

Resettlement Authority 2010

1. Financial Statements

1:1 Opinion

So far as appears from my examination and to the best of information and according to the explanations given to me, I am of opinion that the Resettlement Authority had maintained proper accounting records for the year ended 31 December 2010 and except for the effects on the financial statements of the matters referred to in paragraph 1:2 of this report, the financial statements have been prepared in accordance with Sri Lanka Accounting Standards and give a true and fair view of the state of affairs of the Resettlement Authority as at 31 December 2010 and the financial results of its operation and cash flows for the year then ended.

1:2 Comments on Financial Statements

1:2:1 Non-compliance with Laws, Rules, Regulations and Management Decisions

Instances of Non-compliance with the following Laws, Rules, etc were observed.

Reference the Laws, Rules,
Regulations etc.

Non-compliance

(a) Section 14(1) of the Finance Act, No. 38 of 1971 and Sections 6.5.1 and 6.5.3 of the Public Enterprises Circular No.PED/12 of 02 June 2003.

- i. A copy of the Draft Annual Report had not been presented to the Auditor General with the financial statements for the year under review.
- ii. The Annual Reports for the years 2008 and 2009 had not been tabled in a Parliament.

(b) Resettlement Authority Act,
No.9 of 2007.

i. Section 12 of Part I

Even though Branch Offices should be established in the North and the East for the resettlement of the displaced persons in the North and the East, in those areas and for providing their needs, that function had not been performed.

ii. Section 20(i) of Part III

Even though the Authority should have its own fund, action had not been taken to establish such fund.

2. Financial and Operative Review

2:1 Financial Review

2:1:1 Financial Results

According to the financial statements presented, the working of the Authority for the year ended 31 December 2010 had resulted in a surplus of Rs.40,025 as against the deficit of Rs.11,045 for the preceding year thus indicating an improvement of Rs.51,070 in the financial results. The increase of the sundry receipts and the administrative expenditure of the Authority by sums of Rs.3.9 million and Rs.3.6 million respectively had been the main reasons for the improvement in the financial results.

2:2 Operating Review

2:2:1 Management Inefficiencies

- (a) In terms of Section 13 of Part II of the Resettlement Authority Act No.9 of 2007 the objectives of the Authority shall be:
- (i) to ensure resettlement or relocation in a safe and dignified manner of internally displaced persons and refugees, and
 - (ii) to facilitate the resettlement or relocation of the internally displaced persons and refugees in order to rehabilitate and assist them by facilitating their entry into the development process.

However, the Authority had not succeeded in the full achievement of the above objectives from the inception of the Authority. Even though 15 activities to be carried out for the achievement of the objectives of the Authority are set out at (a) to (o) of Section 14 of Part II of that Act, no evidence whatsoever in support of any activity successfully completed by the Authority up to date was not made available to audit.

- (b) The Board of Directors comprises 09 members and only one meeting of the Board of Directors had been held during the year under review on 15 September 2010 while only one meeting of the Board of Directors had been held annually from the year 2008. Action had not been taken in terms of Chapter 4 of the Public Enterprises Circular No. PED/12 of 02 June 2003 to hold Board meetings to carry out monthly evaluations of performance and update its affairs.
- (c) The Authority had made provisions in its budgets only for recurrent expenditure from the inception of the Authority while it had not made requests for monetary provision for capital expenditure from the Ministry.
- (d) The approved cadre of the Authority as at 31 December 2010 had been 25 and of those 20 officers had been recruited and assigned with duties. Nevertheless, a performance review had not been carried out. The Authority had not taken action even up to the end of the year under review to recruit 05 officers to the vacancies that existed from the inception of the Authority.

2:2:2 Corporate Plan and Action Plan

The following matters were observed.

- (a) Even though the Authority had prepared a Corporate Plan in the year 2009, the requirements of Chapter 5 of the Public Enterprises Circular No. PED/12 of 02 June 2003 had not been complied with. A copy of the updated Corporate Plan approved by the Board of Directors had not been furnished to the Auditor General in terms of the provision of that circular. The following matters had not been included in the Corporate Plan prepared by the Authority.
 - (i) A review of the operating results of the preceding two years had not been done.
 - (ii) The strengths, weaknesses, opportunities and threats of the Authority had not been adequately identified.
- (b) Even though an Action Plan had been prepared for the year 2010, evidence of its implementation by the Authority by including the objectives and targets was not made available.

2:2:3 Audit Committee

Audit Committee had not been established in terms of Sections 7.4.1 and 7.4.2 of the Public Enterprises Circular No. PED/12 of 02 June 2003.

2:2:4 Internal Audit

An internal audit of the Authority had not been carried out during the year under review to strengthen its functions.

2:2:5 Budgetary Control

Significant variances ranging from 01 per cent to 135 per cent were observed between the estimated and the actual income and expenditure, thus indicating that the budget had not been made use of as an effective instrument of management control.

3. Systems and Controls

Weaknesses in systems and controls observed and the deficiencies in systems and control revealed during the course of audit were brought to the notice of the Chairman of the Authority from time to time. Special attention is needed in respect of the following areas of control.

- (a) Performance and Evaluation
- (b) Budget
- (c) Internal Audit
- (d) Employees Management