

Report of the Auditor General on Head 199 - Ministry of Primary Industries- Year 2015

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 199 Ministry of Primary Industries for the year ended 31 December 2015 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 11 January 2017. The audit observations, comments and findings on the accounts and 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 on 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 Article 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. The responsibility includes, designing, implementing, 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.41.41 million and out of that Rs.32.13 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision of the Ministry had been Rs.9.28 million or 22.41 per cent. Details appear below.

Expenditure -----	As at 31 December 2015 -----			Savings as a percentage of Net Provision -----
	Net Provision	Utilization	Savings	
	Rs. Million	Rs. Million	Rs. Million	
Recurrent	28.36	20.87	7.49	26.41
Capital	13.05	11.26	1.79	13.72
Total	41.41	32.13	9.28	22.41
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2.2 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account Item No.19901 of the Ministry and the actual amounts are given below. (as per Treasury print outs)

Expenditure -----		Receipts -----		Debit Balance -----	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3,500,000	0.00	20,000	21,787	35,000,000	1,114,800

2.3 Imprest Account

The balance of the Imprest Account No.7002/0000/00/0451/0015/000 of the Ministry as at 31 December 2015 amounted to Rs.2.47 million.

2.4 General Deposit Account

The balance of the General Deposit Account No.6000/0000/00/0018/0024/000 of the Ministry as at 31 December 2015 amounted to Rs.340,000.

2.5 Audit Observation

The Appropriation Account and Reconciliation Statements of the Ministry of Primary Industries for the year ended 31 December 2015 had been prepared satisfactorily subject to the Audit Observations appearing in the Management Audit Report referred to in paragraph 1.1 above. The material and significant Audit Observations out of the Audit Observations included in that Management Audit Report appear in paragraph 3.

3. Material and Significant Audit Observations

3.1 Presentation of Accounts

The following observations are made.

- (i) Even though the Ministry of Primary Industries should present the Appropriation Account relating to the Head 199 relating to the year under review, it had been presented to audit only on 28 November 2016 after a delay of 09 months.
- (ii) Even though the Ministry of Primary Industries should present to audit the Reconciliation Statement as at 31 December 2015 on the Advances to Public Officers Account under Item No.19901 relating to the year under review on 31 March 2016, it had not been presented to audit even by 30 November 2016.

3.2 Non- maintenance of Registers and Books

It was observed at the audit test check that the following registers had not been maintained in an updated manner by the Ministry.

Type of Register	Relevant Regulation
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(i) Register of Fixed Assets on Computers, Accessories and Software	Treasury Circular No.IAI/2002/02 of 28 November 2002
(ii) Appropriation (Votes) Ledger	Financial Regulation 447
(iii) The list of Vehicles Register	Financial Regulation 1647(e)
(iv) Register of Losses and Damages	Financial Regulation 110

3.3 Appropriation Account

Budgetary Variance

The following observations are made.

- (a) Provisions amounting to Rs.1,245,000 made available for 08 Objects had been entirely saved due to not making any utilization out of those provisions in the year under review.
- (b) Excess provision had been made for 19 Objects and as such the savings, after the utilization of provisions, ranged between 8 per cent to 29 per cent of the net provisions relating to the respective Objects.

3.4 Non- compliances

Even though either official or unofficial tours should not be scheduled while maintaining direct relations either with Sri Lankan delegations or with the Ministries of foreign countries and even though the approval should be obtained by referring to the Ministry of Foreign Affairs for the invitations received in personal capacity in terms of the Presidential Secretariat Circular No.CSA/2/3/4 of 21 February 2006, the Minister, the staff of the Minister and the officers of the Ministry had gone abroad in 03 instances for foreign tours obtained by the officers of the Ministry in personal capacity through the internet and through delegations. A sum of Rs.2,271,961 had been spent for it in the year under review.

3.5 Good Governance and Accountability

Internal Audit

An Internal Auditor had not been appointed for the Ministry and even though internal audit activities had been carried out by the Internal Auditor of the Department of Export Agriculture, an internal audit had not been carried out sufficiently.

3.6 Losses and Damages

A loss amounting to Rs.1,271,090 had been occurred by the accident for a cab motor vehicle belonging to the Ministry colliding with a flower pot belonging to the Road Development Authority on 21 November 2015. Insurance compensation could not be obtained due to not disclosing accurate information to Sri Lanka Insurance Corporation. However, disciplinary inquiries had not been conducted even by 30 December 2016 for the driver who drove the vehicle. Action had not been taken to properly complete the Preliminary Report that should be furnished relating to the above loss in terms of the Financial Regulation 104(3) and to refer a copy of it to the Auditor General and notes had not been taken in a Register of Losses and Damages relating to the accident occurred.

3.7 Management Weaknesses

Even though it had been stated in the Government Procurement Guidelines that the procedure of limited quotation should be selected only in the instances where only few sources are available, a sum of Rs.1,872,601 for the Ministry, bids had been called from 04 bidders in obtaining supplies and services.

3.8 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
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(i)	Senior Level	15	08	07
(ii)	Tertiary Level	22	21	01
(iii)	Secondary Level	39	23	16
	Total	76	52	24
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