

**Report of the Auditor General on Head 165 Ministry of National Integration and Reconciliation
- Year 2015**

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 165 – Ministry of National Integration and Reconciliation for the year ended 31 December 2015 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 of the Ministry on 09 June 2016. 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 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

The total net provision made for the Ministry amounted to Rs.32.80 million and out of that a sum of Rs.6.62 million had been utilized by the end of the year under review. Accordingly, a sum of Rs.26.18 million or 79.82 per cent out of the total net provision made for the Ministry had been saved. Details appear below.

Expenditure	As at 31 December 2015			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs. Millions	Rs. Millions	
Recurrent	29.24	5.83	23.41	80.06
Capital	3.56	0.79	2.77	77.81
Total	32.80	6.62	26.18	79.82

2.2 **Audit Observation**

The Appropriation Account and the Reconciliation Statements for the year ended 31 December 2015 of the Ministry of National Integration and Reconciliation had been satisfactorily prepared subject to the audit observations appearing in the Management Audit Report referred to in Paragraph 1.1 above. The material and important audit Observations out of the audit observations included in the Management Audit Report appear in Paragraph 3.

3. **Material and Significant Audit Observations**

3.1 **Non – maintenance of Registers and Books**

The Ministry had not maintained a proper Register of Fixed Assets in terms of the Treasury Circular No.842 dated 19 December 1978.

3.2 **Appropriation Account**

Budgetary Variance

The entire net provision amounting to Rs.14,150,000 made for 20 Objects had been saved.

3.3 **Assets Management**

Conduct of Annual Boards of Survey

According to the Public Finance Circular No.02/2014 of 17 October 2014 the annual Boards of Survey for the year 2015 should be conducted and the reports thereon should be furnished to the Auditor General before 17 March 2016. Nevertheless the Ministry had not furnished those reports for audit even by 31 May 2016.

3.4 **Provisions not Obtained Properly**

The payments of Rs.174,000 incurred for the foreign trip to China, of the State Minister had been made utilizing the provisions of another project without following the Virement Procedure to obtain the provisions.

3.5 **Human Resources Management**

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2015 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i)	Senior Level	08	03	05
(ii)	Tertiary Level	17	-	17
(iii)	Secondary Level	06	-	06
(iv)	Primary Level	13	-	13
(v)	Others	01	-	01
	Total	45	03	42