

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 2013 was carried out in pursuance of provisions of 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 Cabinet of Ministers on 15 August 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.

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 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.

5.3 Audit Observation

According to the Financial Records and Books for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing at (a) and (b) and major audit findings appearing in paragraphs 5.4 to 5.9 herein, the Appropriation

Account and the Reconciliation Statements of the Office of the Cabinet of Ministers had been prepared satisfactorily.

(a) Budgetary Variance

- (i) The entire net provisions amounting to Rs.9,000,000 made for an Object had been saved.
- (ii) Excess provisions had been obtained for 16 Objects and as such, the savings amounting to Rs.13,687,984 thereunder after utilizing the provisions ranged between 17 per cent and 99 per cent of the net provisions relating to these Objects.

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

Even though the recovery of loan installments should be made in accordance with the category of loan and the agreement when recovering loan installments from the salary, 04 instances where it had been failed to do so were observed.

5.4 Good Governance and Accountability

5.4.1 Annual Action Plan

Even though the Office should prepare an Annual Action Plan in terms of paragraph 1.4.1 of the Letter of the Director General of the Public Finance No.PF/R/2/2/3/5 (4) dated 10 March 2010, it had not been prepared for the year under review even by 31 December 2013.

5.4.2 Internal Audit

An internal audit unit had not been established.

5.4.3 Implementation of Audit and Management Committee

Audit and Management Committee had not been established.

5.5 Unsettled Liabilities

The liabilities that remained without being settled for less than one year as at 31 December 2013 by the Office amounted to Rs.255,507.

5.6 Non-compliances

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

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

Reference to Laws, Rules and Regulations

----- Letter of Public Finance Circular -----

Paragraph 02 of the Letter No.01 dated 15 November 2011

Non-compliance

If it is intended to provide communication facilities and settle bills on Government expense to the category of officers or to an officer mentioned under V of Paragraph 2 of the Public Finance Circular No.446 dated 01 September 2010, a proposal including particulars in respect of this should be submitted to the National Salaries and Cadre Commission. Even though recommendations of the said Commission should be obtained, no action had been taken in respect of 13 officers accordingly.

5.7 Weaknesses in Implementation of Projects

----- Projects abandoned without Commencing -----

The following projects had not been commenced by the Office.

Project	Estimated Cost	Due date of Commencement	Reasons for not Commencing Briefly
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	Rs.		
Project of establishment of a system of storing documents and management	9,000,000	2012	Taking a decision to commence an e-cabinet Project which is broader than a system of storing documents and management.

5.8 Irregular Transactions

Certain transactions entered into by the Office were devoid of regularity. Several such instances observed are given below.

(a) Deviation from the Procedure laid down in the Procurement Guidelines

In the process of purchasing a “Fire wall” (a safety equipment) for fixing to the computer network, the institution which submitted the second lowest bid of Rs.262,640 had been rejected due to taking a period of 05 or 06 weeks to supply the said equipment. As such the contract had been awarded to the institution which submitted the fourth lowest bid of Rs .400,120. That institution had taken a period of 07 months to supply the said equipment. Accordingly, expected goals had not been fulfilled by the decision of the Procurement Committee to purchase at the fourth bid and a sum of Rs.137,480 had to be paid in excess to the Government for same.

(b) Despite having a 03 year guarantee period for the photocopying machine purchased for Rs.1,344,000 on 05 January 2012, sums of Rs.270,648 and Rs.120,512 had been spent for repairs on 25 June 2013 and 30 January 2014 respectively.

5.9 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2013 was as follows.

Category of Employees	Approved Cadre	Actual Cadre	No. of vacancies	Excess
(i) Senior level	15	10	05	-
(ii) Tertiary level	07	05	02	-
(iii) Secondary level	29	22	07	-
(iv) Primary level	29	27	02	-
(v) Other (Casual/Temporary and Contract basis)	-	03	-	03
Total	80	67	16	03

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