

Report of the Auditor General on Head 1- Presidential Secretariat- Year 2016

The audit of the Appropriation Account, Revenue Account and the Reconciliation Statements including the financial records, books, registers and other records on Head 1 Presidential Secretariat for the year ended 31 December 2016 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 Presidential Secretary on 11 October 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, Revenue 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 Presidential Secretariat amounted to Rs.6,860.38 million and out of that Rs.6,183.29 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision made for the Presidential Secretariat had been Rs.677.09 million or 9.87 per cent. Details appear below.

Expenditure	As at 31 December 2016			Savings as a percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	2,063.99	1,985.10	78.89	3.82
Capital	4,796.39	4,198.19	598.20	12.47
Total	6,860.38	6,183.29	677.09	9.87

2.2 Revenue Account

Estimated and Actual Revenue

The Presidential Secretariat had prepared Revenue Estimates totalling Rs.35,000 million in respect of the Revenue Code No.10.02.11.00 for the year 2016 and Revenue totalling Rs.35,976 million had been collected. Accordingly, revenue amounting to 102.78 per cent had been collected. Details appear below.

Revenue Code	As at 31 December 2016			Excess as a Percentage of Estimate
	Estimated Revenue	Actual Revenue	Excess	
	Rs. Millions	Rs. Millions	Rs. Millions	
10.02.11.00	35,000	35,976	976	2.78

2.3 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account Item No.00101 of the Presidential Secretariat and the actual amounts 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
30.00	29.55	18.00	18.96	100.00	59.86

2.4 Imprest Accounts

The total of the Imprest Balances of the Presidential Secretariat as at 31 December 2016 under 02 Imprest Accounts had been a sum of Rs.45.77 million. Details appear below.

Imprest Account Number	Balance as at 31 December 2016
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	Rs.Millions
7002/0000/00/0117/0014/000	45.76
7002/0000/00/0117/0015/000	0.01

Total	45.77
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2.5 General Deposit Accounts

The total of the balances of 06 Deposit Accounts under the Presidential Secretariat as at 31 December 2016 amounted to Rs.832.32 million. Details appear below.

Deposit Account Number	Balance as at 31 December 2016
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	Rs. Millions
6000/0000/00/0020/0009/000	119.59
6000/0000/00/0002/0113/000	1.78
6000/0000/00/0013/0073/000	402.50
6000/0000/00/0016/0060/000	15.98
6000/0000/00/0018/0072/000	0.14
6000/0000/00/0006/0077/000	292.33

Total	832.32
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2.6 Audit Observation

The Appropriation Account, Revenue Account and Reconciliation Statements of the Presidential Secretariat for the year ended 31 December 2016 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 Non- maintenance of Registers and Books

The Register of Fixed Assets had not been maintained and updated by the Presidential Secretariat and a difference of Rs.26.63 million between the value of Fixed Assets according to the Accounts and the value of Fixed Assets according to the information furnished to audit, was observed.

3.2 Budgetary Variance

The following observations are made.

- (a) The amount of supplementary estimates provisions ranged from 20 per cent to 1,936 per cent as compared with the budgeted estimates provisions, in comparing the amount of provisions allocated to that office in the year 2016 with that of the provisions allocated by the Annual Budget Estimates 2016 of the Presidential Secretariat.
- (b) Even though the estimated provision for three Objects had taken a zero value according to the Annual Budget Estimates 2016, provisions amounting to Rs.57.64 million had been allocated and spent for those Objects by Supplementary Estimates.
- (c) Excess provision had been made for 10 Objects in the year 2016 and as such provisions ranging from 25 per cent to 76 per cent had been saved.

3.3 General Deposit Account

Even though lapsed deposits should be credited to the Government Revenue in terms of the Financial Regulation 571, deposits amounting to Rs.662.97 million which had lapsed over 2 years as at 31

December 2016 in the General Deposit Account of the Presidential Secretariat, had been retained in the General Deposit Account.

3.4 Commitment to Liabilities

Liabilities totalling Rs.64.91 million had been committed in the year under review exceeding the net provision made available for 20 Objects contrary to the provision of the Financial Regulation 94(1).

3.5 Good Governance and Accountability

The Performance Report of the Institution should be tabled in Parliament 150 days before the end of the Year of Accounts in terms of the Public Finance Circular dated 12 September 2002. Nevertheless, it had not been tabled in Parliament even by 18 July 2017.

3.6 Transactions of Contentious Nature

A sum of Rs.4.83 million of the provisions made available to incur expenditure for investments under the Object 01-2-6-3-2502- Development Commencement Coordination and Supervision of the Presidential Secretariat had been spent for funerary activities of various persons, external to that objective.

3.7 Performance

It was confirmed in terms of the Performance Report that the following functions out of the functions intended to implement in the year under review had not been executed in terms of the Action Plan.

- (a) It had been intended to raise awareness of the farmers on post- harvest security technology, domestic management, minimizing the post- harvest damage for minimizing the post- harvest damage and for assisting in security. Even though it had been intended to spend a sum of Rs.20 million for it, action had not been taken accordingly.
- (b) It had been intended to spend a sum of Rs.115 million for assisting in the promotion of the cultivation of crops without the use of pesticides and weedicides in terms of the Action Plan. Only a sum of Rs.59.35 million had been spent to cultivate 11 types of crops and for manufacturing organic fertilizer by the end of the year under review.
- (c) Even though expenditure amounting to Rs.120 million and Rs.40 million respectively had been estimated for paying expeditious attention for child protection under “Daruwan Surakimu” National Programme in terms of the Action Plan of the year under review and for making amendments relating to judicial and legal matters, information on the progress of those functions had not been mentioned in the Performance Report.

3.8 Human Resources Management

Approved Cadre and Actual Cadre

The position on the cadre as at 31 December 2016 had been as follows.

Category of Employees	Approved Cadre		Actual Cadre			Number of Vacancies	
	Permanent	Temporary	Permanent	Temporary	Contract Basis	Permanent	Temporary
(i) Senior Level	63	163	56	67	23	07	73
(ii) Tertiary Level	18	42	08	20	05	10	17
(iii) Secondary Level	318	129	276	68	30	42	31
(iv) Primary Level	619	144	312	27	30	307	87
Total	1,018	478	652	182	88	366	208

The emphasis is made on the need to fill the 366 vacancies of the Presidential Secretariat if the total number of vacancies being 366 including 07 permanent posts in the Senior Level affects unfavourably towards the performance of the Presidential Secretariat and the need to revise the Approved Cadre if it does not affect unfavourably towards the performance of the Presidential Secretariat.