

## **1. 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
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(a) Senior Level	14	11	03
(b) Tertiary Level	05	04	01
(c) Secondary Level	44	43	01
(d) Primary Level	67	62	05
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Total	130	120	10
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The Office had not taken action to fill 10 vacancies by the end of the year under review.