

**Head 176 –Ministry of Civil Aviation**  
**Report of the Auditor General's – Year 2013**

---

**1.1 Scope of Audit**

---

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Ministry of Civil Aviation for the year ended 31 December 2013 was carried out in pursuance of provisions in Article 154(1) of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Secretary to the Ministry on 18 November 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 Accounts, the Revenue account and the Reconciliation Statements in accordance with the provisions in Articles 148,149,150 and 152 of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Financial and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliations Statements that are free from material misstatements whether due to fraud or error.

**1.3 Audit Observations**

---

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) to (c) and major audit findings appearing in paragraphs 1.4 to 1.7 herein, the Appropriation Account, the Revenue Account and the reconciliation statements of the Ministry of Civil Aviation had been prepared satisfactorily.

**(a) Appropriation Account**

---

Following observations are made

**(i) Total Provision and Expenditure**

---

The total net provision made for the Ministry amounted to Rs.15,320,225,497 and a sum of Rs.14,888,444,055 had been utilized as at the end of the year

under review. Accordingly, a saving of Rs.431,781,442 or 3 per cent of the net provision was observed. Details are shown below.

Expenditure	As at 31 December 2013			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.	Rs.	Rs.	
Recurrent	141,201,195	133,075,129	8,126,066	6
Capital	15,179,024,302	14,755,368,926	423,655,376	3
<b>Total</b>	<b>15,320,225,497</b>	<b>14,888,444,055</b>	<b>431,781,442</b>	<b>3</b>

(ii) **Budgetary Variance**

Following observations are made.

- Due to excessive provisions made for 06 Items of Expenditure, savings after utilization was in a range between 12 per cent and 84 per cent of the net provision.
- Out of the provision of Rs.29,550,000 obtained under Urgent Needs and Liabilities for Budget Assistance Project, 65 per cent of that had been utilized by the end of the year under review.

(b) **Revenue Account**

**Estimated and Actual Revenue**

While Revenue Estimates totalling Rs.2,652 Million had been prepared under Revenue Code 20.03.02.08 for the year under review by the Ministry, revenue totalling Rs.2,784 Million had been collected. Accordingly, revenue of 105 per cent of the estimated revenue had been collected. Details are shown below.

Revenue Code	As at 31 December 2013			Excess as a Percentage of Estimated Revenue
	Estimated Revenue	Actual Revenue	Excess	
	Rs.	Rs.	Rs.	
20.03.02.08	2,652,000,000	2,783,782,985	131,782,985	5

Following observations are made in this connection.

- (i) Books and records had not been maintained by the Ministry in terms of Financial Regulation 142(3) with regard to the Revenue Account furnished to audit. Revenue Account had been prepared based on the revenue particulars obtained from the Civil Aviation Authority bimonthly and had been submitted to audit.
- (ii) Revenue forecast and estimates had not been prepared on an accurate basis in terms of Paragraph 03 of the Public Fiscal policy Economic Activities Circular No. 01/2002 dated 17 July 2002 and Financial Regulation 142. According to information furnished to audit relating to preparation of estimates, revenue for six months commencing from February to July 2013 had been doubled in the preparation of revised revenue estimate. Action had not been taken by the Revenue Accounting Officer to report the change in the revenue to the Department of Public Fiscal policy and Economic Activities in terms of Financial Regulation 85(2)(b) and not prepared the revised estimate according .

**(a) Advances to Public Officers account**

-----  
**Limits Authorized by the Parliament**  
 -----

Limits authorized by the Parliament on Advances to Public Officers account relating to the Ministry and actual values are shown below.

Item No.	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
17601	2,500,000	1,561,251	1,700,000	1,831,652	14,000,000	7,818,840

Following observation is made in this regard.

Action had not been taken in terms of Section 4.5 of Chapter XXIV of the Establishments Code, to recover loan balances totaling Rs.376,426 in arrears, due from two interdicted officers over a period of nearly 04 years.

## 1.4 Noncompliance

### Non-compliance of Laws, Rules and Regulations etc.

Instances of noncompliance with laws, rules and regulations observed in audit sample checks are analyzed below.

Reference to Law, Rules and Regulations	Value	Non-compliance
	----- Rs.	-----
<p>(a) <b>Establishment Code of the Democratic Socialist Republic of Sri Lanka</b></p> <p>-----</p> <p>Section 11.1 of Chapter XX</p>	725,834	Business Class tickets had been obtained instead of Economy Class for two officers participated in two foreign trips.
<p>(b) <b>Circulars of the Ministry of Finance and Planning</b></p> <p>-----</p> <p>Paragraph 6(1) of the Circular No. 01/2010/01 dated 11 October 2010</p>	1,292,488	In spite of the fact that lodging facilities were provided by the relevant foreign institute to four officers who participated in two foreign travels, combined allowance had been paid to them.
<p>(c) <b>Public Finance Circulars</b></p> <p>-----</p> <p>Paragraph 2 of the Circular No. 446 dated 01 September 2000 and Public Finance Circular letter No. 01 dated 15 November 2011.</p>	139,434	While allowances had been paid to the Administrative Officer of the Ministry for residential and mobile telephone facilities for official duty requirements, residential and mobile telephone charges had been paid only to a lady officer out of three officers in grade I of Management Assistants' Service during the period from year 2011 to August 2014, contrary to circular provisions.

## 1.5 Performance

Progress reports showing the financial and physical progress quarterly and at the end of the year relating to the action plan prepared by the Ministry for the year 2013 had not been prepared by the Ministry. Due to that, it was not possible to examine the progress relating to the activities of the Ministry in audit.

## 1.6 Transactions of Contentious Nature.

-----  
 Certain transactions made by the Ministry were contentious nature. Details relating to such transactions revealed in audit sample checks are shown below.

- (a) In spite of the fact that there was an Assistant Director ( Planning) who had been assigned the responsibility of preparing the Corporate plan of the Ministry for the years 2012 – 2016, that work had been assigned to another Institution and a sum of Rs.225,000 had been paid to that Institution during the years 2012 and 2013.
- (b) A sum of Rs.62,500 had been spent by the Ministry , for covering media work relating to a function participated by the Hon. Minister of the Ministry in Avissavella Electorate.
- (c) A sum of Rs.16,797 had been spent on account of entertainment for Meetings conducted by the Hon. Minister and the Hon. Deputy Minister in the Parliament.
- (d) Although the Construction Company has agreed to incur the expenditure for paper notice in respected of the function for laying the foundation stone for a hotel expected to build at the Mattala new Airport in Hambanthota, the Ministry had paid a sum of Rs.230,160 without obtaining that amount from the company.

## 1.7 Human Resources Management

### (a) Approved and Actual Cadre

-----  
 Cadre Position as at 31 December 2013 was as follows.

Category of Employee	Approved Cadre	Actual Cadre	Number of Vacancies
-----	-----	-----	-----
(i) Senior level	09	09	-
(ii) Tertiary Level	02	02	-
(iii) Secondary Level	40	37	03
(iv) Preliminary Level	21	15	06
(v) Casual	05	05	-
	----	----	----
<b>Total</b>	<b>77</b>	<b>68</b>	<b>09</b>
	===	===	==

Action had not been taken by the Ministry to fill 09 vacant posts at the end of the year under review.

### (b) Human Resources obtained from other parties

-----  
 A stenographer and an airport assistant of an aviation company had been engaged in The service of the Ministry from a period of 03 years and 04 years respectively.