

Report of the Auditor General on Head 231- Department of Debt Conciliation Board - Year 2016

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 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 Department on 11 July 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 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 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 Department amounted to Rs.16.69 million and Rs.15.52 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provision of the Department had been Rs.1.17 million or 7.01 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	15.89	14.96	0.93	5.85
Capital	0.80	0.56	0.24	30.00
Total	16.69	15.52	1.17	7.01

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.23101 relating to the Department and the actual values 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
1.20	1.12	0.30	0.91	2.50	1.84

2.3 Audit Observation

The Appropriation Account and Reconciliation Statements of the Department of Debt Conciliation Board 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

It was observed at the audit test checks that the following three registers had not been maintained and another register had not been properly maintained and updated, by the Department.

Type of Register	Relevant Regulation	Observations
(a) Register on Electric Equipment	Financial Regulation 454(2)	Not maintained.
(b) Register of Official Telephones	Financial Regulation 845(1)	Not maintained.
(c) Register of Securities	Financial Regulation 891(1)	Not maintained.
(d) Register of Fixed Assets	Treasury Circular No.842 of 19 December 1978	Not maintained and updated.

3.2 Good Governance and Accountability

3.2.1 Annual Action Plan

The Action Plan prepared for the year under review had not been prepared by including all the information and according to the correct format, in terms of the Public Finance Circular No.01/2014 of 17 February 2014.

3.2.2 Annual Performance Report

Even though the Performance Report should be tabled in Parliament within 150 days after the close of the Financial Year by the Department in terms of the Public Finance Circular No.402 of 12 September 2002, that Report had not been tabled in Parliament even by 10 July 2016.

3.3 Assets Management

Conduct of Annual Boards of Survey

The Report of the Board of Survey of the year 2016 had not been furnished to audit in terms of the Public Finance Circular No.05/2016 of 31 March 2016. Action had not been taken relating to the shortages, excesses and the assets that should be confiscated identified in the Annual Board of Survey, in terms of the provisions referred to in Section 3.1.4 and Section 3.1.5 of that Circular.

3.4 Non- compliance with Laws, Rules, Regulations and Management Decisions

Even though a compulsory saving of 15 per cent should be made out of the provisions made available for fuel expenses in terms of Paragraph 02 of the Circular No.07/2015 of 29 December 2015, only 11 per cent had been saved.

3.5 Performance

The number of applications forwarded to the Department but, unresolved by 01 January 2016 had been 834. Three- hundred and ninety four applications had been received in the year under review. As such, activities had to be executed in 1,228 applications in the year under review. However, activities of 403 applications had been completed in the year under review. As such, activities of 825 applications had to be executed by 31 December 2016. Even though those applications had remained from a period ranging from 01 year to 10 years, they had not been resolved even by the end of the year under review. Age analysis on the applications received but, unresolved by the Department appear below.

The period of retention without being resolved, after being received by the Department as at 31 December 2016	Number of Applications
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Applications older than 10 years	32
Applications which had lapsed between 06 years to 10 years	45
Applications which had lapsed between 03 years to 06 years	143
Applications which had lapsed between 01 year to 03 years	305
Applications which had lapsed less than a year	300

Total	825
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3.6 Human Resources Management

----- Approved Cadre and the 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
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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) Even though acting appointments had been made for the post of the Secretary which remains vacant from May 2013, action had not been taken to appoint a permanent officer for that post even by 15 June 2017.
- (b) The reports of the lawsuits could not be typed on time on the posts of three Typists being vacant.
- (c) Even though there were two vehicles in the Department, there were hindrances to the activities to the Institution on only one driver being attached to it.