

Report of the Auditor General on Head 119- Ministry of Power and Renewable Energy- Year 2016

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records on the Head 119 Ministry of Power and Renewable Energy 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 Secretary to the Ministry on 19 September 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.13,667.34 million and out of that Rs.13,020.26 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision made for the Department had been Rs.647.08 million or 4.73 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	508.64	476.60	32.04	6.30
Capital	13,158.70	12,543.66	615.04	4.67
Total	13,667.34	13,020.26	647.08	4.73

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.11901 of the Ministry and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
8.00	6.10	2.40	3.15	15.00	10.08

2.3 Imprest Account

An Imprest Balance of Rs.22.18 million was existed by 31 December 2016 under the Account No.7002/0000/00/0038/0016//000 of the Ministry. This is the lease rent deposit of the building of the Ministry and it is scheduled to be settled by the end of the period of the agreement.

2.4 General Deposit Account

The total of balances of 02 Deposit Accounts under the Ministry as at 31 December 2016 amounted to Rs.4.19 million. Details appear below.

Deposit Account Number	Balance as at 31 December 2016
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	Rs.Millions
6000/0000/00/0016/0112/000	3.38
6000/0000/00/0013/0122/000	0.81

Total	4.19
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2.3 Audit Observation

The Appropriation Account and Reconciliation Statements of the Ministry of Power and Renewable Energy 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 Appropriation Account

Budgetary Variance

A sum of Rs.18.28 million had been transferred to Other Objects in terms of the Financial Regulation 66 in the year under review on making available over- provisions amounting to Rs.96.00 million for an Object. As such, the savings out of utilization of the net provision amounting to Rs.59.92 million the balance had been a sum of Rs.17.80 million. As such, 22.90 per cent of the net provisions made available had been saved

3.2 Assets Management

Conduct of Annual Boards of Survey

Board of Survey Reports relating to the Ministry Office had not been furnished to the Auditor General.

3.3 Entering into Liabilities

Liabilities had been entered into in the year under review exceeding the provision made available for 17 Expenditure Objects amounting to Rs.4,207,198 contrary to the provision in the Financial Regulation 94(1).

3.4 Non- compliance with Laws, Rules and Regulations

Instances of non- compliances with the laws, rules and regulations observed during the course of audit test checks are analyzed below.

- (a) It was observed that 04 vehicles had been allocated for the Minister in a manner that does not comply with Paragraph 3.1 of the Circular on the State Expenditure Management of the President Secretariat No.CA/1/17/1 of 14 May 2010.
- (b) Five additional officers had been deployed to the approved cadre for the Minister contrary to Paragraph 2.1 of the above Circular.

3.5 Foreign Aid Projects

(a) Utilization of Foreign Funds

The following observations are made.

(i) Clean Energy and Network Efficiency Improvement Project

A sum of Rs.100 million had been estimated for the installation of solar panels on the roof for 04 Universities and for private sector organizations and provisions amounting to Rs.34.95 million had been saved on not carrying out the installation of solar panels in private institutions due to rainy weather condition.

(ii) Sustainable Bio- Mass Power Project

The procurement activities had not been carried out as planned due to the changes made in the implementation of projects in the year under review in this project of which the estimated cost being a sum of Rs.31.20 million. As such, a sum of Rs.15,148,881 or 49 per cent of the provision had been saved in the year under review.

(b) Delays in the execution of Projects

The following observations are made.

(i) Clean Energy Access Improvement

A sum of Rs.2,863.3 million had been estimated for the construction of the Sri Jayawardanepura System Control Centre and it had been scheduled to be initiated in the year 2014 and had been scheduled to be completed in December 2016. The amount spent out of that amount by 31 December 2016 had been a sum of Rs.2,807 million and the physical progress of the project as at that date had been only 69 per cent.

(ii) Sustainable Power Sector Support Project

A sum of Rs.1,042 million had been estimated in the year 2015 for the development of the Kiribathkumbura Network Power Sub- station and this project was scheduled to be completed in the year 2016. The amount spent for this project as at 31 December 2016 had been a sum of Rs.831 million and its physical progress had been 67 per cent.

3.6 Losses and Damages

A loss amounting to Rs.838,045 relating to the vehicle accidents of the Ministry in 10 instances from the year 2004 to the year 2016 had not been recovered from the relevant parties even up to 15 August 2017 in terms of the Financial Regulation 104(4).

3.7 Management Weaknesses

The following observations are made.

- (a) A Cab Vehicle and a Motor bicycle registered under the name of the Ministry had been misplaced and an investigation had been carried out by the Criminal Investigations Department relating thereto. According to the Report of the Criminal Investigations Department No.C 04-13-CR of 01 March 2016, it had been stated that the Cab Vehicle had been sold in auction in damaged state by the Electrical Engineer of Wariyapola and that Motor bicycle had rusted and as such, the investigation had been wound up stating that there are no sufficient evidence to file criminal offences. However, it was observed that the ownership of those vehicles further remain under the name of the Ministry.

- (b) Even though it had been stated in the financial statements of the Ceylon Electricity Board that a balance of Rs.12,742,305 receivable from the Ministry incurred on the Orders of the Ministry remains recoverable from a period of over 4 years, any action whatsoever had been taken by the Ministry to settle this balance.

3.8 Human Resources Management

(a) 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	Excess
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(i)	Senior Level	19	14	05	
(ii)	Tertiary Level	04	01	03	
(iii)	Secondary Level	72	51	21	
(iv)	Primary Level	46	33	13	
(v)	Others - Casual	-	10	-	10
	- Contract Basis	-	02	-	02
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	Total	141	111	42	1
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(b) Human Resources obtained from other Parties

The matters revealed relating to the human resources obtained by the Ministry of Power and Renewable Energy is given below.

Category of Employees	Number	Other Party	Period	
(i) Electrical Engineer	1	Ceylon Electricity Board	From 08-02-2008	
(ii) Control Coordinator	2		From 18-05-2015 and from 21-10-2015	
(iii) Typist	2		From 18-11-2010 and from 27-11-2015	
(iv) Clerk	2		From 16-01-2013 and from 05-03-2014	
(v) Trainee Junior Technical Assistant	1		From 02-11-2015	
(vi) Office Assistant	3		From 06-05-2011 and from 22-08-2011	
(vii) Driver	1		From 22-08-2011	
(viii) Web Designer (Man Power)	1		From 19-03-2015	
(ix) Video Camera Assistant (Man Power)	1		From 19-03-2015	
(x) Driver	1		Ministry of Foreign Affairs	From 10-09-2015
(xi) Driver	1		Central Bank of Sri Lanka	From 23-11-2015

The following observations are made in this regard.

- (i) The salary relating to the post attached is being paid instead of the salary he obtained from that Institution in the instance where an officer is being attached to either a State Corporation or a Statutory Institution for Honorable Ministers, Deputy Ministers in terms of Paragraph 2.2 of the

Circular on State Expenditure of the Presidential Secretariat No.CA/1/17/1 of 14 May 2010. However, the salary obtained from the Institution that they were serving had been paid to the officers of the external institutions attached to the Ministry.

- (ii) Sums of Rs.15,754,889 and Rs.2,215,572 respectively had been reimbursed by the Ceylon Electricity Board for 14 employees of the Ceylon Electricity Board deployed in the Ministry and for one Driver of the Central Bank of Sri Lanka and salaries amounting to Rs.948,528 had been paid for the officer of the Sustainable Energy Authority, by that Authority.