

Report of the Auditor General on Head 328- Department of Man Power and Employment Year 2015

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 328 - Department of Man Power and Employment for the year ended 31 December 2015 was carried out in pursuance of provisions in 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 Director General of the Department on 22 June 2016. 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 and 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 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.

2. Accounts

2.1 Appropriation Account

Total Provision and Expenditure

The total net provision made for the Department amounted to Rs.352.80 million and out of that Rs.346.57 million had been utilized by the end of the year under review. Accordingly, provisions of Rs.6.23 million or 1.77 per cent out of the total net provision made for the Department had been saved. Details appear below.

Expenditure	As at 31 December 2015			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs.Millions	Rs.Millions	--
Recurrent	312.30	310.14	2.16	0.69
Capital	40.50	36.43	4.07	10.05
Total	352.80	346.57	6.23	1.77

2.2. Advance Account

Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account of the Department under Item No.32801 and the actual amounts are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
18.00	11.04	9.00	11.71	50.00	40.16

2.3 Audit Observation

The Appropriation Account and the Reconciliation Statements for the year ended 31 December 2015 of the Department of Man Power and Employment had been satisfactorily prepared, 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 observations included in the Management Audit Report appear in Paragraph 3.

3. Material and Significant Audit Observations

3.1 Non -maintenance of Registers and Books

It was observed during audit test checks that the Department had not maintained the following registers.

Type of Registers	Relevant Regulation
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(a) Register of Fixed Assets	Treasury Circular No. 842 dated 19 December 1978.
(b) Register of Fixed Assets on Computers, Computer Accessories and Software	Treasury Circular No. IAI/2002/02 dated 28 November 2002.
(c) Register of Personal Emoluments	Financial Regulation 453
(d) Cash Book/Petty Cash Book	Financial Regulation 436
(e) Departmental Appropriations(Votes) Ledger	Financial Regulation 447
(f) Register for Cheque and Money Orders	Financial Regulation 451
(g) Register for Security	Financial Regulation 891(1)
(h) Counterfoil Register	Financial Regulation 341
(i) Register for Listing Motor Vehicles	Financial Regulation 1647(e)
(j) Attendance Register of the Procurement Committee and Technical Evaluation Committee	Guideline 2.11.2 of Government Procurement Guidelines.
(k) Reports of the procurement Committee Meetings	Guideline 2.11.3(a) of Government Procurement Guidelines.

3.2 Good Governance and Accountability

3.2.1 Annual Procurement Plan

Annual Procurement Plan had not been prepared.

3.2.2 Audit And Management Committee

The Audit and Management Committee had not been established in terms of the Audit and Management Circular No. DMA/2009(1) dated 2009 June 09.

3.2.3 Annual Performance Report

Even though the Performance Report should be tabled in Parliament in terms of the Public Finance Circular No.402 of 2002 September 12 within 150 days after the end of the financial year, it had not been tabled in Parliament even by 2016 June 21.

3.3 Assets Management

The following deficiencies were observed during the course of audit test checks of the assets of the Department.

(a) Idle and Underutilized Assets

A cab vehicle belongs to the Department had been idled more than two years.

(b) Conduct of Annual Board of Survey

Following observations are made.

- (i) In terms of the Financial Regulation 1647(b) a Survey should be done annually in respect of vehicles and equipment, this has not been done during the year under review.
- (ii) Action had not been taken in terms of the Paragraphs 3.4 and 3.5 of the Public Finance Circular No. 02/2014 of 2014 October 17, on excesses, shortages and other observations made by the Board of Survey Reports of the year 2014.

3.4 Performance

The observations on the progress of the Department according to the Annual Action Plan for the year 2015 are given below.

(a) Key Functions not Executed Adequately

The following Key Functions which were planned to implement to achieve the following objectives of the Department had not completed. Key Functions of which completed below 50 per cent are given below.

- (i) Provide skill development relieves to enter the professional food supplying field.
 - The employability of workers in more skilled, better paying occupations will be enhanced.
 - Work towards promoting mechanization, modernization and productivity improvement of agricultural jobs in order to improve the youths attraction to agricultural field conducting training programs on landscaping sector.
- (ii) To enhance the short term and long term fit between the demand for and supply of labour, collection of data for the magazine of “National Human Resources Profile” had not been done properly.

3.5 Management Weaknesses

Following observations are shown below.

- (a) Even though it was observed in audit test check that, for all payments a confirmation should be received in terms of Financial Regulation 264 from the recipient, there was a risk while paying salaries to employees who had transferred out, vacated their post, died and proceeded abroad without taking of such a confirmation in respect of 484 employees of the Department.
- (b) The Department had not properly recorded the issuing and receiving of note books, handouts and magazines which were printed by spending a sum of Rs. 2,536,372 During the year under review.
- (c) Information to confirm the Department’s supervision with regard to arrival, departure and leave of the Officers who perform duties outside the Head Office had not been presented to audit.
- (d) The Human Resources Officers and Development Officers of the Department attached to the District Secretariat Offices and Divisional Secretariat Offices should be submitted the ensuring month’s programmes before the 25th day of the previous month. Programmes of 16 District Secretariats and 181 Divisional Secretariats in relating to 753 instances had been submitted after a delay and instances relating to 263 had not been submitted during the year under review.
- (e) Even though monthly progress of the Human Resources Officers and Development Officers of the Department attached to the District Secretariat Offices and Divisional Secretariat Offices should be submitted before the 5th day of the following months. Five Hundred and Thirty Seven monthly progress reports from January to December 2015 in respect of 16 District Secretariats and 181 Divisional Secretariats had been submitted after a delay while 197 reports had not been submitted.

3.6 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2015 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	13	08	05
(ii)	Tertiary Level	02	-	02
(iii)	Secondary Level	673	532	141
(iv)	Primary Level	15	13	02
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	Total	703	553	150
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