

Report of the Auditor General on Head 187 - Ministry of Investment Promotion – 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 Appropriation Account including the financial reports, reconciliation statements, books, registers and other records of the Ministry of Investment Promotion for the year ended 31 December 2014 were audited 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 28 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 Account and reconciliation statements in accordance with the provisions in Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and the Public Financial 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

The total net provision made for the Ministry for the year under review amounted to Rs.174.00 million and out of that, a sum of Rs. 142.10 million had been utilized by the end of the year under review. Accordingly, the savings amounted to Rs.31.90 million or 18.33 per cent of the net provision. Details appear below.

Expenditure	As at 31 December 2014			Savings as a Percentage of the Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	125.29	99.23	26.06	20.80
Capital	48.71	42.87	5.84	11.99
Total	174.00	142.10	31.90	18.33

2.2 Advance Account

2.2.1 Advances to Public Officers Account

Limits Authorized by Parliament

Limits authorized by Parliament for the Advances to Public Officers Account relating to the Ministry and the actual values are given below.

Item Number	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
187	2.00	1.65	0.3	0.76	10	2.53

2.3 General Deposit Account

The balance of the Deposit Account of the Ministry as at 31 December 2014 amounted to Rs. 14.9 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 Investment Promotion had been prepared satisfactorily. The material and important observations included in that Management Audit Report appear in Paragraph 3.1 to 3.8 herein.

3. Head 187 - Ministry of Investment Promotion

3.1 Non-maintenance of Books and Registers

It was observed in audit sample test checks that the Ministry had not maintained certain registers shown below.

Type of Register -----	Relevant Regulation -----
(a) Fixed Asset Register	Treasury Circular of No. 842 dated 19 December 1978.
(b) Register of Fixed Assets relating to Computer, Accessories and Software.	Treasury Circular dated 28 November 2002 of No. IAI/2002/02.
(c) Register of Cheque and money Orders Received etc.	Financial Regulation 451
(d) Register of Electric Equipment	Financial Regulation 454(2)
(e) Register of Losses	Financial Regulation 110
(f) Register of Liabilities	Financial Regulation 214
(g) Register of Counterfoil Books	Financial Regulation 341
(h) Vehicle Log Book	Financial Regulation 1645(a)
(i) Register of Listing of Motor Vehicles	Financial Regulation 1647(e)
(j) Attendance Registers of Procurement Committees and Technical Evaluation Committees	Guidelines of Government Procurement Procedure

3.2 Lack of Evidence for Audit -----

According to the reports, a payment voucher valued at Rs. 4,750 of the Ministry on which action in terms of Financial Regulation 272(2) had not been finalized had been missing.

3.3 Appropriation Account -----

Budgetary Variance -----

Excess provision had been made for 16 Objects and as such the savings thereunder after utilization of provisions ranged between 20 per cent to 99 per cent of the net provisions relating to the respective Objects.

3.4 Good Governance and Accountability

3.4.1 Annual Action Plan

Even though the Ministry should prepare an Annual Action Plan in terms of the Public Finance Circular No. 01/2014 of 17 February 2014 and an Annual Action Plan had not been prepared for the year under review.

3.4.2 Annual Procurement Plan

An Annual Procurement Plan had not been prepared as at 31 December 2014 in terms of the National Budget Circular No. 128 of 24 March 2006.

3.4.3 Internal Audit

An Internal Audit Unit had not been established in terms of the Financial Regulation 133 and no internal audit had been carried out.

3.5 Assets Management

Conduct of Annual Board of Survey

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

3.6 Unsettled Liabilities

The unsettled liabilities of the Ministry as at 31 December 2014 less than one year amounted to Rs. 36,820,200.

3.7 Non – compliance

Non – compliance with Laws, Rules, Regulations etc.

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

	Reference to Laws, Rules and Regulations	Value	Non-compliance
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		Rs.	
(a)	Circulars of the Presidential Secretariat ----- Presidential Secretariat Circular No. CA/1/17/1 of dated 14 May 2014 Paragraph 3	-	Even though maximum of 03 official vehicles should be allocated to the Ministers and the Deputy Ministers for their usage, 5 official vehicles by the Minister and 6 official vehicles by the Deputy Minister had been utilized.
(b)	Government Procurement Procedure ----- Guideline 2.14	124,000	A mobile phone had been purchased contrary to the Guidelines of the Government Procurement procedure.

3.8 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	07	05	02
(ii)	Tertiary Level	18	11	07
(iii)	Secondary Level	02	02	-
(iv)	Primary Level	14	13	01
	Total	41	31	10