Summaries of Accounts during the specified period.
(d)	Stamp Duty (Special Provisions) Act No. 12 of 2006	216,765	Stamp duty at Rs.25 per payments exceeding Rs.25,000 had not been recovered.

5.7 Transactions of Contentious Nature

Certain transactions entered into by the Office were of contentious nature. The particulars of a transaction so revealed are given below.

Even though the maximum price level of motor vehicle that could be obtained under the leasing system for a Secretary to a Ministry or a similar post is limited to Rs.5,000,000, a motor vehicle (KR 7399) exceeding that level amounting to Rs.6,750,000 had been obtained and issued to the Senior Legal Consultant of the Ministry.

5.8 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Numbers of Vacancies	Excess
-----	-----	-----	-----	-----
(a) Senior Level	13	10	03	-
(b) Tertiary Level	07	06	01	-
(c) Secondary Level	29	21	08	-
(d) Primary Level	28	24	04	-
(e) Other (Casual/ Temporary Contract Basis	-	03	-	03
	-----	-----	-----	-----
Total	77	64	16	03
	====	====	====	====

ad not been taken even by the end of the year under review to fill 16 vacancies.

6. Head 6 – Public Service Commission

6.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Public Service Commission for the year ended 31 December 2012 was carried out 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 was issued to the Secretary of the Commission on 09 January 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.

6.2 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 Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory provisions and Public Finance 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.

6.3 Audit Observation

According to the Financial Records and the Books for the year ended 31 December 2012, it was observed that except for the effects of the general observations at (a) and (b) and other major audit findings appearing in paragraphs 6.4 and 6.5 herein, the Appropriation Account and the Reconciliation Statement of the Public Service Commission had been prepared satisfactorily.

(a) Budgetary Variance

Excess provisions had been made for 03 Objects and as such the savings after utilization of provisions amounted to Rs.2,452,617 and ranged between 35.6 per cent to 69.4 per cent of the net provisions relating to those Objects.

(b) Reconciliation Statement of the Advances to Public Officers Account

According to the Reconciliation Statement as at 31 December 2012 of the Advances to Public Officers Account Item No. 00601 the loan balance of Rs.32,320 of an officer who had vacated post on 01 July 2001 had not been recovered even by the end of the year under review.

6.4 Good Governance and Accountability

6.4.1 Corporate Plan

The Corporate Plan of the Office of the Commission in terms of the letter No. PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of Public Finance had not been prepared even by 31 December 2013.

6.4.2 Annual Action Plan

The Annual Action Plan that should have been prepared by the Office of the Public Service Commission for the year under review in terms of the letter of the Director General of Public Finance referred to in paragraph 6.4.1 above had not been prepared even by 31 December 2012.

6.5 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Numbers of Vacancies
-----	-----	-----	-----
(a) Senior Level	44	34	10
(b) Tertiary Level	05	04	01
(c) Secondary Level	98	83	15
(d) Primary Level	48	33	15
	----	----	----
Total	195	154	41
	====	====	====

The Office had failed to take action to fill 41 vacancies even up to the end of the year under review.

7. Head 7 – Judicial Service Commission

7.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Judicial Service Commission for the year ended 31 December 2012 was carried out 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 was issued to the Secretary of the Commission on 06 December 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.

7.2 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 Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Finance 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.

7.3 Audit Observation

According to the Financial Records and the Books for the year ended 31 December 2012, it was observed that except for the effects of the general observation at (a) and other major audit findings appearing in paragraphs 7.4 and 7.5 herein, the Appropriation Account and the Reconciliation Statement of the Judicial Service Commission had been prepared satisfactorily.

(a) Budgetary Variance

- (i) The entire net provisions amounting to Rs.50,150,000 made for 03 Objects had been saved.
- (ii) Excess provision had been made for 01 Object and as such the savings after the utilization of provisions amounted to Rs.10,287,604 and represented 27 per cent of the net provision relating to the Object.

7.4 Good Governance and Accountability

7.4.1 Corporate Plan

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

7.4.2 Annual Action Plan

Even though the Commission should prepared an Annual Action Plan from the year 2010 onwards in accordance with the Corporate Plan prepared in terms of the letter of the Director General of Public Finance referred to paragraph 7.4.1 above, the Action Plan for the year under review had been prepared only on 26 December 2012.

7.4.3 Annual Performance Reports

Even though the Annual Performance Report that should be prepared by the Commission in terms of the Public Finance Circular No. 402 of 12 September 2002 and No. 402(1) of 20 February 2004 referred to the letter of the Director General of Public Finance referred to the paragraph 7.4.1 above should have been tabled in Parliament within 150 days after the close of the financial year with a copy to the Auditor General the Performance Report for the year under review had not been tabled in Parliament even by 31 August 2013.

7.4.4 Internal Audit

The Commission had not established an Internal Audit Unit.

7.4.5 Implementation of the Audit and Management Committee

The Audit and Management Committee had not held any meetings in the year 2012.

7.5 Human Resources Management**Approved Cadre and Actual Cadre**

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Numbers of Vacancies	Excess	
-----	-----	-----	-----	-----	
(a) Senior Level	12	11	01	-	
(b) Tertiary Level	06	03	03	-	The
(c) Secondary Level	51	34	17	-	
(d) Primary Level	24	17	07	-	
(e) Others (Casual)	-	02	-	02	
	----	----	----	----	
Total	93	67	28	02	
	====	====	====	====	

Commission had not taken action even by the end of the year under review for filling 28 vacancies and to obtain formal approval for the excess cadre recruited.

8. Head 8 – National Police Commission

8.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the National Police Commission for the year ended 31 December 2012 was carried out 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 was issued to the Secretary of the Commission on 30 April 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.

8.2 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 Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Finance 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.

8.3 Audit Observation

According to the Financial Records and the Books for the year ended 31 December 2012, it was observed that except for the effects of the general observation at (a) and other major audit findings appearing in paragraphs 8.4 to 8.8 herein, the Appropriation Account and the Reconciliation Statement of the National Police Commission had been prepared satisfactorily.

(a) **Budgetary Variance**

Excess provisions had been made for 11 Objects and as such the savings after the utilization of provisions ranged between 11 per cent to 100 per cent of the net provisions relating to those Objects.

8.4 Good Governance and Accountability

8.4.1 Corporate Plan

Even though the Commission should have prepared a Corporate Plan at least for a period of 3 years from the beginning of the year 2010 and onwards in terms of the letter No. PF/R/2/2/3/5(4) of 10 March 2010 of the Director General of Public Finance addressed to Secretaries to all Ministries, the Chief Secretaries of Provincial Councils, Heads of Departments, District Secretaries and Heads of Local Authorities, that Plan had been prepared only on 12 February 2013.

8.4.2 Annual Action Plan

Even though the Commission should prepared an Annual Action Plan for the year 2010 and onwards in accordance with the Corporate Plan prepared in accordance with the Corporate Plan prepared in terms of the letter of the Director General of Public Finance referred to the paragraph 8.4.1 above, the Action Plan for the year under review had not been prepared even by 31 December 2012.

8.4.3 Annual Performance Reports

Even though the Annual Performance Report that should be prepared by the Commission in terms of the Public Finance Circular No. 402 of 12 September 2002 and No. 402(1) of 20 February 2004 referred in the letter of the Director General of Public Finance referred to in paragraph 8.4.1 above should have been tabled in Parliament within 150 days after the close of the financial year with a copy to the Auditor General, the Performance Report for the year under review had not been tabled in Parliament even by 30 July 2013.

8.5 Assets Management

Conduct of Annual Boards of Survey

Action in terms of Financial Regulations 757(2), 770(2) and 771(3) had not been taken on the shortages and the unusable goods pointed out in the Reports of the Boards of Survey for the year 2012.

8.6 Performance

Twelve offices of the National Police Commission had received 601 complaints during the year under review.

Nature of Complaint -----	Number -----
(a) Action not taken by the Police (indifference)	181
(b) Assaults	16
(c) Torture	12
(d) Improper Use	143
(e) Being biased against	106
(f) Unlawful Detention	48
(g) False allegations made / Remanding	32
(h) Bribery and Corruption	11
(i) Harassment of Women and Children	02
(j) Deaths in Police Custody	02
(k) Others (including complaints of Police Officers)	48

Total	<u>601</u>

Out of those complaints 430 or 71 per cent had been settled in the year under review. In this instance complaints settled means closing the file. Such instances include the following.

- (a) Withdrawal of complaint by the complainant
- (b) Complainant not appearing for inquiry over and over again
- (c) Court action taken revealed in the inquiry
- (d) Proper action taken by the Police revealed at the inquiry
- (e) Wrong action taken by the Police revealed from reports called for by the National Police Commission and disciplinary action taken by the Police in such cases.
- (f) When Police action is delayed, investigations are expedited and action taken by Police due to investigation by the National Police Commission.
- (g) Settlement reached by the parties at the Police revealed at investigations.
- (h) Complainant not being related to the National Police Commission.
- (i) Evidence to establish the complaint not produce at the inquiry
- (j) Action taken by other authorities such as the Inspector General of Police to whom complaints had been copied revealed at investigations by the National Police Commission.

8.7 Uneconomic Transactions

The total area of the building housing the National Police Commission is about 9,750 square feet and payment at Rs.90 per square foot is made. According to the decision of the National Police Commission meeting No. 41 held on 19 December 2012, a building of 3,000 – 4,000 square feet is adequate for the National Police Commission. As such a fruitless expenditure of Rs.517,500 had been incurred monthly on 5,750 square feet at Rs.90 per square feet.

8.8 Human Resources Management**Approved Cadre and Actual Cadre**

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Numbers of Vacancies
-----	-----	-----	-----
(a) Senior Level	15	15	-
(b) Tertiary Level	03	-	03
(c) Secondary Level	33	26	07
(d) Primary Level	13	12	01
	----	----	----
Total	64	53	11
	==	==	==

The following observations are made.

- (i) The Commission had not taken action up to the end of the year under review to fill 11 vacancies.
- (ii) The actual cadre included 13 officers of the Senior Level, one officer of the Secondary Level and two officers of the Primary Level recruited on casual or contract basis.

9. Head 9 – Administrative Appeals Tribunal

9.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Administrative Appeals Tribunal for the year ended 31 December 2012 was carried out 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 was issued to the Chairman of the Tribunal on 28 October 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.

9.2 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 Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory provisions and Public Finance 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.

9.3 Audit Observation

According to the Financial Records and the Books for the year ended 31 December 2012, it was observed that except for the effects of the major audit findings appearing in paragraphs 9.4 to 9.7 herein, the Appropriation Account and the Reconciliation Statement of the Administrative Appeals Tribunal had been prepared satisfactorily.

9.4 Good Governance and Accountability

9.4.1 Corporate Plan

Even though the Administrative Appeals Tribunal should have prepared a Corporate Plan at least for a period of 3 years at the beginning of the year 2010 and onwards in terms of the letter No. PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of Public Finance addressed to Secretaries of all Ministries, the Chief Secretaries of Provincial Councils, Heads of Departments, District Secretaries and Heads of Local Authorities, that Plan had not been prepared even by 31 December 2012. The Secretary to the Tribunal informed me on 07 January 2014, that it is difficult to prepared a Corporate Plan based on uncertain statistics.

9.4.2 Annual Action Plan

Even though the Tribunal should prepared an Annual Action Plan for the year 2010 and onwards in accordance with the Corporate Plan prepared in accordance with the letter of the Director General of Public Finance referred to the Paragraph 9.4.1 above, an Action Plan for the year under review had not been prepared even by 31 December 2012.

9.4.3 Annual Performance Reports

Even though the Annual Performance Report that should be prepared by the Tribunal in terms of the Public Finance Circular No. 402 of 12 September 2002 and No. 402(1) of 20 February 2004 referred in the letter of the Director General of Public Finance referred to in paragraph 9.4.1 above should have been tabled in Parliament within 150 days after the close of the financial year with a copy to the Auditor General, the Performance Report for the year under review had not been tabled in Parliament even by 14 October 2013.

9.4.4 Utilisation of Provisions

Out of the net provision made for capital expenditure 35 per cent only had been utilized in the year.

9.5 Non-compliances

Non-compliance with Laws, Rules, Regulations, etc

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

Reference to Laws, Rules and Regulations

Non-compliance

(a) Statutory Provisions

Administrative Appeals Tribunal Act, No. 4 of 2002 Section (7)

Any appeal made to the Tribunal should be heard within 02 months from the date of receipt and reach a final conclusion. But it had not been so done. The Secretary to the Commission inform me on 07 January 2014 that reaching a conclusion or issuing an order within the time frame in the is delayed as dates are given on the requests made by the respondents and the Public Service Commission in calling for observation reports on appeals or on the request made by the lawyer of the appellant or the defending officer.

(b) Establishments Code of the Democratic Socialist Republic of Sri Lanka Chapter XXIV Section 10.4

According to the provisions a permanent officer with more than 10 years service should be produced as surety for officers with less than 10 years service. Nevertheless, distress loans had been granted in instances where that requirement had not been fulfilled.

9.6 Performance

A summary of the Appeals received by the Tribunal from the year 2010 and the Appeals finalized is given below.

Year	Opening Balance	Number Received in the year	Number Finalized in the year	Number of Appeals not Finalized	Percentage of Finalized Appeals
2010	254	11	200	65	75
2011	65	56	45	76	35
2012	76	256	141	191	42

Even though the percentage of appeals finalized in the year 2010 had been 75 per cent that had been 35 per cent and 42 per cent respectively in the years 2011 and 2012.

9.7 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Numbers of Vacancy
-----	-----	-----	-----
(a) Senior Level	02	02	-
(b) Secondary Level	12	09	03
(c) Primary Level	04	04	-
	----	----	---
Total	18	15	03
	==	==	==

Three vacancies remained to be filed by the end of the year under review.

10. Head 10 – Commission to Investigate Allegations of Bribery or Corruption

10.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Commission to Investigate Allegations of Bribery or Corruption for the year ended 31 December 2012 was carried out 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 was issued to the Director General of the Commission on 06 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.

10.2 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 Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory provisions and Public Finance 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.

10.3 Audit Observation

According to the Financial Records and the Books for the year ended 31 December 2012, it was observed that except for the effects of the general observations appearing at (a) and (b) and other major audit findings appearing in paragraphs 10.4 to 10.7 herein, the Appropriation Account and the Reconciliation Statement of the Commission to Investigate Allegations of Bribery or Corruption had been prepared satisfactorily.

(a) Advances to Public Officers Account

According to the Reconciliation Statement presented the loan balances outstanding as at 31 December 2012 due to resignations totalled Rs.180,887.

(b) Advances for use as Bribes in Bribery Raids Account

According to the Reconciliation Statement presented, the balances of advances not settled as at 31 December 2012 totalled Rs.14,735,702 and an age analysis thereon is given below.

Period (Years)	Number of Cases	Value
-----	-----	-----
		Rs.
Less than 01 year	76	6,601,980
Between 02 to 05 years	156	4,787,425
Between 05 to 10 years	62	2,953,700
Between 10 to 20 years	43	389,720
Between 20 to 30 years	08	2,625
Over 30 years	03	252
	-----	-----
	348	14,735,702
	-----	-----

10.4 Good Governance and Accountability

10.4.1 Corporate Plan

Even though the Commission should have prepared a Corporate Plan at least for a period of 3 years at the beginning of the year 2010 onwards in terms of the letter No. PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of Public Finance addressed to all Secretaries to Ministries, the Chief Secretaries of Provincial Councils, Heads of Departments, District Secretaries and Heads of Local Authorities, that Plan had not been prepared even by 31 December 2012. The Secretary to the Commission informed me on 24 January 2014 that in view of the functions of the Commission it is difficult to prepare a Corporate Plan and as such a request had been made to the Ministry of Finance to exempt the Commission from the requirement.

10.4.2 Annual Performance Reports

Even though the Annual Performance Report that should be prepared by the Commission in terms of the Public Finance Circular No. 402 of 12 September 2002 and No. 402(1) of 20 February 2004 referred to in the letter of the Director of Public Finance referred to the paragraph 10.4.1 above should be tabled in Parliament within 150 days after the close of the financial year with a copy to the Auditor General, the Performance Report for the year under review had not been tabled in Parliament even by 15 November 2013.

10.4.3 Internal Audit

The Commission had not established an Internal Audit Unit.

10.4.4 Implementation of the Audit and Management Committee

The Commission had not established an Audit and Management Committee.

10.5 Assets Management

Even though a motor vehicle of the Commission had been handed over to the Ministry of Northern Rehabilitation Reconstruction and Development action had not been taken even up to 15 November 2013 for the recovery of the Motor vehicle or to transfer it to that Ministry.

10.6 Performance

The following observations are made.

- (a) Even though provision amounting to Rs.1,000,000 had been made in the year under review for providing relief against corruption, no programme whatsoever had been implemented in that connection.
- (b) Even though a proposal for the computerization of the particulars of case productions had been made in the year 2010, that had not been implemented even by 15 November 2013.

10.7 Human Resources Management**Approved Cadre and Actual Cadre**

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancy
-----	-----	-----	-----
(a) Senior Level	34	21	13
(b) Tertiary Level	05	01	04
(c) Secondary Level	63	51	12
(d) Primary Level	64	51	13
	----	----	----
Total	<u>166</u>	<u>124</u>	<u>42</u>

The Commission had not taken action up to the end of the year under review to fill 42 vacancies.

11. Head 11 – Office of the Finance Commission**11.1 Scope of Audit**

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Office of the Finance Commission for the year ended 31 December 2012 was carried out 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 was issued to the Secretary to the Commission on 27 November 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.

11.2 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 Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory provisions and Public Finance 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.

11.3 Audit Observation

According to the Financial Records and the Books for the year ended 31 December 2012, it was observed that except for the effects of the general observations appearing at (a) and (b) and other major audit findings appearing in paragraphs 11.4 to 11.7 herein, the Appropriation Account and the Reconciliation Statement of the Office of the Finance Commission had been prepared satisfactorily.

(a) Budgetary Variance

- (i) The total net provisions totalling Rs.25,603,000 made under 04 Objects had been saved.
- (ii) Excess provisions had been made for 06 Objects and as such the savings after the utilization of provisions amounted to Rs.5,431,785 and ranged between 35 per cent to 98 per cent of the net provisions relating to those Objects.
- (iii) Even though provisions amounting to Rs.1,306,935 had been obtained through the Supplementary Estimate allocation for the salaries and wages Object, the entire amount had been saved.

(b) Reconciliation Statement of the Advances to Public Officers Account

According to the Reconciliation Statement as at 31 December 2012 of the Advances to Public Officers Account Item No. 01101, the balances that remained outstanding as at that date totalled Rs.181,511 and the Commission had failed to recover those outstanding balances.

11.4 Good Governance and Accountability

11.4.1 Corporate Plan

Even though the Commission should have prepared a Corporate Plan at least for 3 years at the beginning from the year 2010 onwards in terms of the letter No. PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of Public Finance addressed to all Secretaries to Ministries, the Chief Secretaries of Provincial Councils, Heads of Departments, District Secretaries and Heads of Local Authorities, that Plan had not been prepared even by 17 February 2014.

11.4.2 Annual Performance Reports

Even though the Annual Performance Report that should have been prepared by the Commission in terms of the Public Finance Circular No. 402 of 12 September 2002 and No. 402(1) of 20 February 2004 referred to the letter of the Director General of Public Finance referred to in paragraph 11.4.1 above should have been tabled in Parliament within 150 days after the close of the financial year with a copy to the Auditor General, the Performance Report for the year under review had not been tabled in Parliament even by 17 February 2014.

11.4.3 Annual Procurement Plan

The Annual Procurement Plan in terms of the National Budget Circular No. 128 of 24 March 2006 had not been prepared even by 31 December 2012.

11.4.4 Internal Audit

The Commission had not established an Internal Audit Unit.

11.4.5 Implementation of the Audit and Management Committee

The Commission had not implemented an Audit and Management Committee.

11.5 Assets Management

Idle and Underutilized Assets

According to the Board of Survey for the year 2012 conducted by the Commission 385 units of assets had been idling.

11.6 Non-compliance with Laws, Rules and Regulations

Distress loans amounting to Rs.960,179 had been granted to 03 officers contrary to the provisions in the Public Administration Circular No.30/2008 of 31 December 2008.

11.7 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
-----	-----	-----	-----
(a) Senior Level	15	06	09
(b) Tertiary Level	03	02	01
(c) Secondary Level	46	30	16
(d) Primary Level	13	06	07
	----	----	----
Total	<u>77</u>	<u>44</u>	<u>33</u>

The Commission had not taken action to fill 33 vacancies by the end of the year under review.

12. Head 12 – National Education Commission

12.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the National Education Commission for the year ended 31 December 2012 was carried out 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 was issued to the Chairman of the Commission on 07 May 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.

12.2 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 Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory provisions and Public Finance 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.

12.3 Audit Observation

According to the Financial Records and the 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 audit findings appearing in paragraphs 12.4 to 12.8 herein, the Appropriation Account and the Reconciliation Statement of the National Education Commission had been prepared satisfactorily.

(a) Non-maintenance of Registers and Books

The Commission had not maintained the following registers and test checks revealed that certain other registers had not been maintained in the proper and updated manner.

Type of Register -----	Relevant Regulatory -----
Register of Fixed Assets	Treasury Circular No.842 of 19 November 1978
Register of Computer Accessories and Software	Treasury Circular No. IAI/2002/02 of 28 November 2002

(b) Budgetary Variance

- (i) The entire net provision of Rs.50,000 made for one Object had been saved.
- (ii) Excess provisions had been made for 05 Objects and as such the savings out of the net provision of Rs.14,115,000 were amounted to Rs.3,953,852 or 28 per cent. That ranged between 27 per cent to 82 per cent of the Objects.

(c) Provisions obtained from the Budgetary Support Services Contingent Liabilities

Despite the availability of Rs.4,003,852 exceeding 5 per cent of the net provisions of 09 Recurrent Objects, Supplementary Estimates provision amounting to Rs.281,000 had been obtained for the translation of an academic report of the year 2011.

12.4 Good Governance and Accountability

12.4.1 Annual Performance Report

Even though the Annual Performance Report that should have been prepared by the Commission in terms of the Public Finance Circular No. 402 of 12 September 2002 and No. 402(1) of 20 February 2004 referred to the letter No. PF/R/2/2/3/5(4) of 10 March 2010 of the Director General of Public Finance addressed to all Secretaries to Ministries, the Chief Secretaries of Provincial Councils, Heads of Departments, District Secretaries and Heads of Local Authorities should have been tabled in Parliament within 150 days after the close of the financial year with a copy to the Auditor General, the Performance Report for the year under review had not been tabled in Parliament even by 30 June 2013.

12.5 Performance

The Commission had not been able to achieve any of the activities included in the Action Plan due to the non-receipt of aid amounting to Rs.7,306,940 approved by Education for a Knowledgeable Society Project and the delay in the appointment of the Commission.

12.6 Management Weaknesses

The following observations were made during the course of audit test checks.

- (a) A survey of the stocks of library books had not been conducted from the inception of the Commission.
- (b) Suitable Officers had not been attached for the work of the Data Bank established at a cost of Rs.938,600.
- (c) Costing and stock control procedures had not been followed in connection with the books printed by the Commission. A balance of 4,382 books printed during the years 2003 to 2009 remained with the Commission due to printing books without considering the requirements.

12.7 Human Resources Management**(a) Approved Cadre and Actual Cadre**

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	03	02	01
(ii) Tertiary Level	12	07	05
(iii) Secondary Level	10	05	05
(iv) Primary Level	12	12	-
	----	----	----
Total	<u>37</u>	<u>26</u>	<u>11</u>

The Commission had not taken action to fill 11 vacancies by the end of the year under review.

(b) Irregular Release of Human Resources to Other Parties

A Security Officer of the Commission had been released to the Ministry of Power and Energy and thereafter to the Ministry of Sports during the period September 2005 to December 2012. A sum of Rs.1,833,705 had been paid during that period. Due to such release, the services from a private security company had to be obtained by the Commission and a sum of Rs.547,500 had been paid in that connection in the year under review alone.

12.8 Internal Control

(a) Internal Audit

An internal audit had not been carried out since the inception of the Commission up to the end of the year under review.

(b) Implementation of the Audit and Management Committee

The Audit and Management Committee had not functioned from 30 September 2009 to 31 December 2012.

13. Head 13 – Human Rights Commission of Sri Lanka

13.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Human Rights Commission of Sri Lanka for the year ended 31 December 2012 was carried out 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 was issued to the Chairman of the Human Rights Commission on 30 October 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.

13.2 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 Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory provisions and Public Finance 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.

13.3 Audit Observation

According to the Financial Records and the Books for the year ended 31 December 2012, it was observed that except for the effects of the major audit findings appearing in paragraphs 13.4 to 13.9 herein, the Appropriation Account and the Reconciliation Statement of the Human Rights Commission of Sri Lanka had been prepared satisfactorily.

13.4 Good Governance and Accountability

13.4.1 Corporate Plan

Even though the Commission should prepare a Corporate Plan at least for a period of 03 years at the beginning of the year from the year 2010 onwards in terms of the letter No. PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of Public Finance addressed to all Secretaries to Ministries, the Chief Secretaries of Provincial Councils, Heads of Departments, District Secretaries and the Heads of Local Authorities, that Plan had not been prepared even by 31 December 2012.

13.4.2 Annual Performance Reports

Even though the Annual Performance Report that should be prepared by the Commission in terms of the Public Finance Circulars No. 402 of 12 September 2002 and No.402(1) of 20 February 2004 referred to in paragraph 13.4.1 above should have been tabled in Parliament within 150 days after the close of the financial year with a copy to the Auditor General, the Performance Report for the year under review had not been tabled in Parliament even by 30 September 2013.

13.5 Non-compliances

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

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

13.6	Reference to Laws, Rules and Regulations	Non-compliance
	-----	-----
<u>Perf</u> <u>orm</u> <u>anc</u> <u>e</u> T h e t o t a l n u m b e r o f c	(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	
	(i) Financial Regulation 104(1)	Inquiries had not been conducted in connection with 02 accidents caused to motor vehicles of the Commission.
	(ii) Financial Regulation 110	A Register of Losses and Damage had not been maintained.
	(b) Treasury Circulars	
	----- Treasury Circular No. 842 of 19 December 1978	A Register of Fixed Assets containing the information on each asset such as cost, introduction, date of acquisition, location, etc. had not been maintained.
	(c) Instructions Circular of the National Institute of Library and Documentary Services Board	
	Circular No. 2004/PS/1 of 26 January 2006	Action in terms of the circular provisions had not been taken on 74 misplaced books of the Commission Library.

complaints due for investigation in the year under review had been 6,372 and the number of complaints investigated had been only 2,462. As such the number of complaints on which investigations had not been finalized had been 3,910.

13.7 Transactions without Authority

According to the letter No. DMS/A/08/03/1/TEM dated 24 November 2009 of the Director General of Management Services, the employees who receive contract and casual salaries are not entitled to the 25 per cent allowance paid in addition to the salary. Contrary to such instructions, 08 contract and casual basis employees had been paid a sum of Rs.303,198 in the year 2012 as the 25 per cent allowance.

13.8 Management Weaknesses

None of the educational certificates in the personal files had been subjected to a certification through the institutions that had issued them.

13.9 Human Resources Management**Approved Cadre and Actual Cadre**

(a) The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
(a) Senior Level	35	20	15	-
(b) Tertiary Level	03	01	02	-
(c) Secondary Level	105	105	-	-
(d) Primary Level	52	53	-	01
(e) Others (Casual/ Temporary/ Contract Basis)	-	08	-	08
Total	195	187	17	09

Commission had not taken action to fill 17 vacancies by the end of the year under review.

(b) According to the letter No. DMS/E2/01/3/383/1 dated 30 June 2010 of the Department of Management Services, the approved cadre of the Commission had been 195 and the approval for the Scheme of Recruitment of the Commission had not been obtained up to August 2013. Despite that position, and contrary to the Public Administration Circular No. 26/2010 of 31 December 2010 four employees on contract basis and 37 employees on casual basis had been given permanent appointments on 01 August 2011 subject to a probation period of one year. Even

though the officers made permanent should be paid monthly salaries relating to a particular salary scale the payment of contract and casual salaries made to these employees prior to permanent appointment had been made to them .

14. Head 14 – Department of Attorney General

14.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Department of Attorney General for the year ended 31 December 2012 was carried out 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 was issued to the Attorney General on 25 November 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.

14.2 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 Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory provisions and Public Finance 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.

14.3 Audit Observation

According to the Financial Records and the Books for the year ended 31 December 2012, it was observed that except for the effects of the general observations appearing at (a) and (b) and other major audit findings appearing in paragraphs 14.4 to 14.6 herein, the Appropriation Account and the Reconciliation Statement of the Department of Attorney General had been prepared satisfactorily.

(a) **Budgetary Variance**

Excess provisions had been made for 03 Objects and as such the savings after the utilization of provisions ranged between 28 per cent to 50 per cent of the net provisions relating to those Objects.

(b) **Reconciliation Statement of the Advances to Public Officers Account**

According to the Reconciliation Statement as at 31 December 2012 of the Advances to Public Officers Account Item No. 01401, the balances that remained outstanding as at that date totalled Rs.2,181,041.

14.4 Good Governance and Accountability

14.4.1 Annual Performance Report

Even though the Performance Report that should be prepared by the Department in terms of the Public Finance Circulars No. 402 of 12 September 2002 and No. 402(1) of 20 February 2004 referred to the letter No. PF/R/2/2/3/5(4) of 10 March 2010 of the Director General of Public Finance addressed to all Secretaries to Ministries, the Chief Secretaries of Provincial Councils, Heads of Departments, District Secretaries and Heads of Local Authorities should have been tabled in Parliament within 150 days after the close of the financial year with a copy to the Auditor General, the Performance Report for the year under review had not been tabled in Parliament even by October 2013.

14.4.2 Annual Procurement Plan

The Annual Procurement Plan in terms of the National Budget Circular No. 128 of 24 March 2006 had not been prepared even by 31 March 2012.

14.4.3 Implementation of the Audit and Management Committee

The Audit and Management Committee had not held any meetings in the year 2012.

14.5 Performance

The position of the number of files opened by the Department and the number of files finalized by the Department according to the Performance Report for the year 2012 had been as follows.

Division	Number of Files Opened	Number of Files Finalized	Number of Files Remaining for Further Action
(a) Crime	3249	1107	2142
(b) Civil	2714	158	2556
(c) Supreme Courts	765	636	129
(d) Corporations	2123	1606	517
(e) Public Complaints	16765	12049	4716

14.6 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
(a) Senior Level	213	165	48	-
(b) Tertiary Level	12	06	06	-
(c) Secondary Level	155	106	49	-
(d) Primary Level	213	179	34	-
(e) Others (Contract Basis)	-	15	-	15
Total	593	471	137	15

The Commission had not taken action to fill 137 vacancies by the end of the year under review.

15. Head 15 – Department of Legal Draftsman

15.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Department of Legal Draftsman for the year ended 31 December 2012 was carried out 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 was issued to the Head of Department on 28 October 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.

15.2 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 Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory provisions and Public Finance 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.

15.3 Audit Observation

According to the Financial Records and the Books for the year ended 31 December 2012, it was observed that except for the effects of the general observations appearing at (a) and other major audit findings appearing in paragraphs 15.4 to 15.7 herein, the Appropriation Account and the Reconciliation Statement of the Department of Legal Draftsman had been prepared satisfactorily.

(a) Budgetary Variance

- (i) The entire Capital Provision of Rs.65,066,000 made under one Object had been saved.
- (ii) Excess provision had been made for 02 Objects and as such the savings after the utilization of provisions, ranged between 33 per cent to 35 per cent after net provisions relating to those Objects.

15.4 Good Governance and Accountability

15.4.1 Corporate Plan

Even though the Department should prepare a Corporate Plan at least for a period of 03 years at the beginning of the year from the year 2010 onwards in terms of the letter No. PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of Public Finance addressed to all Secretaries to Ministries, the Chief Secretaries of Provincial Councils, Heads of Departments, District Secretaries and the Heads of Local Authorities, that Plan had not been prepared even by 31 December 2012.

In this connection, the Legal Draftsman reported to me in December 2013 as follows. The Acts should be drafted in the year on the requests made by different Ministries, Departments, the Private Members Bills and the requests made by the Provincial Councils. As such it is practically not possible to prepare a plan for drafting Acts for three future years.

15.4.2 Annual Performance Report

Even though the Annual Performance Report that should be prepared by the Department in terms of the Public Finance Circulars No. 402 of 12 September 2002 and No.402(1) of 20 February 2004 referred to the letter of the Director General of Public Finance referred to in Paragraph 15.4.1 above should have been tabled in Parliament within 150 days after the close of the financial year with a copy to the Auditor General, the Performance Report for the year under review had not been tabled in Parliament even by September 2013.

15.4.3 Internal Audit

An Internal Audit Unit is not established in the Department and the internal audit is done by the Internal Audit Division of the Presidential Secretariat.

15.5 Weaknesses in the Implementation of Projects

The Project for the revision of the Legislative Enactments of Sri Lanka at an estimated cost of Rs.72,500,000 had not been commenced due to the non-receipt of the approval of the Cabinet of Ministers.

15.6 Performance

The progress of the Department according to the Annual Action Plan for the year 2012 is given below.

Nature of Service	Requests of Drafts not Completed as at 31 January 2012	Number of Requests Received from the Parties in the year 2012	Number of Drafts Prepared and Handed over to the Parties as at 31 December 2012	Number of Drafts not Completed as at 31 December 2012
Drafting of Acts (Principal and Amendment Acts)	123	40	37	126
Private Bills of Members of Parliament	79	41	55	65
Subsidiary Legislations	59	121	69	111
Provincial Councils Statutes	12	4	5	11
Total	<u>273</u>	<u>206</u>	<u>166</u>	<u>313</u>

Ninety two Draft Bills had been prepared in the year 2012 and out of that 23 had been passed by Parliament and given assent by the Speaker.

15.7 Human Resources Management**Approved Cadre and Actual Cadre**

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(a) Senior Level	37	27	10
(b) Tertiary Level	28	04	24
(c) Secondary Level	62	32	30
(d) Primary Level	<u>24</u>	<u>18</u>	<u>06</u>
Total	<u>151</u>	<u>81</u>	<u>70</u>

Seventy vacancies remained for filling as at the end of the year under review.

16. Head 16 – Parliament

16.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Parliament for the year ended 31 December 2012 was carried out 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 was issued to the Secretary General of Parliament on 02 July 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.

16.2 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 Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory provisions and Public Finance 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.

16.3 Audit Observation

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 (e) and other major audit findings appearing in paragraphs 16.4 to 16.11 herein, the Appropriation Account and the Reconciliation Statement of the Parliament had been prepared satisfactorily.

(a) Non-maintenance of Registers and Books

Parliament had not maintained a Register of Fixed Assets in terms of the provisions in the Treasury Circular No. 842 of 19 December 1978.

(b) Non-submission of Audit Evidence

Provisions amounting to Rs.100 million had been made in the Annual Budget Estimate for the years 2012 for the Commonwealth Parliamentary Conference held in September 2012. Even though a sum of Rs.87.3 million out of that had been transferred to an another Bank Account maintained in addition to Official Bank Account of Parliament, the expenditure incurred therefrom or any other information whatsoever relating to that had not been presented for audit.

(c) Savings of Provisions

Excess provision had been made for 18 Objects and as such the savings after the utilization of provisions ranged between 9 per cent to 73 per cent of the net provisions relating to those Objects.

(d) General Deposit Account

Even though the balance as at 31 December 2012 according to the General Deposit Account amounted to Rs.7,309,701 , the balance according to the age analysis amounted to Rs.7,273,916, thus indicating a difference of Rs.35,785. Even though a balance of Rs.25,135 had been rectified by August 2013, a further difference of Rs.10,650 remained.

(e) Reconciliation Statement of the Advances to Public Officers Account

According to the Reconciliation Statement as at 31 December 2012 of the Advances to Public Officers Account Item No. 01601, the balances that remained outstanding as at that date Rs.3,250,590.

16.4 Good Governance and Accountability

16.4.1 Corporate Plan

Even though the Parliament should prepare a Corporate Plan at least for a period of 03 years at the beginning of the year from the year 2010 onwards in terms of the letter No. PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of Public Finance addressed to all Secretaries to Ministries, the Chief Secretaries of Provincial Councils, Heads of Departments, District Secretaries and the Heads of Local Authorities, that Plan had not been prepared even by 31 December 2012.

The Secretary General of Parliament reported in August 2013 that the Corporate Plan on the financial and administrative affairs is being prepared.

16.5 Assets Management

Conduct of Annual Boards of Survey

According to the Public Finance Circular No. 441 of 09 December 2009 as amended by the letter No. PF/Board of Survey/01 dated 17 December 2010, of the Director General of Public Finance the Annual Board of Survey for the year 2012 should be conducted and the reports thereon should be furnished to the Auditor General before 31 March 2013. Nevertheless, Parliament had not furnished those reports to audit even by 31 May 2013.

16.6 Non-compliance

Non-compliance with Laws, Rules and Regulations

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

Reference to Laws, Rules and Regulations	Value	Non-compliance
-----	-----	-----
	Rs.	
(a) Statutory Provisions		

Parliamentary Staff Act, No. 09 of 1953		
(i) Section 4	-	Even though 03 salary increments in the year 2010 and 02 additional salary increments in the year 2012 had been granted, to the staff of the Parliament the approved of the Cabinet of Ministers for that in terms of the provisions in the Act had not been obtained.
(ii) Section 5	-	The Financial Regulation relating to the conditions of payment of salaries rent allowance, other allowances salary increments of granted and leave, age of retirement, pensions, etc had not been prepared in terms of the provision in the Act.

- | | | |
|--|-----------|--|
| <p>(b) Establishments Code

Chapter II Section 2</p> | - | <p>According to the provisions in the Establishments Code, a Scheme of Recruitment including the salary scale of the post, qualifications, age limit and the other particulars should be prepared for recruitment to every post in the public service and obtain the required approval. But it had not been so done.</p> |
| <p>(c) Financial Regulations

Financial Regulation
1645 (a)</p> | - | <p>The officers in charge of motor vehicles had not maintained the Motor Vehicles Log Books for each motor vehicle containing all the relevant entries.</p> |
| <p>(d) Public Administration
Circulars

Paragraph 02 of the Circular
No. 30/2008 of 31 December
2008</p> | 646,340 | <p>According to the provisions in the Circular distress loans amounting to Rs.250,000 or the salary of 10 month whichever is less can be granted. But loans exceeding that limit had been granted contravening those provisions.</p> |
| <p>(e) Gazette Notifications

Stamp Duty (Special
Provisions) Act, No. 12 of
2006 as amended by
Notification in Gazette
Extraordinary No. 1530/13
of 01 January 2008
Item 10 (b)</p> | 5,079,710 | <p>Stamp duty at Rs.25 per payments exceeding Rs.25,000 had not been recovered.</p> |

16.7 Deficiencies in the Operation of Bank Accounts

Action had not been taken for the settlement of a balance of Rs.1,315,440 appearing in the Bank Reconciliation Statements prepared for the Official Bank Account of Parliament over several years. Even though this matter was pointed out in the previous reports, the attention of the official responsible had not been paid for taking necessary action.

16.8 Transactions of Contentious Nature

Certain transactions entered into by Parliament had been of contentious nature. The particulars of several such instance observed during the course of test checks are given below.

- (a) The Consultative Committee of Parliamentary Staff had decided to pay an allowance of Rs.750 per day to the staff who are required to work beyond 1830 hours on Parliament sitting days in consideration of transport difficulties. But the allowance had been paid to the officers provided with official motor vehicle as well.
- (b) Any information whatsoever relating to the expenditure incurred out of the provision of Rs.30 million under the Foreign Relations and Protocol Office and Rs.8.5 million under the Object Contributions and Subscription out of the provisions made under the Head 16 Parliament in the year 2012 had not been furnished to audit. All these provisions had been transferred to two other Bank Accounts maintained in addition to the Official Bank Account of Parliament. The entire amounts had been reported to the Treasury as expenditure for the year.

16.9 Irregular Transactions

Deviation from the Procurement Guidelines Procedure

Action in accordance with the terms and conditions of the bid documents had not been taken in the implementation of the projects relating to the construction of the security fence around the premises of Jayanthipura Restaurant, purchase of equipment for the kitchen and laying of concrete blocks in the premises of Jayanthipura Restaurant.

16.10 Uneconomic Transactions

Even though a monthly rent of Rs.42,000 had been collected from the year 2009 by leasing out the Jayanthipura Restaurant belonging to the Parliament, the Restaurant and the other trade stalls had been leased out at a monthly rental of Rs.30,000 from April 2012 to the Police SevaVanitha Unit without entering into an agreement. It was observed at the audit inspection that the SevaVanitha Unit had given one of the 06 trade stalls to another party at a monthly rent of Rs.30,000.

16.11 Human Resources Management**Approved Cadre and Vacancies**

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
-----	-----	-----	-----
(a) Senior Level	79	75	04
(b) Tertiary Level	127	109	18
(c) Secondary Level	208	190	18
(d) Primary Level	469	445	24
(e) Others (Casual / Temporary / Contract Basis)	88	88	-
	-----	-----	-----
Total	971	907	64
	=====	=====	=====

Action had not been taken even by July 2013 to fill 42 out of the 64 vacancies that existed as at the end of the year under review.

17. Head 17 – Office of the Leader of the House of Parliament**17.1 Scope of Audit**

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Office of the Leader of the House of Parliament for the year ended 31 December 2012 was carried out 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 was issued to the Secretary of the Office of the Leader of the House of Parliament on 30 May 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.

17.2 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 Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory provisions and Public Finance 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.

17.3 Audit Observation

According to the Financial Records and Books for the year ended 31 December 2012, it was observed that except for the effects of the major audit findings appearing in paragraphs 17.4 to 17.7 herein, the Appropriation Account of the Office of the Leader of the House of Parliament had been prepared satisfactorily.

17.4 Good Governance and Accountability

17.4.1 Corporate Plan

Even though the Office should prepare a Corporate Plan at least for a period of 03 years at the beginning of the year from the year 2010 onwards in terms of the letter No. PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of Public Finance addressed to all Secretaries to Ministries, the Chief Secretaries of Provincial Councils, Heads of Departments, District Secretaries and the Heads of Local Authorities, that Plan had not been prepared even by 31 December 2012.

17.5 Assets Management

Unsettled Liabilities

The unsettled liabilities of the Office as at 31 December 2012 amounted to Rs.47,473 and those relate to a period less than one year.

17.6 Non-compliances**Non-compliance with Laws, Rules and Regulations**

Even though stamp duty at the rate of Rs.25 should be recovered on payments exceeding Rs.25,000 in terms of the provisions in the Stamp Duty (Special Provisions) Act, No. 12 of 2006 as amended by the Gazette Extraordinary No.1530/13 of 01 January 2008, stamp duty had not been recovered on payments totalling Rs.1,144,016.

17.7 Human Resources Management**Approved Cadre and Vacancies**

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(a) Senior Level	03	03	-
(b) Tertiary Level	03	03	-
(c) Secondary Level	11	09	02
(d) Primary Level	14	12	02
Total	31	27	04

The following observation is made.

Action had not been taken by the Office even by the end of the year under review to fill 04 vacancies.

18. Head 18 – Office of the Chief Government Whip of Parliament**18.1 Scope of Audit**

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Office of the Chief Government Whip of Parliament for the year ended 31 December 2012 was carried out 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 was issued to the Secretary of the Office on 30 May 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.

18.2 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 Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory provisions and Public Finance 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.

18.3 Audit Observation

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) and (b) and other major audit findings appearing in paragraphs 18.4 to 18.6 herein, the Appropriation Account of the Office of the Chief Government Whip of Parliament had been prepared satisfactorily.

(a) Budgetary Variance

Out of the provisions amounting to Rs.2,259,500 made for 06 Objects the savings after utilization of Rs.1,716,608 amounted to Rs.542,892. The savings under the respective Objects ranged between 8 per cent to 63 per cent of the net provisions.

(b) Public Expenditure Management

According to the National Budget Circular No. 155 of 30 December 2011, out of the capital provisions made in the Annual Budget Estimates for the year 2012 nine per cent should have been frozen. Nevertheless, the Office had frozen only 5 per cent of the capital provisions.

18.4 Good Governance and Accountability

18.4.1 Corporate Plan

Even though the Office should prepare a Corporate Plan at least for a period of 03 years at the beginning of the year from the year 2010 onwards in terms of the letter No.

PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of Public Finance addressed to all Secretaries to Ministries, the Chief Secretaries of Provincial Councils, Heads of Departments, District Secretaries and the Heads of Local Authorities, that Plan had not been prepared even by 31 December 2013.

18.4.2 Implementation of Audit and Management Committee

The Audit and Management Committee had not been established.

18.5 Non-compliances

A payment of Rs.22,515 had been made without any supporting documents for the payment required in terms of provisions in Financial Regulation 231(1) and (11).

18.6 Human Resources Management

Approved Cadre and Vacancies

The position of the cadre as at 31 December 2012 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
	-----	-----	-----	-----
(a)	Senior Level	02	02	-
(b)	Tertiary Level	08	07	01
(c)	Secondary Level	15	11	04
(d)	Primary Level	17	17	-
(e)	Others (Casual / Temporary / Contract Basis)	01	01	-
		-----	-----	-----
	Total	43	38	05
		=====	=====	=====

Action had not been taken even by the end of the year under review to fill 05 vacancies.

19. Head 19 – Office of the Leader of the Opposition of Parliament

19.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Office of the Leader of the Opposition of Parliament for the year ended 31 December 2012 was carried out 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 was issued to the Secretary of the Office on 11 June 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.

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

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

19.3 Audit Observation

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 observation appearing at (a) and other major audit findings appearing in paragraphs 19.4 to 19.7 herein, the Appropriation Account of the Office of the Leader of the Opposition of Parliament had been prepared satisfactorily.

(a) Budgetary Variance

Excess provision had been made for 05 Objects and as such the savings after the utilization of provisions, ranged between 12 per cent to 96 per cent after net provisions relating to those Objects.

19.4 Good Governance and Accountability

19.4.1 Corporate Plan

Even though the Office should prepare a Corporate Plan at least for a period of 03 years at the beginning of the year from the year 2010 onwards in terms of the letter No. PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of Public Finance addressed to all Secretaries to Ministries, the Chief Secretaries of Provincial Councils, Heads of Departments, District Secretaries and the Heads of Local Authorities, that Plan had not been prepared even by 31 December 2012.

19.4.2 Internal Audit

An Internal Audit Unit had not been established.

19.4.3 Implementation of Audit and Management Committee

An Audit and Management Committee had not been established.

19.5 Assets Management

Unsettled Liabilities

The unsettled liabilities of the Office as at 31 December 2012 amounted to Rs.723,225 and those related to a period less than one year.

19.6 Non-compliance with Laws, Rules and Regulations

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

Reference to Laws, Rules and Regulations	Value	Non-compliance

Rs.		
(a) Establishments Code		

(i) Chapter V Section 7	-	A Co-ordinating Secretary of the Office had not reported for duty during the period from 04 September 2012 to 07 October 2012 and formal approval for leave had also not been obtained. It was observed that the officer had proceeded abroad during the period without approval and had obtained the full salary and allowances for the period amounting to Rs.70,770.
(ii) Chapter XXVIII, Section 1.3 and Public Administration Circular No. 9/2009 of 16 April 2009	-	Even though every officers should mark the times of arrival and departure together with the signature, three officers had not marked the times of arrival and departure in any of the day in the register maintained by the Office. The Secretary to the Leader of Opposition informed me that it is not possible to follow the regulations relating to the times of arrival and departure at all times as specified and even in respect of a Government Office these matters should be considered in the proper perspective.
(b) Financial Regulations		

(i) Financial Regulations 102 - 110	500,000	Action in terms of the Financial Regulations had not been taken in connection with a loss caused by an accident to a motor vehicle and a Register of Losses and Damage had not been maintained to record the information on accidents to motor vehicles.
(ii) Financial Regulations 262 (2)	320,291	The paid seal had not been stamped on the payment vouchers and the supporting

documents.

(iii) Financial Regulations
1646

The Daily Running Charts of motor vehicles had not been furnished to the Auditor General.

(c) Public Finance Circulars

Circular No. 431 of 24 April 2008
Paragraph 1

1,366,518

Even though air travel tickets for foreign travel should be purchased from the Sri Lankan Airlines or Mihin Lanka Airlines, those provisions had been contravened.

(d) National Budget
Circular

Circular No. 118 of 11 October 2004 Paragraph 1.1.3- 1.1.7

905,130

Action had not been taken for the settlement of the loan balances of the officers transferred to the Office through the Monthly Summaries of Accounts during the specified periods.

19.7 Human Resources Management

Approved Cadre and Vacancies

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
-----	-----	-----	-----
(a) Senior Level	3	2	1
(b) Tertiary Level	11	6	5
(c) Secondary Level	21	19	2
(d) Primary Level	17	15	2
(e) Others (Casual / Temporary / Contract Basis)	10	10	-
	-----	-----	-----
Total	62	52	10
	=====	=====	=====

Action had not been taken even by the end of the year under review to fill 10 vacancies.

20 Head 20 – Department of Elections

20.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Department of Elections for the year ended 31 December 2012 was carried out 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 was issued to the Head of Department on 27 November 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.

20.2 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 Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory provisions and Public Finance 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.

20.3 Audit Observation

According to the Financial Records and Books for the year ended 31 December 2012, it was observed that except for the effects of the major audit findings appearing in paragraphs 20.4 to 20.6 herein, the Appropriation Account and the Reconciliation Statements of the Department of Elections had been prepared satisfactorily.

20.4 Non-compliances

Non-compliance with Laws, Rules and Regulations

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

Reference to Laws, Rules and Regulations -----	Non-compliance -----
Financial Regulations -----	
(a) Financial Regulations 103(1)	Even though accidents should be reported to the Police immediately, Police Reports had not been obtained by reporting 03 accidents to motor vehicles.
(b) Financial Regulations 104(1) (a)	Even though inquiries should be instituted immediately after a loss or damage occurs to ascertain the extent and causes of the loss or damage and fix responsibility action in terms of those provisions had been taken on accidents to motor vehicles.

20.5 Losses and Damage

Action in terms of Financial Regulations had not been taken even by 31 December 2013 on 03 losses amounting to Rs.202,837 older than 28 years.

20.6 Human Resources Management**Approved Cadre and Vacancies**

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(a) Senior Level	40	32	08
(b) Tertiary Level	04	04	-
(c) Secondary Level	381	330	51
(d) Primary Level	155	149	6
(e) Others (Casual)	23	17	6
Total	603	532	71

There were 71 vacancies to be filled even by the end of the year under review.

21. Head 21 – Auditor General**21.1 Scope of Audit**

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Auditor General's Department for the year ended 31 December 2012 was carried out 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 was issued to the Head of Department on 28 April 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.

21.2 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, Revenue Account and the Reconciliation Statements in accordance with the Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory provisions and Public Finance 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.

21.3 Audit Observation

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 audit findings appearing in paragraphs 21.4 and 21.5 herein, the Appropriation Account, Revenue Account and the Reconciliation Statements of the Auditor General's Department had been prepared satisfactorily.

(a) Budgetary Variance

Excess provision had been made for 03 Objects and as such the savings after the utilization of provisions amounted to Rs.2,578,513 and ranged between 83 per cent to 92 per cent of the net provisions relating to those Objects.

(b) Revenue Account

- (i) According to the Account presented, the arrears of revenue amounted to Rs.193,085,717 and the follow up action on the recovery of those arrears of revenue had been at a weak level.
- (ii) The arrears of revenue totalling Rs.193,085,717 as at 31 December 2012 as compared with arrears of revenue totalling Rs.162,699,335 as at 31 December 2011 indicated an increase of Rs.30,386,382 or 18.68 per cent.

(c) Reconciliation Statement of the Advances to Public Officers Account

According to the Reconciliation Statement as at 31 December 2012 of the Advances to Public Officers Account Item No. 02101, the balances that remained outstanding as at that date totalled Rs.2,342,900.

21.4 Non-compliances

Action in terms of Financial Regulation 264(1) and the provisions in the Stamp Duty Act, (Special Provision) No. 12 of 2006 had not been taken in connection with certain payment vouchers.

21.5 Human Resources Management

Approved Cadre and Vacancies

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(a) Senior Level	355	175	180
(b) Tertiary Level	1214	907	307
(c) Secondary Level	178	143	35
(d) Primary Level	181	125	56
Total	1928	1350	578

22. Head 22 – Office of the Parliamentary Commissioner for Administration

22.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Office of the Parliamentary Commissioner for Administration for the year ended 31 December 2012 was carried out 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 was issued to the Commissioner on 06 June 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.

22.2 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 Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory provisions and Public Finance 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.

22.3 Audit Observation

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 (d) and other major audit findings appearing in paragraphs 22.4 to 22.6 herein, the Appropriation Account and the Reconciliation Statement of the Office had been prepared satisfactorily.

(a) Presentation of Account

The Office had not presented the following accounts by 31 March 2013.

Head / Item Number	Name of Account
22	Appropriation Account
02201	Reconciliation Statement of the Advances to Public Officers Account

(b) Non-maintenance of Registers and Books

The Office had not maintained a Register of Fixed Assets in accordance with the provision in the Treasury Circular No.842 of 19 December 1978.

(c) Public Expenditure Management

In terms of the National Budget Circular No. 155 of 30 December 2011 two per cent out of recurrent provisions out of the provisions made by Parliament for the year 2012 from the Annual Budget Estimates should have been frozen. Nevertheless, the Office had frozen only 0.78 per cent of the recurrent provision.

(d) Reconciliation Statement of the Advances to Public Officers Account

- (i) According to the Reconciliation Statement as at 31 December 2012 of the Advances to Public Officers Account Item No.02201 the balances that remained outstanding as at that date totalled Rs.62,988.
- (ii) According to the Departmental books and the Treasury computer printouts a difference of Rs.4,921 had existed over a period of 15 years. Action for the settlement of the difference had not been taken even during the year under review.
- (iii) A difference of Rs.36,758 existed between the total of the Summary of Individual Balances Classification and the balance in the Control Account.

22.4 Good Governance and Accountability

22.4.1 Internal Audit

An Internal Audit Unit had not been maintained.

22.4.2 Implementation of Audit and Management Committee

An Audit and Management Committee had not been established.

22.5 Assets Management

(a) Conduct of Annual Board of Survey

The following observations are made.

- (i) According to the Public Finance Circular No. 441 of 09 December 2009 as amended by the letter No. PF/Board of Survey/01 of 17 December 2010 of the Director General of Public Finance, the Board of Survey for the year

2012 should be conducted and the reports thereon should be furnished to the Auditor General before 31 March 2013. Nevertheless, the Office had not furnished those to audit even by 31 May 2013. The last Board of Survey conducted had been for the year 2011.

- (ii) Action in terms of the Financial Regulations and in accordance with the provisions in the Public Finance Circular No. 438 of 13 November 2009 had not been taken in connection with the shortages pointed out the other recommendations made in the Reports of the Board of Survey for the year 2011.

(b) Unsettled Liabilities

The unsettled liabilities of the Office as at 31 December 2012 amounted to Rs.51,614 and that related to a period less than one year.

22.6 Human Resources Management

Approved Cadre and Vacancies

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(a) Senior Level	1	1	-
(b) Tertiary Level	2	1	1
(c) Secondary Level	18	9	9
(d) Primary Level	8	2	6
(e) Others (Casual / Temporary / Contract Basis)	1	1	-
Total	30	14	16

Action had not been taken by the Office even up to the end of the year under review to fill 16 vacancies.