

## **Head 280 - Report of the Auditor General on the Department of Project Management and Monitoring – Year 2017**

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The Appropriation Account and the Reconciliation Statement under Head and Item Number stated in the First Schedule and Third Schedule of the Appropriation Act, No. 24 of 2016 as amended by the Appropriation (Amendment) Act, No.32 of 2017 were presented to Audit by the Department of Project Management and Monitoring. The financial and physical performance reflected by those accounts and the reconciliation statements were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

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

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The Minister of Finance is 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 of the Democratic Socialist Republic of Sri Lanka. The Chief Accounting Officers have been appointed by the Minister of Finance to discharge the above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all the 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 Articles 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 Department of Project Management and Monitoring – Head 280 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, apply of internal control systems, compliance with laws, rules and regulations and maintenance of books, registers, records and reconciliation statements in an updated manner, 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 Director General of the Department on 04 July 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 Department of Project Management and Monitoring for the year ended 31 December 2017 revealed in audit appear in Management Audit Report in detail, mentioned in paragraph 1.3 above. The material and significant audit observations out of the audit observations appear in paragraph 2.1 to 2.7 of this report. It was observed that the accountability as the Chief Accounting Officer and the Accounting Officer had been satisfactorily executed, to ensure the adequacy of the financial administration subjected to the following summarized audit observations revealed in the execution of the provisions of the Financial Regulation 128 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

<b>Accountability of the Accounting Officer in terms of Financial Regulation 128</b>	<b>Non-compliance with that Provision by the Accounting Officer</b>	<b>Reference to the Paragraph of the report which included the Observation</b>
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Financial Regulations		
128(1)(a) That the work of his department is planned and carried out with due despatch, having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provision for the activities authorized, and that an endeavour is made to complete the programme of work laid down for the year and/or to attain the targets specified,	Failure to obtain the expected results.	2.1
128(1)(d) That an adequate system of internal check for receipts, payments and issues is maintained and tested from time to time,	Deficiencies in the Advances to Public Officers Account.	2.5
128(1)(f) That such information statements, and returns as are called for by the Chief Accounting officer or the Treasury, are rendered correctly and promptly.	Annual Performance Report	2.2

## **2. Performance**

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### **2.1 Failure to perform the Functions**

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#### **Failure in obtaining expected Outcome**

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The following observation is made.

One programme for the entire staff and 15 solo programmes had been planned to be conducted by utilizing the provisions of Rs.2 million made by the Budget Estimate for capacity building of the staff being a key function of the Action Plan of the year 2017. However, 27 officers and 11 officers had been given the opportunity to participate in 16 foreign training programmes and 08 local training programmes respectively by spending a sum of Rs.2.11 million according to the progress made available as at 31 December 2017. As such, the capacity building programme had not been implemented as planned.

### **2.2 Annual Performance Report**

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Even though the Performance Report of the year under review should be tabled by the Department in Parliament within 150 days after the close of the year of accounts in terms of the Public Finance Circular No.402 of 12 September 2002, information of tabling the said report in Parliament had not been made available to audit.

### **2.3 Assets Management**

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#### **Utilization of Motor Vehicles**

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Eleven motor vehicles including the assigned vehicles were owned by the Department as at the end of the year under review as mentioned below and 96,383 kilometres had been run by those motor vehicles. Further, a total sum of Rs.4,214,429 comprising Rs.1,764,410 for fuel and lubricants, Rs.382,081 for servicing vehicles, Rs.1,039,332 for repairs to motor vehicles and Rs.1,028,606 for the insurance of vehicles, had been spent in this connection. As such, the Department had spent a sum of Rs.43.73 per kilo meter to run the motor vehicles except salaries and allowances of drivers.

Category of Vehicles	Number of Vehicles	Value	Other Expenses except Salaries and Allowances of Drivers	Number of kilometres run	Expenditure per kilometre run
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		Rs.	Rs.		Rs.
Cars	08	35,529,000	3,196,672	71,332	44.81
Vans	02	19,000,000	791,628	19,375	40.86
Cabs	01	8,500,000	226,129	5,676	39.84

#### 2.4 Utilization of Provisions authorized by Parliament to Perform Functions

Information on the utilization and savings of provision made for the Department during the 04 years ended as at 31 December 2017 and the audit observations thereon are given below.

Year	Category of Expenditure	Net Provision	Utilization	Savings	Savings as a Percentage of Net Provision
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		Rs. Million	Rs. Million	Rs. Million	
2014	Recurrent	62.31	61.70	0.62	1
	Capital	11.74	9.74	1.98	17
	Total	74.05	71.44	2.60	4
2015	Recurrent	78.68	78.63	0.05	0.07
	Capital	21.94	13.15	8.79	40
	Total	100.62	91.78	8.84	9
2016	Recurrent	91.19	87.84	3.34	4
	Capital	13.99	12.85	1.15	8
	Total	105.18	100.69	4.49	4
2017	Recurrent	144.87	131.14	13.73	9
	Capital	110.87	85.79	25.09	23
	Total	255.74	216.93	38.82	15

The following observation is made in this connection.

A provision of Rs. 120.31 million had been spent under the Head of Expenditure of this Department, for the Ministry of Development Assignments established by the Gazette Extraordinary No.34/2022 of 09 June 2017.

## 2.3 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.28001 of the Department 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
6.0	5.2	3.2	3.3	20.0	13.6

The following observation is made in this connection.

### Failure to recover the Outstanding Loan balances

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According to the Reconciliation Statement presented to Audit, the outstanding loan balance as that date amounting to Rs.139,921 had been brought forward over a period ranging from 2 to 3 years. Nevertheless, the Department had failed to recover the said outstanding loan balance.

## 2.6 Internal Control and Examination

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### Internal Audit

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It had been emphasized in Financial Regulation 133 that the Accounting Officers should establish Internal Audit Units in their Departments for the purpose of the discharge of their duties and responsibilities indicated in Financial Regulation 128. Nevertheless, the Department had not established an Internal Audit Unit.

## 2.7 Human Resources Management

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### Approved Cadre, Actual Cadre and Expenditure on Personal Emoluments

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The particulars relating to the approved cadre, actual cadre, vacancies and the excess cadre to perform the function mentioned in Paragraph 2.1 above as at 31 December 2017 are given below. The Department had spent a sum of Rs.46.14 million on the category of Personal Emoluments for the year under review. Accordingly, the per capita expenditure on emoluments had been Rs.0.72 million.

	<b>Category of Employees</b> -----	<b>Approved Cadre</b> -----	<b>Actual Cadre</b> -----	<b>Number of Vacancies</b> -----
(i)	Senior Level	36	24	12
(ii)	Tertiary Level	4	2	2
(iii)	Level	47	23	24
(iv)	Primary Level	21	15	6
	<b>Total</b>	----- <b>108</b> ====	----- <b>64</b> ==	----- <b>44</b> ==

It was not observed that attention had been paid to look into whether the existence of vacancies in 41 per cent of the approved cadre would adversely affect the performance of the institution and to fill those vacancies and if not, to revise the approved cadre.