

## **Head 102 - Report of the Auditor General of Ministry of Finance and Mass Media- Year 2017**

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The Appropriation Account and the Reconciliation Statement under Head and Item Number stated in the First Schedule and the Third Schedule of the Appropriation Act No. 24 of 2016 as amended by the Appropriation (Amendment) Act No.32 of 2017 had been presented to audit by the Ministry of Finance and Mass Media. The financial and physical performance reflected in those accounts and the reconciliation statement were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka

### **1.2 Responsibility on the Financial Management and Accountability of the Chief Accounting Officer and Accounting Officer**

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The Minister of Finance is in charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124. The Minister of Finance appoints the Chief Accounting Officers to discharge above responsibility in terms of Financial Regulation 124(2). The Head of the Department is be the Accounting Officer in respect of all financial transactions of his Department in terms of Financial Regulation 125(1)(a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament 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, Government Financial Regulations and Administrative Regulations.

### **1.3 Scope of Audit**

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The audit of Ministry of Finance and Mass Media – Head 102 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources, applying of internal control systems, compliance with laws, rules and regulations and maintenance of updated books, registers, records and reconciliation statements, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The Management Audit Report for the year under review was issued to the Secretary to the Ministry on 24 August 2018. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports 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.

## 1.4 Audit Observation

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The audit observations of the Ministry of Finance and Mass Media for the year ended 31 December 2017 revealed in audit appear in detailed in Management Audit Report mentioned in paragraph 1.3 above. The material and significant audit observations out of the audit observations included in the Management Audit Report appear in paragraph 2.1 to 2.12 of this report. It was observed that the accountability as the Chief Accounting Officer has executed, to ensure the adequacy of the financial control satisfactorily subjected to the following summarized audit observations revealed in the execution of the provisions of the Financial Regulation 127 of the Democratic Socialist Republic of Sri Lanka. In accordance with the provisions, audit observations revealed at this accounting function as the Chief Accounting Officer are summarized and presented in the following table. However, since the financial statements for the year ended 31 December 2017 of the Democratic Socialist Republic of Sri Lanka, prepared by the Director General of Accounts, are outside of the above-mentioned appropriation accounts or Reconciliation statements, the Auditor General's report on that financial statements not included in this report.

<b>Accountability of the Chief Financial Officer according to the Financial Regulation 127</b>	<b>Non- compliance to the Provisions in the Financial Officer/ Chief Financial Officer</b>	<b>Reference to the Observation in the Report</b>
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127(1)(a)	All financial functions should be planned to ensure that they act accurately and proper financially. (Departmental activities must be transacted in accordance not merely with the financial and departmental orders but also with the high standards of integrity expected in the transaction of public business )	1. Not planning the procurement activities / Not planning adequately 2.3.1 2. Not preparing the budget estimates in a realistic manner. 2.7 (a) 3. Lack of records and books 2.10 4. Preparation of Improper estimates 2.9
127(1)(b)	Should evolved a system which provides adequate controls over expenditure and the collection of revenues;	1. Improper transactions 2.6 2. Deficiencies in Human Resource Management. 2.12
127(2)	That existing items of expenditure, as well as proposals for new or increased expenditure in the departments under his control, are closely examined in the Ministry from the points of view of economy and efficiency	1. Delay in Project implementation 2.2 2. Foreign Funded Projects not commenced in due dates. 2.2 3. Deficiencies in the implementation of the procurement process. 2.3.2

127(3)	A method should establish for all cases of doubt or difficulty are referred to him so that he may bring his own administrative experience and judgement to bear on them	1. Existing of idle and underutilized Assets 2. Assets given to external parties.	2.4 (b) (i) 2.4 (b) (ii)
127(4)	Appropriation Accounts are duly rendered by each of his Accounting Officers, and examined at the Ministry before he signs them; and that important differences in the Estimates and the actual expenditure are critically investigated by him.	Making commitments without budgetary provisions.	2.5
127(5)	Those important variations between departmental Estimates and expenditure receive critical examination at the Ministry.	1. Not utilizing available funds. 2. Availability of over provisions.	2.7 (b) (i) 2.7 (b) (ii)
127(6)	The collection of Revenue or other Government dues for which Accounting Officers are responsible is closely watched and examined by the Ministry	Deficiencies in the Advance Account for Public Officers.	2.8

## **2. Material and Significant Audit Observations**

### **2.1 Main Functions of the Ministry**

- (a). Formulation, monitoring and evaluation of policies and programs for the subjects of finance and taxation in the statutes and statutory bodies.
- (b). Formulate macro fiscal policy management and fiscal policy management.
- (c). Management of financial resources and prepare national development plan.
- (d). Enforcement of financial control of the budget and management of the national budget.
- (e). Effective use of government revenue and management of national tax policies.
- (f). Enforcement of Government Financial Regulations.
- (g). Management of Consolidated Fund.
- (h). Overall supervision of tax agencies.
- (i). Management of public expenditure.
- (j). Government Procurement Consulting Services.
- (k). Matters relating to all other subjects of the Department.
- (l). Supervising institutions and controlling other public finances.
- (m). Maintaining Treasury Meetings Records based on reports of the Committee of Public Accounts.

- (n). Preparation of guidelines for upgrading Management Audit of Departments.
- (n). Cadre Administration.

## 2.2 Local and Foreign Funded Projects Implemented

Although the provision of Rs.3,375.47 million made for 03 projects from foreign loans under the Ministry of Finance and Mass Media to be implemented by 2017, as a result of not commencing the financial sector modernization project and slowing down the activities of remaining 2 projects, a sum of Rs. 1,896.72 million had been saved from the allocations.

## 2.3 Obtaining Supplies and Services through the Procurement Process

Provision made for the following expenditure items from the annual budget estimates for the year 2017 and the supplementary budget estimate approved by Parliament should have been dealt with in accordance with the provisions of the Government Procurement Guidelines. The Ministry has taken action in accordance with the government procurement guidelines and provide supplies and services amounting to Rs. 469.79 million, and out of that provision of Rs. 305.41 million had been utilized. Details are shown below.

Object	Details of Object	Net Provision made	Utilization	Savings
		Rs. Million	Rs. Million	Rs. Million
	<b>Supply</b>			
1201	- Stationery and Office Requirements	18.20	17.67	0.53
1203	- Food and Uniforms	0.89	0.48	0.41
1204	- Medical Supply	0.9	0.9	-
1205	- Other	0.09	0.08	0.01
	<b>Acquisition of Capital Assets</b>			
2101	- Vehicle	120	78.63	41.37
2102	- Furniture and Office Equipment	119.09	42.05	77.04
2103	- Machinery and Equipment	60.62	51.68	8.94
2104	- Building Construction	150	113.91	36.08
	<b>Total</b>	<b>469.79</b>	<b>305.41</b>	<b>164.38</b>

### **2.3.1 Procurement Planning**

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Following observations are made in this regard.

- (a). According to the Guidelines 4.2.1 (a) and (b) of the Procurement Guidelines although a major procurement plan had to be prepared by the procurement entity for a minimum of 03 years, the Ministry did not do so.
- (b). Four procurements totalled Rs. 62.09 million which was not included in the procurement plan had been made. .

### **2.3.2 Implementing the Procurement Process**

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#### **(a). Supply of Cleaning Services**

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A cleaning company was selected at an annual cleaning fee amount of Rs.18,586,200 without VAT for the cleaning services of the old building and the new building of the General Treasury. Following observations are made in this regard.

- (i) Although the total cost estimates including all related costs should be prepared by the Procurement Entity, in terms of 4.3.1 of the Government Procurement Guidelines and that total cost estimate should have been approved by the relevant Authority in terms of 4.2.2 of that guidelines, such a cost estimate had not been prepared.
- (ii) Even though the National Competitive Bidding Strategy should be followed by prominent newspaper advertisements for give fair, equal and maximum opportunities to the interested parties to participate in the procurement, for the purpose of achieving the objectives of the Procurement Guidelines 1.2(c), without doing as per, a cleaning agency has been selected based on the limited quotation from 3 agencies. The Secretary of the Ministry had informed the Audit that a service organization had been selected according to the terms of Guidelines 3.4 especially because in obtaining the cleaning services this method has failed in past experiences.
- (iii) Contrary to the instructions in paragraph 7 of the Bidding Documents approved by the Ministry Procurement Committee, the Ministry has obtained a Performance Guarantee of Rs. 929,310 from the date the tender letter has been issued after 07 days and after 11 days of starting the service.
- (iv) Without taking action for the selection of a new entity with an early time frame, the Procurement Committee had extended the contact period for a period of 04 months from 01 May 2017 to 31 August 2017 in three instances while the contract period of the cleaning agency has been expired and even it was informed to the client that the cleaning of the General Treasury premises is in a state of unsatisfactory situation. The Secretary of the Ministry had informed the Audit that the decision had been made to extend the duration of the contracted service agreement as it will take time for such procurement activities to take place as a policy decision had been taken to

give cleaning services to the same institution for the treasury old building and the new building.

**(b). Establish an Electronic Access Control System.**

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Following observations are made.

- (i) A sum of Rs. 433,400 had been spent uneconomically in 03 instances in calling bid for the establishment of an electronic access control system to hall of the Ministry of Finance, for abolishing the first newspaper advertisement and publishing the second newspaper advertisement and for subsequently amending it.
- (ii) Even though the contract had to be completed within 60 days starting from 23 January 2017 by 24 March 2017, but it took 11 months.

**(c). Printing of Annual Report**

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Printing of 4000 copies of the Annual Report 2016 of the Ministry of Finance in Sinhala, English and Tamil versions, price quotation had been called and the printing work had been done from an institution who submitted the third minimum price of Rs.4,648,000 (VAT excluded). Following observations are made in this regard.

- (i) The Technical Evaluation Committee had recommended the third lowest bid by submitting observations as the responses to the completion of work on the due date were not stated by the companies who were submitted the minimum price of Rs. 3,934,990 (excluding Value Added Tax) and the second minimum price of Rs. 4,433,900 (excluding VAT). It was approved by the Ministry Procurement Committee and difference between this third lowest bid and the lowest bid was Rs.713,010. However, the selected contractor had completed the related work in 06 instances with a delay ranging between 14 - 19 days.
- (ii) Even though it was mentioned in the bidding documents that the documents of 03 similar prior contracts that had been done with at least more than Rs. 3 million certified by the relevant institutions should be provided; the selected contractor had not been presented those documents.
- (iii) The Ministry had failed to follow the following provisions in line with the Procurement Guidelines for the Supplies and Labor Procedures of the year 2006 relevant to Procurement of the printing of Annual Report.

**References to the procurement manual for goods and works 2006**

**Audit Observations**

4.3.1. (a) and 4.3.2

Although the total cost estimates including all related costs should be prepared by the Procurement Entity, and that total cost estimate should have been approved by the relevant Authority, it had not so done.

1.2

Although the procurement activities should be carried out to fulfill the objectives set out in the paragraph, are to be fulfilled, this tender was not made open competitive bidding to fulfill objectives of this paragraph.

Extra 29 - 5.4.8

A performance guarantee of not less than 5 per cent of the estimated contract should be submitted for the work contract, performance security was not obtained from this contract which was valued at Rs.4,648,000 (excluding Value Added Tax).

8.5 (a)

The Secretary to the Ministry should inform to all bidders in writing at the related procurement of Ministry Procurement Committee about the selected winning bidder and if there is any representation against that decision, it had not so done.

8.9 (a)

Even though a formal contract agreement for contracts exceeding Rs. 250,000 rupees is to be signed, the Ministry had not taken action to sign a contract agreement which is exceeding this limit.

- (iv) According to the Financial Regulations 237 (a) a certificate should be annex whether the work or supply has been satisfactorily done in accordance with the agreement, and that the recommended payments are comply to that, it was not so done in this contract.

**(d). Installing the Elevators for the Ministry of Finance**

The following observations are made on the procurement for the removal of four (4) existing elevators and install the new elevators of the Ministry of Finance.

- (i) According to the Procurement Guideline 4.2.2 and 4.2.3 a procurement time schedule should be prepared describing in chronological order, steps of each individual Procurement Action, from the point of commencement until its completion under 2 steps, action had not been taken as per the Procurement Guidelines.

- (ii) According to the Procurement Guideline 4.3.1(a) and 4.3.2 the total cost estimates including all related costs should be prepared by the Procurement Entity, and that total cost estimate should have been approved by the relevant Authority, it had not so done in this procurement.
- (iii) A paper advertisement had been published by spending a sum of Rs.111,555 for calling National Competitive Bidding for supply, install and implement 4 passenger elevators for the Ministry of Finance. Accordingly, out of the bids submitted. The fourth lowest bid had been selected at a price of Rs.21,005,625 (excluding VAT).

Following observations are made in this regard.

- \* Although the earlier newspaper advertisements for calling bids by spending a sum of Rs. 143,190 had been done for this procurement, the bids were canceled due to the bid documents were in a state of incomplete condition. The second bidder had submitted bidding documents Rs. 20,091,600 (excluding VAT) for the cancelled bid and accordingly, the successful bid had made a higher amount of Rs. 914,025 in comparison to the cancelled bid. The Secretary of the Ministry had informed the Audit that four bids were submitted at the first bidding process and there were no other alternatives except the rejection due to lack of sufficient certificates and documents for the qualifications required for the evaluation of bids.
- \* The contract was awarded to provide new elevators without focusing on the removal of the four existing elevators and thereafter it was taken more than one year to award the contract of removal of the existing elevators to the same contractor.
- \* This procurement procedure should have been carried out with the help of technical consultancy services to prepare bidding documents covering all the functions of the removal of the existing elevators and doing its civil functions and the installation of new elevators and with a specific time frame and a plan. However, due to the changes done for the plan from time to time, there has been a problematic nature in this procurement. Therefore, the procurement procedure which started on 3 May 2015, had spent 1 year and 7 months by the end of the year under review, but the Ministry was unable to initiate this activity.
- \* The letter of acceptance was delivered to the selected contractor for installing the new lifts on 16 June 2016, and on 29 October 2016, entered for the relevant contract agreement. On 24 October 2016, the advance payments amounting to Rs. 4,663,250 had been paid to the contractor and it was spent 1 year and 02 months as at the end of the year under review even action had not been taken to commence this contract. The bank guarantee submitted by the contractor for this advance had been expired from 13 March 2017.
- \* The contract agreement and the performance Bank Guarantee of this Contract had expired on 31 August 2017 and 26 February 2018 respectively and the Ministry had not paid attention to extend their validity period.



**(e) Conducting the Canteen of the Ministry of Finance**  
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Following observations are made.

- (i) The paper advertisements had been advertised to select an institute to maintain the canteen and selected the lowest bidder to conduct the canteen for a period of one year but both parties had not yet reached a formal agreement even at the end of the year under review.
- (ii) Although the Ministry has provided electricity, air conditioning and necessary electrical and other equipment for the canteen, even at the end of the year reviewed, the Ministry had not taken action to obtain a Bank Guarantee of Rs.200,000 which had to be submitted by the institution when conducting the canteen.

**(f) Providing Transport to the Members of Parliament**  
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A sum of Rs. 18,006,118 had been paid by the Ministry in the year 2017 for providing transport facilities from August 2016 to February 2017 for 11 Members of Parliament who were appointed to monitor the development projects of the government. Following observations are made in this connection.

- (i) The Ministry had not entered into a formal agreement with the transport facilities supplying institute including the related conditions of obtaining this transport facility.
- (ii) It has been reported to the Secretary of the Ministry one institution out of two institutions providing transport facilities that a sum of Rs.12,915,949 has to be paid with delay interests as at 12 October 2017 on account in providing transport services between March 2017 to July 2017. However, the Secretary of the Ministry had informed to the audit that this decision was suspended due to the failure of the relevant institution to enter into a contract for long-term provision of this service.

**(g) Printing of Budget Speech of 2018**  
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A sum of Rs. 26,220,069 (with Tax) had been spent by the Ministry in 2018 aggregating Rs. 25,319,205 (with Tax) to print 1000 copies including in three languages Sinhala, Tamil and English languages in order to present the Budget Speech to Parliament in 2018 and Rs. 900,864 (with Tax) to print 400 copies of Budget Summery. Following observations are made in this regard.

- (i) According to the Guideline 4.3.1(a) and 4.3.2 of the Procurement Guidelines 2006, the total cost estimates including all related costs should be prepared by the Procurement Entity, and that total cost estimate should have been approved by the relevant Authority, cost estimates had not been prepared in this procurement before calling bids. The Secretary to the Ministry had informed the Auditor General that it is practically difficult to prepare an estimate due to the details of the Budget Speech, the amount of pages, the paper and the printed

material used and the number of copies was most by often processed at the last stage of the Budget process.

- (ii) The possibility of getting the budget speech relevant to the year 2018 printed from the Government Press had not been inquired as per the Financial Regulation 632. The Secretary of the Ministry had informed the Audit that it was very difficult to get the budget speech of the Government Printed from the Government Print due to it should be printed in secret and in a very short period since the main responsibility regarding the printing of the Government printing activities are with the Government Press.
- (iii) The time needed to print books (number of hours) was not considered in preparing the specifications for printing books and based on the time period offered by the selected contractor were used for payments.
- (iv) After completion of the printing job, based on the time spent for printing, despite the number of black pages included, interior pages were paid based on the cost per colour page and all pages printed in 4 colours. Accordingly, the total of Rs. 25,319,205 had been paid by the Ministry with other expenses to print 1000 books including Rs.20,880,000 for printing interior pages. It was observed that a very high cost of Rs.25,319 was spent for one copy when comparing with the number of copies printed. Compared to the cost of Rs. 4,691 for a copy in the year 2016, it was increased as Rs. 18,083 and Rs. 20,628 respectively for a copy in the years 2017 and 2018.

## 2.4 Assets Management

### (a) Non-verification of physical Existence of Assets

A report on the verification of physical existence of the vehicles had not been forwarded to the Auditor General by carrying out a vehicle survey in accordance with the Public Finance Circular No. PFD/RED/03/03/60 dated 31 March 2016 relating to the vehicle value of Rs. 189,949,957 as at 31 December 2017 shown in the Appropriation Account Note (i)-report of the movement of non-current assets.

### (b) Vehicle Utilization

#### (i) Idle Vehicles

Five vehicles not in running conditions which were handed over to the Ministry of Finance and Mass Media by the other Ministries were parked insecure without any cover at the Ministry premises ranging from 7 months to 12 months by 31 July 2018 and the Ministry had failed to take necessary actions relating to those vehicles. The Secretary of the Ministry had informed the Audit by now, the Secretary to the Treasury has approved the disposal of these vehicles and the Vehicle Valuation Committee had started the vehicle valuation process.

(ii) **Assets given to External Parties**

Thirteen vehicles belonging to the Ministry were handed over to 08 institutions under the Ministry without proper transfer and the Ministry had spent a sum of Rs. 155,957 in the year 2017 as the maintenance expenses for 2 vehicles out of these vehicles..

**2.5 Commitments and liabilities**

**Making Commitments Exceeding the Annual Budget Limit**

Even though it should not make commitments exceeding procurement savings in terms of Financial Regulation 94 (1), the commitments exceeding savings for 12 expenditure items totalled Rs. 100.69 million.

**2.6 Improper Transactions**

In the year 2017, a sum of Rs. 3,500,130 had been spent for domestic airlines to participate in various domestic festivals and meetings by the Ministers / Members of Parliament. Information on circulars or instructions issued to the public representatives for the use of domestic airlines was not disclosed to the audit. Considering the role of the Hon. Minister of Finance and Mass Media, it is practically difficult to travel through roads for long distance journeys. The Secretary of the Ministry had informed the audit that they had obtained transport facilities from Helitours (Pvt) Ltd, a subsidiary of the Sri Lanka Air Force. Due to the emergency and essential of these visits and the urgent official duties of the Hon. Minister and other senior state officials, it is essential to reach Colombo quickly.

**2.7 Utilization of Provisions made by Parliament for Execution of Activities**

The particulars relating to the provisions made to the Ministry utilisation and savings for the 05 years period ended 31 December 2017 are given below

<b>Year</b>	<b>Category of Expenditure</b>	<b>Net Provision</b>	<b>Utilization</b>	<b>Savings</b>	<b>Savings as a Percentage of Net Provision</b>
2013	Recurrent	766.28	763.42	2.83	0.37
	Capital	1,854.17	617.84	1,236.33	67
	<b>Total</b>	<b>2,620.45</b>	<b>1,381.26</b>	<b>1,239.19</b>	<b>47</b>
2014	Recurrent	2,699.93	2,699.69	0.24	-
	Capital	3,004.37	1,795.54	1,208.83	40
	<b>Total</b>	<b>5,704.30</b>	<b>4,495.23</b>	<b>1,209.07</b>	<b>21</b>
2015	Recurrent	573.13	571.16	1.97	0.34
	Capital	3,056.98	701.95	2,355.02	77
	<b>Total</b>	<b>3,630.11</b>	<b>1,273.11</b>	<b>2,356.99</b>	<b>65</b>

2016	Recurrent	1,068.81	964.34	104.47	10
	Capital	2,483.89	2,209.41	274.48	11
	<b>Total</b>	<b>3,552.70</b>	<b>3,173.75</b>	<b>378.95</b>	<b>11</b>
2017	Recurrent	1,070.63	1,017.08	53.55	05
	Capital	4,559.29	2,205.81	2,353.48	52
	<b>Total</b>	<b>5,629.92</b>	<b>3,222.89</b>	<b>2,407.03</b>	<b>43</b>

Following observations are made in this regard relating to the year under review.

**(a) Preparation of Budget Estimates**

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The following deficiencies have been occurred due to that the budget estimates prepared for the purpose of obtaining provisions to fulfill the duties of the Ministry are not prepared in realistic manner.

**(i) Obtaining Additional Provision**

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Additional provisions under the Head aggregating Rs.579,499,970 had been made for such as recurrent expenditure of Rs. 310,156,400 for 47 objects, Capital expenditure of Rs.147,705,500 for 06 objects and recurrent expenditure of Rs. 1,030,970 for 02 Objects and Capital expenditure of Rs. 120,607,100 for 02 Objects for which provisions not made provision earlier. This represents 108 per cent from the total estimate provision for that Object. The Secretary of the Ministry had informed the Audit that he had to make additional provision and provision under Weeramong Procedure for certain expenditure items due to unexpected changes

**(ii) Not Implementing the Budget Proposals**

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Under the budget proposal 276 of 2017, it was proposed to make a provision of Rs. 10,000,000 as an initial capital to establish a financial assets management agency to restructure aggrieved finance companies and to issue maturing in 07 years treasury bonds valued at Rs. 10,000,000,000. However, since supplementary provisions of Rs.10,010,000,000 under other capital expenditures had been made under the expenditure item No. 102-1-2-15-2509 as Provision had not been made in the original estimate for this purpose, without implementing that proposal, the provision made in September 2017 was canceled. The Secretary of the Ministry had informed the Audit even though the preliminary work was undertaken to establish a Financial Assets Management Agency to restructure the aggrieved financial companies the provisions had been canceled due to reconsideration of the necessity of maintaining such a firm.

**(b) Appropriation Account**

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Following observations are made.

**(i) Not Utilizing the Provisions made**

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Net Provision of Rs. 9.55 million made for 11 objects had been totally saved without utilization.

**(ii) Making Excess Provisions**

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Out of the net provisions of Rs.2,605.22 million made for 09 objects provision of Rs.921.38 million had been had been saved. This the savings represented ranged between 28 per cent to 99 per cent from net provisions. The Secretary of the Ministry had informed the Audit that the over-provision had been caused due to matters such as delaying the renovation work of the Department of National Budget, re-issuing the procurement of the Department of External Resources, temporarily stoppage the purchase of vehicles for the clergy, the completion of the SRIS data collection system could not be made and the financial sector modernization project could not be started in the year 2017.

**2.8 Advances to Public Officers Account**

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**Limits Authorized by Parliament**

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The limits authorized by Parliament for the Advances to Public Officers Account Item No. 10201 of the Ministry and the actual amounts are given below.

<b>Expenditure</b>		<b>Receipts</b>		<b>Debit Balance</b>	
<b>Maximum Limit</b>	<b>Actual</b>	<b>Mimimum Limit</b>	<b>Actual</b>	<b>Maximum Limit</b>	<b>Actual</b>
<b>Rs. Million</b>	<b>Rs. Million</b>	<b>Rs. Million</b>	<b>Rs. Million</b>	<b>Rs. Million</b>	<b>Rs. Million.</b>
19	18.61	10	12.41	70	52.86

Following observations are made in this regard.

**Not Recovering Outstanding Loan Balances**

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According to the reconciliation presented to the audit, the total outstanding balance excluding the loan balance of the transferred officer was Rs. 901,667, and this outstanding balance ranged between 03 years to 07 years. Although the Ministry was making various attempts to recover the balance, the outstanding balance could not recovered even by the end of the year under review.

## 2.9 Imprest Account

The details of Treasury Imprests of the year 2017 are shown below. .

Month	Imprest to be Requested According to the Plan	Imprest Requested	Imprest Received	Difference between Planned and Requested Imprest	Difference between Requested Imprest and Received Imprest
	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
January	474.14	474.14	134.54	-	(339.59)
February	114.17	114.17	172.10	-	57.93
March	286.75	286.75	113.35	-	(173.40)
April	401.37	401.37	282.00	-	(119.37)
May	593.85	593.85	72.50	-	(521.35)
June	394.26	394.26	193.50	-	(200.76)
July	346.94	346.94	128.00	-	(218.94)
August	383.54	383.54	145.52	-	(238.02)
September	306.04	306.04	61.00	-	(245.04)
October	283.97	283.97	129.07	-	(154.90)
November	324.37	324.37	114.00	-	(210.37)
December	610.72	610.72	120.00	-	(490.72)
<b>Total</b>	<b>4,520.12</b>	<b>4,520.12</b>	<b>1,665.58</b>		<b>(2,854.54)</b>

Although the Ministry had requested imprests totalling Rs. 4,520.12 million in the year 2017 in order to fulfill its functions according to the above information, due to the General Treasury had given Rs. 1,665.58 million, imprest amount had received with a shortage of Rs. 2,854.54 million than the requested amount.

## 2.10 Non-Maintenance of Records and Book

Following observations are made.

- (a) Although it was certified that the balance as at 31 December 2017 in the report of Non-current Asset Movement in the Appropriation Account were reconciled with the values of the fixed assets register, the Ministry had not maintained a duly updated asset register and the Schedule of Non-current Assets Movements had not been submitted to the audit.
- (b) A fixed assets register for computer equipment and software was not maintained in accordance with the Treasury circular No: IAI/2002/02 dated 28 November 2002. The Secretary of the Ministry had informed the Audit that they will inform the Department of Management Audit in future that maintenance of a fixed assets register according to this Circular, practically cause various problems and inconveniences.

## 2.11 Achieving Sustainable Development Goals

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According to the agreement made by the member countries in September 2015, the United Nations Agenda for the Sustainable Development of 2030 sets out the objectives and targets to be achieved by the year 2030, had been released. Each government organization has to act according to this agenda and it was not revealed in audit that the relevant appropriate steps have been taken to know how the Ministry should act in relation to its work in the year under review. The Secretary of the Ministry informed the Audit the Ministry and the departments under it have been aware on the measures to be taken to achieve sustainability development goals and targets by the internal circulars, and the annual budgetary guidelines for the preparation of 2018 and that various programs have been implemented accordingly.

## 2.12 Human Resource Management

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### 2.12.1 Approved Cadre, Actual Cadre and Personal Emolument Expenditure

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The details of the approved, actual, vacancies and excess staff as at 31 December 2017 to fulfill the role specified in para 2.1 are shown below. A sum of Rs. 303.46 million has been spent by the Ministry for the expenditure object of personal emolument. Accordingly, the annual per capita expenditure was Rs. 847,654.

	<b>Employee Category</b>	<b>Approved Cadre<sup>⊕</sup></b>	<b>Actual Cadre</b>	<b>Vacancies</b>	<b>Excess</b>
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(i)	Senior Level	46	33	13	-
(ii)	Territory Level	08	05	03	-
(iii)	Secondary Level	138	122	16	-
(iv)	Primary Level	154	156		2
(v)	Casual / Contract	52	42	10	-
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		398	358	42	2
		=====	=====	=====	=====

Following observations are made in this regard.

#### (a) Vacancies in Approved Cadre

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By the end of the year under review, 42 vacancies or 11 per cent of the approved number had existed. The Secretary of the Ministry had informed the Audit that these vacancies had been completed by now.

#### (b) Staff Training

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As of 31 December 2017, the actual cadre of the Ministry was 358, out of which 195 officers did not receive any training during the year under review. It represents 54 per cent of the actual cadre.