

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 30August 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) Financial Regulations		

(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
	====	=====	=====	=====

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