

Report of the Auditor General on Head 250 – Department of State Accounts -Year 2015

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 250 - Department of State Accounts 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 Director General of Department of State Accounts on 09 August 2016. 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 and the Accounting Officer for the Accounts and the 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 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 Department of State Accounts amounted to Rs.45.35 million and out of that Rs.41.35 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provisions of the Department amounted to Rs.4.00 million or 8.82 per cent. Details are given below.

Expenditure	As at 31 December 2015			Savings as a Percentage of Net Provisions
	Net Provision	Utilization	Savings	
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	Rs.Millions	Rs.Millions	Rs.Millions	
Recurrent	36.15	35.69	0.46	1.27

Capital	9.20	5.66	3.54	38.48
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Total	45.35	41.35	4.00	8.82
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2.2 Advance Account

2.2.1 Advances to Public Officers Account

The limits authorized by Parliament for the Advances to Public Officers Account under Item No.25001 of the Department and the actual values are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
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Rs.Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
3.50	1.35	1.00	1.60	14.00	6.84

2.2.2 Non-Commercial Advance Accounts

The limits authorized by Parliament for two Non-commercial Advance Accounts of the Department and the actual amounts are given below.

Item Number	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
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	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
25002	4.00	3.93	3.00	3.11	3.50	0.92
25003	10.00	-	2.50	6.54	466.00	336.10

2.3 Audit Observation

The Appropriation Account and the Reconciliation Statements of the Department of State Accounts 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 the Management Audit Report appear in paragraph 3.

3. Material and Significant Audit Observations

3.1 Overprovision

Overprovisions had been made for 3 Objects and as such the savings, after the utilization of provisions, ranged from 20 per cent to 59 per cent of the net provision made.

3.2 Advances to Public Officers Account

The audit test check carried out on the Reconciliation Statement of the Advances to Public Officers Account bearing Item No.25001 as at 31 December 2015 had revealed an outstanding loan balance totalling Rs.297, 799.

3.3 Non-Commercial Advance Accounts

The following observations are made.

- (a) The audit test check carried out on the Reconciliation Statement of the Miscellaneous Advance Account bearing No.25003 as at 31 December 2015 had revealed an outstanding loan balance totalling Rs.336,100,318.

- (b) A difference amounting to Rs.34,608,230 was observed between the balances in the Miscellaneous Advance Account and the books of two District Secretariats as at 31 December 2015.

- (c) As the advances totalling Rs.116,738,676 granted to 04 District Secretariats during the year under review were not settled, the approval of the Treasury had been granted to write off those advance balances. However, the Department had not taken necessary action to write off those advance balances even by the end of the year under review.

3.4 Performance

Even though the development of Assets Management Module of Accounting Software had been expected to be implemented from January to December 2005, it had been implemented only in the last quarter of the year 2015.

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	16	10	06
(ii)	Tertiary Level	02	01	01
(iii)	Secondary Level	38	28	10
(iv)	Primary Level	14	09	05
	Total	70	48	22
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