

Report of the Auditor General on the Ministry of Local Government
and Provincial Councils – 2010

Appropriation Head 130 – Ministry of Local Government and Provincial Councils

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Ministry of Local Government and Provincial Councils. for the year ended 31 December 2010 was carried out in pursuance of provisions of Article 154 (1) of the Constitution 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 13 December 2011. The audit observations, comments and findings on the accounts and the 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 for 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 of Articles 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. This responsibility includes: designing, implementing and 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.

1:3 Audit Observations on the Accounts and Reconciliation Statements

According to the Financial Records and Books for the year ended 31 December 2010, it was observed that except for the effects of the general observations appearing at (a) to (e) and other major observations appearing in paragraphs 1:4 to 1:7 herein, the Appropriation Account and the Reconciliation Statements of the Ministry of Local Government and Provincial Councils had been prepared satisfactorily.

(a) Annual Action Plan

The Annual Action Plan of the Ministry had been presented on 01 January 2010.

(b) Presentation of Accounts

(i) The Ministry had presented the following accounts to audit by 31 March 2010.

Head Number -----	Name of Account -----
130	Appropriation Account
13001	Reconciliation Statement of Advance to Public Officers Account

(ii) The Ministry had not maintained certain registers while the following registers had not been maintained in the proper and updated manner.

Type of Registers -----	Relevant Regulation -----	Observations -----
Motor Vehicle Log Books	Financial Regulation 1645	Not maintained in the updated manner.
Register of Fixed Assets	Treasury Circular No. 842 of 19 December 1978	Records prior to the year 2009 not available.

(c) Appropriation Account

(i) Total Provisions and Expenditure

The total net provision of the Ministry amounted to Rs.7,833,480,000 and a sum of Rs.7,046,692,826 had been utilized by the end of the year under review. Therefore, the net savings out of the provisions of the Ministry amounted to Rs.786,787,174 or 10 per cent of the total net provisions. Details appear below.

Appropriation Head	Ministry	Net Provision		Utilizations		Savings	
		Recurrent	Capital	Recurrent	Capital	Recurrent	Capital
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
130	Ministry of Local Government and Provincial Councils	155,844,000	7,677,636,000	143,901,767	6,902,791,059	11,942,233	774,844,941

(d) General Deposit Account

The balances of the General Deposit Account of the Ministry as at 31 December 2010 totalled Rs.70,358,035 and an age analysis thereon is given below.

Ministry	Head	Age Analysis		Balance as at 31 December 2010
		Less than 01 year	Over 01 year less than 02 years	
		Rs.	Rs.	
Ministry of Local Government and Provincial Councils	130	65,620,098	4,737,937	70,358,035

(e) Imprest Account

Contrary to Financial Regulation 371, ad hoc sub-impressts obtained had been settled after a delay of 03 months after the completion of the purpose.

1:4 Assets Management

Five motor vehicles valued at Rs.29,577,000 belonging to the Ministry had been released without a formal transfer and comprised 03 motor vehicles to the Ministry of Land and Land Development, one motor vehicle in Sri Lanka Institute of Local Governance and one motor vehicle to the Local Government Infrastructure Improvement Project.

1:5 Non-compliances

(a) Non-compliance with Laws, Rules, Regulations, etc.

Instances of non-compliance with the provisions in the following laws, rules and regulations observed during the course of audit are analysed below.

Reference to Laws, Rules and Regulations -----	Value -----	Non-compliance -----
(a) Establishments Code		
(i) Chapter xxiv Section 4.2.5	16,936	The distress loan balance of an officer who had retired 5 years ago is recovered in installments from his pension.
(ii) Chapter xxiv Section 4.2.3	1,465,472	A test check revealed that the “irrevocable undertaking” had not been obtained for the distress loans of 10 officers.

1:7 Human Resources Management

Approved Cadre and Vacancies

The position of the cadre as at 31 December 2010 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i) Senior Level	25	23	02
(ii) Tertiary Level	03	03	--
(iii) Secondary Level	88	87	01
(iv) Primary Level	50	49	01
(v) Other (Casual./ Temporary Casual Basis)	--	03	--
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Total	166	165	04
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