

Report of the Auditor General on Head 184 - Ministry of Private Transport Services- Year 2014

Paragraphs 1 and 2 of this report contained the general information on the accounts of the Ministry and the audit observations of the Head appear in paragraph 3 onwards.

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 Private Transport Services for the year ended 31 December 2014 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 22 October 2015. 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 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.

2. Accounts

2.1 Appropriation Account

Total Provision and Expenditure

While the total net provision made for the Ministry amounted to Rs.774.65 million, a sum of Rs.762.59 million had been utilized as at the end of the year under review. Accordingly, a saving of Rs. 12.06 million or 1.6 per cent of the net provision was observed. Details are shown below.

Expenditure	As at 31 December 2014			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Million	Rs. Million	Rs. Million	
Recurrent	579.55	572.31	7.24	1.25
Capital	195.10	190.29	4.81	2.47
Total	774.65	762.60	12.05	1.56

2.2 Advance Account

Advances to Public Officers account

Limits Authorized by Parliament

Limits authorized 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. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
18401	2.0	1.8	0.6	1.6	5.5	4.4

2.3 General Deposit Account

The balance of the General Deposit Account of the Ministry as at 31 December 2014 was Rs.8.88 million.

2.4 Audit Observation

According to the Financial Records and Books for the year ended 31 December 2014, it was observed that subject to the audit observations appearing at the Management Audit Report, referred to in Paragraph 1.1, the Appropriation Account and the Reconciliation Statements of the Ministry of Private Transport Services had been prepared satisfactorily. The material and important observations included in that Management Audit Report appear in Paragraphs 3 herein.

3. Head 184 - Ministry of Private Transport Services

3.1 Presentation of Accounts

Even though the Ministry should present the following Accounts as at 31 March 2015, the accounts had been presented only after a delay of 23 days and 55 days. Details are shown below.

Head/ Item No.	Account Name	Date of Receipt of Accounts	Period of Delay
184	Appropriation Account	24 April 2015	23
18401	Reconciliation Statement of the Public Officers' Advance Account	26 May 2015	55

3.2 Non-maintenance of Registers and Books

It was observed during the audit test check that following registers had not been maintained by the Ministry.

Type of Register	Relevant Regulation
(a) Stock Book	Financial Regulations 751 and 763
(b) Register of Damage	Financial Regulation 110

3.3 Appropriation Account

Budgetary Variance

Following observations are made.

- (a) Excessive provision of Rs.13,712,000 had been made under 07 Objects. After utilizing of Rs.10,177,391 of those provisions Rs.3,534,069 had been saved relating to those Objects as at the end of the year under review and that was in a range between 7 per cent to 98 per cent of the provision made.
- (b) A total of Rs.166,106 had been made in 5 vouchers in the year 2015 relating to the expenses of 2014 and this had not been included in the Liabilities Statement of the DGSA 8 Format.

- (c) A commitment of liability exceeded by Rs.830,376 of savings had occurred after utilization of provision contrary to the Financial Regulation 94(1) relating to 05 Objects.

3.4 Reconciliation of the Public Officers' Advance Account

It was observed during the audit test check relating to the Item No. 18401- Public Officers' Advance Account as at 31 December 2014 that recovery of balances outstanding below one year totalled to Rs.105,280.

3.5 Assets Management

Conduct of Annual Boards of Survey

According to the Public Finance Circular No. 02/2014 of 17 October 2014, the Board of Survey for the year should be conducted and the reports thereon should be furnished to the Auditor General before 31 March 2015. Nevertheless, the Ministry had not furnished those reports even by 31 May 2015. The last Board of Survey conducted had been for the year 2013.

3.6 Implementation of Projects under Domestic Financing

Instances of projects abandoned without commencing projects abandoned without completion and the project delays revealed during the course of audit test checks are given below.

(a) Projects Abandoned without Commencing

The Ministry had not commenced the following Projects.

Project of Constructing Bus Stands	Estimated Cost	Period that should be Started	Reasons for not Commencing
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	Rs.		Dayata Kirula Exhibition was not held in 2015
Walasmulla	40,000,000	2014- Second Quarter	
Lunugamwehera	15,000,000	2014- Second Quarter	
Akuressa	30,000,000	2014- First Quarter	

(b) Delays in the Execution of Projects

Delays in the execution of the following Projects by the Ministry were observed.

Project	Estimated Cost	Date of Commencement	Due Date of Completion	Date of Completion	Expenditure as at 31 December 2014	Reasons for Delay
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	Rs.				Rs.	
(i) Development of Infrastructure facilities In Transportation -Construction of Bus Stand at Poondaluoya	3,000,000	2013-First Quarter	31.12.2014	Not Completed	2,200,000	Problem in the land
(ii) Implementation of Southern Region Passenger Transportation Infrastructure Facilities with parallel to 2015 Deyata Kirula National Exhibition -Construction of Habaraduwa Bus Stand	20,000,000	2014-Second Quarter	31.12.2014	Not Completed	No Financial Improvement as at 31.12.2014	Provision allocation had occurred in 2015

3.7 Deficiencies in Operating Bank Accounts

Balances to be Adjusted

As shown in the bank reconciliation statement of the Ministry of Private Transport Services prepared for the month of December 2014, no action had been taken even by 30 June 2015 according to the Financial Regulation 395 (c) for a cheque valued at Rs.6,400 which had been issued but not presented for payment.

1.8 Human Resources Management

Approved Cadre and the Actual

Cadre position as at 31 December 2014 was as follows.

Category of Employee	Approved Cadre	Actual Cadre	Number of Vacancies	Excess Cadre
(i) Senior level	09	08	01	
(ii) Tertiary Level	01	-	01	
(iii) Secondary Level	57	28	29	
(iv) Preliminary Level	15	16	-	01
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Total	82	52	31	01
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Following observations are made.

- (i) Action had not been taken by the Ministry to fill 20 vacant posts at the end of the year under review.
- (ii) Action had not been taken by the Ministry to obtain proper approval for an employee recruited in excess.