

## **Report of the Auditor General on Head 186- Ministry of Sugar Industry Development Year 2014**

---

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

### **1.1 Scope of Audit**

---

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, , books, registers and other records of the Ministry of Sugar Industry Development for the year ended 31 December 2014 was carried out in pursuance of 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 Ministry on 06 August 2015. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the Accounts and the 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 Account and the Reconciliation Statements in accordance with the provisions in 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. Accounts**

---

### **2.1 Appropriation Account**

---

#### **Total Provision and Expenditure**

---

Out of the total net provision of Rs.267.3 million made for the Ministry, a sum of Rs.229.0 million had been utilized by the end of the year under review. Accordingly, the savings amounted to Rs.38.3 million or 14.4 per cent of the net provision. Details appear below.

Expenditure	As at 31 December 2014			Saving as a Percentage of Net Provision
	Net Provision	Utilization	Saving	
	Rs. Million	Rs. Million	Rs. Million	
Recurrent	172.3	149.2	23.1	13.4
Capital	95.0	79.8	15.2	16.0
<b>Total</b>	<b>267.3</b>	<b>229.0</b>	<b>38.3</b>	<b>14.4</b>

## 2.2 Advance Account

### Advances to Public Officers Account

#### Limits Authorized by Parliament

The limits authorized by the Parliament and the actual amounts of the Advances to Public Officers Account of the Ministry are given below.

Item Number	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
18601	2.0	1.5	0.1	2.3	7.0	3.5

## 2.3 General Deposit Account

The balance of the General Deposit Account of the Ministry as at 31 December 2014 amounted to Rs.272,059.

## 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 in Management Audit Report referred to in Paragraph 1.1, the Appropriation Account and the Reconciliation Statements of the Ministry of Sugar Industry Development have been prepared satisfactorily. The material and important observations out of the observations included in that Management Audit Report appear in Paragraph 3.

### **3. Head 186- Ministry of Sugar Industry Development**

-----

#### **3.1 Appropriation Account**

-----

##### **Budgetary Variance**

-----

Excess provisions had been made for 04 Objects amounted to Rs.986,526 and as such the savings, after the utilization of provisions, ranged between 30 per cent to 96 per cent of the net provisions from those Objects.

#### **3.2 Non-compliance**

-----

##### **Non-compliance with Laws, Rules Regulations etc.**

-----

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

#### **Reference to Laws, Rules and Non-compliance Regulations**

-----

##### **(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka**

-----

Financial Regulation 1647(b)	A board of Survey had not been conducted for the vehicles and equipment to the vehicles during the under review.
------------------------------	--

##### **(b) Treasury Circular**

-----

Treasury circular No 842 dated 19 December 1978	Fixed Assets Register had not been maintained.
---	--

#### **3.3 Uneconomic Transactions**

-----

An Officer had been recruited to the post of Consultant with the approval of Cabinet of Ministers for a period of one year from 01 November to 31 October 2014. Hence, without a decision of Cabinet of Ministers a total of Rs.196,940 had been paid as remuneration for the months of November and December 2014. The details of duties were assigned and duties done by the Consultant had not been furnished to the audit.

### 3.4 Human Resources Management

#### Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2014 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	9	5	4
(ii) Tertiary Level	1	1	-
(iii) Secondary Level	22	12	10
(iv) Primary Level	14	14	-
Total	46	32	14

The Ministry had not been taken action to fill 14 vacancies even by the end of the year under review.