

Report of the Auditor General on Head 231 – Department of Debt Conciliation Board - Year 2015

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 231 – Department of Debt Conciliation Board 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 of the Department on 21 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 and the Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are 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 Reconciliations Statements that are free from material misstatements whether due to fraud or error.

2. Accounts

2.1 Appropriation Account

(a) Total Provision and Expenditure

The total net provision made for the Department amounted to Rs.12.00 million, out of which a sum of Rs.9.38 million had been utilized by the end of the year under review. Accordingly, a sum of Rs.2.62 million or 21.8 per cent of the total provision made for the Department had been saved. Details appear below.

Expenditure	As at 31 December 2015			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.Thousands	Rs.Thousands	Rs.Thousands	
Recurrent	11,000	8,888	2,112	19.2
Capital	1,000	493	507	50.7
Total	12,000	9,381	2,619	21.8

2.2 Advance Account

Advances to Public Officers Account

Limits Authorised by Parliament

The limits authorised by Parliament for the Advances to Public Officers Account bearing Item No.23101 and actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.Thousands	Rs.Thousand s	Rs.Thousand s	Rs.Thousands	Rs.Thousand s	Rs.Thousands
1,255	292	355	486	2,500	1,399

2.5 Audit Observation

Appropriation Account and the Reconciliation Statement of the Department of Debt Conciliation Board for the year ended 31 December 2015 had been satisfactorily prepared, subject to the audit observations appearing in the Management Audit Report referred to in Paragraph 1.1 above use material and significant audit observation 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 Books and Records

Audit test checks observed that certain registers stated below had not been maintained and certain registers had not been properly maintained and updated.

Type of Registers	Relevant Regulation	Observations
(a) Register of Liabilities	Financial Regulation 214	Not maintained.
(b) Register of Official Telephones	Financial Regulation 845(1)	Not maintained.
(c) Security Register	Financial Regulation 891 (1)	Not maintained.

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|-----|---|---|-----------------|
| (d) | Attendance Register of the Procurement Committee and the Technical Evaluation Committee | Guideline 2.11.2 of the Government Procurement Guidelines | Not maintained. |
| (e) | Register of Fixed Assets | Treasury Circular No.842 of 19 December 1978. | Not updated. |
| (f) | Register of Cheques and Money Orders | Financial Regulation 451 | Not updated |

3.2 Good Governance and Accountability

3.2.1 Annual Action Plan

In terms of Public Finance Circular No.01/2014 dated 17 February 2014, an Action Plan should be prepared by the Department. However an Action Plan for the year under review had not been prepared.

3.2.2 Annual Performance Report

In terms of Public Finance Circular No.402 dated 12 September 2002, the Performance Report should be tabled in Parliament within 150 days after the end of the financial year by the Department but it had not been tabled even by 20 June 2016.

3.3 Non – compliance

Non-compliance with Laws, Rules and Regulations

Non-compliance with laws, rules and regulations observed at audit test checks are analysed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
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(a) Statutory Provisions		

Section 2(1) of the Debt Conciliation Ordinance No.39 of 1941.	-	Members appointed to the Board had been less by one member.
(b) Establishments Code of the Democratic Socialist Republic of Sri Lanka		

Section 13.3 of Chapter II	-	The Secretary had been appointed on acting basis since May 2013.

(c) Financial Regulation of the Democratic Socialist Republic of Sri Lanka

Financial Regulation 237 (b)

472,470

Payments certified without a certificate for the receipt of goods by the office.

3.4 Performance

There were 1,249 applications to be attended during the year 2015 out of which 372 applications had been finalized. Accordingly, action had been finalized on 30 per cent of the applications to be finalised during the year. As such 877 applications remained to be attended by the end of 2015. Those applications had included 21 applications order than 10 years, 54 applications old between 6 and 10 and 91 applications order than 3 years and less than 6 years.

3.5 Human Resources Management

----- Approved and Actual Cadre -----

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	01	-	01
(ii)	Secondary Level	14	08	06
(iii)	Primary Level	06	05	01
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	Total	21	13	08
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The following observations are made.

- (a) As the Assistant Secretaries of the Ministry of Justice had been acting in the Post of the Secretary of the Department since 2013, officers of the Department had to visit the Ministry of Justice daily for getting instructions and approval for official matters. As such it had been a hindrance to perform day to day duties on time.
- (b) As there were 3 vacancies in the Post of Stenographers it had not been possible to type law reports when required.
- (c) Even though there were 2 motor vehicles in the Department they had been under utilized due to a vacancy of a Driver.