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செயலாற்றுகை அறிக்கை
Performance Report

2016

කළමනාකරණ විගණන දෙපාර්තමේන්තුව
முகாமைத்துவக் கணக்காய்வுத் திணைக்களம்
DEPARTMENT OF MANAGEMENT AUDIT

මුදල් අමාත්‍යාංශය
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කොළඹ 01.

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செயலகம்
கொழும்பு 01.

Ministry of Finance
The Secretariat
Colombo 01.

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Department of Management Audit

Ministry of Finance

The Secretariat

Colombo 01

CONTENTS

Page No.

| | | |
|-----|---|----|
| 01. | Vision, Mission, Objectives and Functions of the Department | 01 |
| | 1.1 Vision | 01 |
| | 1.2 Mission | 01 |
| | 1.3 Objectives | 01 |
| | 1.4 Functions | 02 |
| 02. | Financial Administration | 03 |
| 03. | Physical Performance | 04 |
| | 3.1 Capacity Building of Internal Auditors | 04 |
| | 3.2 Strengthening internal Audit functions of the Public Sector through Treasury Representation in Audit and Management Committees | 05 |
| | 3.3 Management Auditing of the Ministry of Finance and Treasury Departments | 05 |
| | 3.4 Strengthening Internal Audit Functions of Development Projects | 06 |
| | 3.5 Special Investigations and Audit Activities | 07 |
| | 3.6 Submission of Treasury Reports to the Committee of Public Accounts | 11 |
| 04. | Human Resource Development and General Administration | 12 |
| | 4.1 Organizational Structure of the Department | 12 |
| | 4.2 The Staff as at 31.12.2016 | 13 |
| | 4.3 Staff Training and Skill Development in 2016 | 15 |
| | 4.3.1 Foreign Training opportunities in 2016 | 15 |
| | 4.3.2 Local Training opportunities in 2016 | 17 |
| | 4.3.3 Performance improvement Programmme | 18 |

01. Vision, Mission, Objectives and Functions of the Department

1.1 Vision

To be the most outstanding and value adding Management Audit partner for the best performance and accountability of public service.

1.2 Mission

To provide an independent objective assurance and consulting services designed to add value and improve accountability of public services through Management Audit.

1.3 Objectives

1. Contributing to enhance the productivity of internal auditing of the public sector.
2. Strengthening internal auditing through Audit and Management Committees.
3. Introducing guidelines required to improve Management Auditing.
4. Assisting the top management by performing the Management Audit activities of the Ministry of Finance and Treasury Departments.
5. Strengthening the Management Audit process of the development projects.
6. Disclosure of irregularities that take place and might take place in Public Sector through special investigations and introduction of preventive measures and recommendations to avoid such situations and occurrences.

1.4 Functions

The Department of Management Audit has been established according to the cabinet decision no. 08/0200/306/012 of 25.01.2008 as a Department of Treasury on 01.02.2008 to strengthen the support provided to the Chief Accounting Officers and Accounting Officers. The role of the Department is to guide and strengthen the activities of the ministerial internal audit units and independent internal audit units established under the ministerial departments.

Functions of the Department:

1. Perform as the apex body of the public sector Internal Auditing to uplift the quality and efficiency of public sector Internal Auditing.
2. Conduct Management Audit of the Ministry of Finance, Treasury Departments and projects coming under the Ministry of Finance.
3. Introduce guidelines for Internal Auditing.
4. Coordinate and guide the Internal Audit Units.
5. Improve the Internal Audit skills of public sector Internal Auditors.
6. Convening the Audit and Management Committee of the Ministry of Finance and represent & guide the Audit and Management Committees of other Ministries.
7. Evaluate the adequacy of risk assessment procedures adapted by the public sector.
8. Conduct special investigations.
9. Participate Public Accounts Committee, prepare and submit Treasury Report to the committee.

2. Financial Administration

Provisions had been made for this Department under the Head 324, Programme 01, Project 01 by the Budget Estimates for the year 2016. The estimate of 2016 was amended at the time of preparing the estimates for 2017. The expenditures incurred out of the given provisions are as follows.

| Particulars of Expenditure | Amended Budgetary Estimate (Rs.) | Additional Allocation (Rs.) | Transfers as per F.R 66 & 69 (Rs.) | Actual Expenditure (Rs.) | Remaining Provisions (Rs.) |
|-----------------------------------|----------------------------------|-----------------------------|------------------------------------|--------------------------|----------------------------|
| Recurrent (A) Expenditure | 34,500,000 | 8,040,000 | - | 41,324,556 | 1,215,444 |
| Personnel Emoluments | 26,000,000 | 3,410,000 | 900,000 (900,000) | 28,671,839 | 738,161 |
| Other Expenses | 8,500,000 | 4,630,000 | 577,000 (577,000) | 12,652,717 | 477,283 |
| Capital (B) Expenditure | 1,300,000 | 570,000 | - | 1,681,166 | 188,834 |
| 2002 Machinery & Equipment | 200,000 | - | - | 92,007 | 107,993 |
| 2102 Furniture & Office Equipment | 100,000 | 150,000 | - | 234,432 | 15,568 |
| 2103 Machinery & Equipment | 500,000 | 150,000 | - | 630,320 | 19,680 |
| 2401 Skills Development | 500,000 | 270,000 | - | 724,407 | 45,593 |
| Total (A + B) | 35,800,000 | 8,610,000 | - | 43,005,722 | 1,404,278 |

Advance to Public Officers 'B' Account

The details of the Advance 'B' Account of the Public Officers of this Department for the year 2016 are given below.

| Particulars | Approved Limit (Rs.) | Actual Expenditure (Rs.) |
|-------------------------------------|----------------------|--------------------------|
| Maximum Limit of Expenditure | 2,200,000 | 2,180,210 |
| Minimum Limit of Receipts | 1,250,000 | 2,218,210 |
| Maximum Debit Balance Limit | 10,000,000 | 6,014,647 |

3. Physical Performance

3.1 Capacity Building of Internal Auditors

Department of Management Audit does constantly take actions to improve professional knowledge of internal auditors who work for Ministries, Departments and District Secretariats and to provide current information on auditing for them. The following workshops were conducted by the Department during the year 2016 to achieve the aforesaid objective.

| Date | Description | Participants |
|--|---|--|
| 28-06-2016 | Workshop on Motivation and Managerial Enhancement | Chief Internal Auditors of Ministries, Departments and District Secretariats |
| 09-03-2016 | Workshop on preparation of internal audit programmes for Government Procurement activities | Chief Internal Auditors |
| 15-12-2016 | The training on CIGAS and GOVERNMENT PAYROLL, which are the computer software programmes used in government sector. | Chief Internal Auditors of Ministries, Departments and District Secretariats |
| 01,09,08,16,17 - 12- 2016 10,15-11-2016 | Implementation of Management Audit Circulars. | All officers of Internal Audit units |

3.2 Strengthening Internal Audit Functions of the Public Sector through the Treasury Representation in Audit and Management Committees

A staff officer of this Department participates the Audit and Management Committee Meetings established in Ministries as Treasury representative. These officers have supervised and provided relevant guidance on conducting Audit and Management Committees effectively and continuously. In addition, they have actively participated to strengthen the Internal Audit Units of the Ministries and Departments under them and to take measures on special issues raised by the internal and external audit reports and queries. Further, the public management is reinforced through follow-up actions on the measures taken accordingly.

In the year 2016, staff officers of this Department have attended 207 Audit and Management Committee meetings held in 50 Ministries, 34 Audit and Management Committee meetings held in six Departments, and 20 Audit and Management Committee meetings held in public institutions such as The Parliament of Sri Lanka, The Office of the Leader of the House of Parliament, The Presidential Secretariat, The Office of the Prime Minister, The Public Service Commission, Sri Lanka Human Rights Commission, and The National Education Commission as per the provisions stipulated in the circulars. Never the less, the officers of this Department have attended 04 Audit and Management Committee meetings conducted in Sri Lanka Insurance Board.

3.3 Management Auditing of the Ministry and Treasury Departments

Conducting management audit on the Ministry of Finance and Treasury Departments is considered as one of the major functions of this Department. The Management Audit Department has been carried out the above task successfully in the year 2016 as well, and accordingly one management audit report for a quarter amounting to four management audit reports have been issued. This facilitated to achieve high quality performance through improved effective internal control system in these institutions.

Department of National Budget

Department of Treasury Operations

Department of Public Enterprises

Department of Legal Affairs

Department of Fiscal Policy

Department of Development Finance

Department of Trade and Investment Policy

Department of Public Finance

Department of State Accounts

Department of Management Audit

Department of Information Technology and Management

Department of Management Services

The number of Management Audit Reports issued for Ministry of Finance was 2.

3.4 Strengthening Internal Audit Functions of Development Projects

The Management Audit Department has taken measures in strengthening the internal audit functions of the development projects of all Ministries. It was initiated to release a circular in relation to streamlining the appointments of Internal Auditors for development projects of over 10 Million US Dollars. The following audits of development projects were conducted and 4 reports were submitted.

1. Small and Medium Scale Enterprise Development Project functions under the Department of Development Finance
2. Integrated Treasury Management Information System Project

3. Warehouse Management Project functions under the Department of Development Finance

3.5 Special Investigations and Audit Activities

The complaints made to the Honorable Minister of Finance and to the Secretary to the Ministry of Finance are forwarded to the Department of Management Audit by order of the Secretary to the Ministry of Finance for reporting having investigated them. The reports of the investigations handled are submitted to the Secretary of the relevant Ministry or to the Head of the relevant institution for necessary actions, as per the instructions of the Secretary to the Treasury and its objective is to prevent repetition of deficiencies and irregularities revealed through the investigations.

The Department of Management Audit completed 18 investigations in 2016 and the audits which are started in 2016 and still in continuation are 12. The number of investigations received in 2016 and which are to be finished are 6 where as the number of special audits completed in 2016 were 6.

Investigations completed in the year 2015

| No | Institution | Key Issue in the Investigation |
|----|------------------------------|--|
| 01 | Department of Inland Revenue | Investigation of officers who make fraud money by blockage of the government revenue. |
| 02 | Department of Divineguma | Investigation into the distribution of uniforms by Samurdhi Social Protection Fund for the Dhamma Schools. |
| 03 | Ministry of Sports | Investigations into financial irregularities of Sri Lanka Wrestling Association |
| 04 | Lady Lochore Loan Fund | Investigation on current situation of the fund. |

| | | |
|-----------|----------------------|--|
| 05 | Department of Excise | Investigation into the charges against the new management of the department. |
|-----------|----------------------|--|

7

| No | Institution | Key Issue in the Investigation |
|-----------|---|--|
| 06 | Department of Excise | Investigation into illegal actions in providing toddy tavern and not reporting monthly tavern. |
| 07 | Insurance Board of Sri Lanka | Investigation of frauds. |
| 08 | Teaching Hospital, Peradeniya | Investigation into violation of financial regulations |
| 09 | Ministry of Health | Investigation into hospital cleaning service |
| 10 | PuraNeguma Project, Eastern Province, Batticaloa | Investigation into illegal forceful actions of District Project Manager |
| 11 | Gymkhana Club | Investigation in to misuse of liquor permits |
| 12 | National Water Supply and Drainage Board | Investigations in to the largest honor robbery of the board |
| 13 | No.5 ,Devala Patumaga, Kotte | Investigations in to illegal construction at No. 05,Devala Patumaga , Kotte |
| 14 | Peoples Bank, Avissawella | Investigation into misplace of Prawned Gold of the bank. |
| 15 | Department Railway | Investigation into misuse of government funds |
| 16 | Department of Customs | Investigation into nonpayment of rewards of the department. |

| | | |
|-----------|-------------------------------------|--|
| 17 | Department of Census and Statistics | Investigation into the current administration of the department. |
| 18 | Ministry of Disaster Management | Investigation into unproductive payments of public funds |

8

Investigations started and continuing at the end of December 2016

| No | Institution | Key Issue in the Investigation |
|-----------|--|---|
| 01 | Lanka Puthra Development Bank | Investigation in to financial frauds and irregularities at Hambanthota Branch. |
| 02 | Department of Inland Revenue | Investigation into corruptions, frauds in the departments |
| 03 | Ministry of Upcountry New Villages, Estate Infrastructure & Community Development | Investigation into corruptions in Saumyamoorthi Thondaman Memorial Foundation |
| 04 | Department of Postal , Jaffna | Investigation into irregularities in postal office at Jaffna |
| 05 | Department of Inland Revenue | Investigation into the Senior Assistant Commissioner of the Investigation Unit. |
| 06 | University of Sri Jayawardanapura | Investigation into the corruptions and frauds of the Registrar. |
| 07 | Ministry of Prison Reforms, Rehabilitation, Resettlement and Hindu Religious Affairs | Investigation into fraudulent activities |

| | | |
|-----------|---------------------------------|---|
| 08 | Sri Lanka Insurance Corporation | Investigation into interdiction on false charges and transferring to Beruwala |
| 09 | Colombo port expansion project | Investigation in to forge sale of machineries and vehicles of the project. |

9

| No | Institution | Key Issue in the Investigation |
|-----------|--------------------------|--|
| 10 | Department of Posts | Investigation in to corruptions in all the postal units of the department. |
| 11 | Department of Posts | Investigation in to misuse of state funds by means of fraudulent actions. |
| 12 | National Science Council | Investigation into misuse of government funds |

The investigations of these cases though not finished in the year 2016, were nearly in completion to the last stage.

The investigations received and to be completed in 2016.

1. The 2016 election of Government' Benefit Association
2. Recruitment of new recruits to the National Lotteries Board
3. The activities of the office of the Superintendent of Police of Nuwara-Eliya
4. The activities of National Insurance Trust Fund
5. The usage of pooled vehicles by the officers who are eligible for office vehicles
6. Drawing pensions by means of fraudulent activities

The special audits completed in 2016

| No | Name of the Special Audit |
|-----------|--|
| 1 | Audit of vehicles owned by government institutions |
| 2 | Audit of office vehicles of Ministry of Finance |
| 3 | Audit of Gas Emission Test Trust Fund |

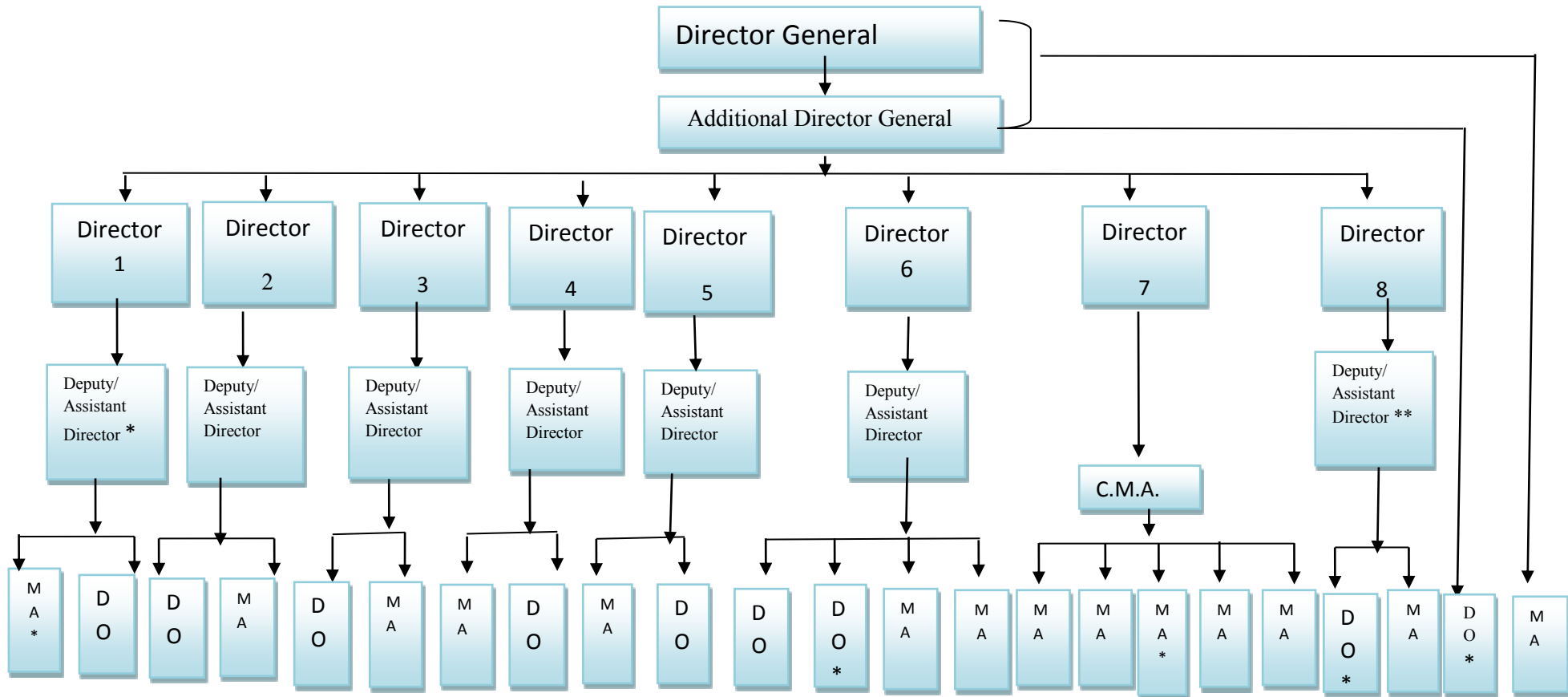
| | |
|---|---|
| 4 | Audit of Vehicular Emission Test Trust Fund |
| 5 | Audit of procedure into the survey of goods and disposal of Ministry of Finance of 2015 |
| 6 | Audit of investing funds in a private institution by Ministry of Sports |

3.6 Submission of Treasury Reports to the Committee of Public Accounts

When the Committee of Public Accounts calls the government Ministries, Departments and provincial councils, the Department of Management Audit submit Treasury Reports in relation to each institution to the Committee of Public Accounts. In 2016, the Department of Management Audit has submitted 77 reports to the Committee of Public Accounts and the staff officers of this department have participated at these meetings.

4. Management of Human Resources and General Administration

4.1 Organizational Structure of the Department -As at 31/12/2016



K.K..S. – 4, Driver -3, ** -On Foreign Leave , * - Vacancies, C.M.A.-Chief Management Assistant, DO- Development Officer, MA – Management Assistant

4.2 The staff

The staff as at 31.12.2016

Following table illustrates the details of actual and approved cadre of this department at the end of December 2016.

| Post | Cadre | | |
|--|-----------|-----------|-----------|
| | Approved | Actual | Vacancies |
| Director General | 01 | 01 | - |
| Additional Director General | 01 | 01 | - |
| Director (SLAS) | 01 | 01 | - |
| Director (SLAcS) | 05 | 05 | - |
| Director (SLPS) | 02 | 02 | - |
| Deputy/ Assistant Director (SLAcS) | 07 | 06 | 01 |
| Research Assistant / Development Officers | 09 | 06 | 03 |
| Public Management Assistant | 14 | 12 | 02 |
| Driver | 07 | 03 | 04 |
| Office Assistant | 06 | 04 | 02 |
| Total | 53 | 41 | 12 |

Officers transferred in to the Department in 2016

| No | Name | Post | Reported Date |
|----|-------------------------|--------------------------------------|---------------|
| 01 | Mrs.G,G,Pabasara | Additional Director General | 14.03.2016 |
| 02 | Mrs.R.B.Gankewala | Director (SLAS) | 08.01.2016 |
| 03 | Mr.W.Wimalasena | Director (SL Pl. Service) | 19.12.2016 |
| 04 | Mr.G.Maddegodage | Assistant Director (SL Acc Service) | 04.01.2016 |
| 05 | Mr.W.M.D.Wijebandara | Assistant Director (SL Acc Service) | 04.01.2016 |
| 06 | Mrs.K.P.G.U.Kariyawasam | Assistant Director (SL Acc Service) | 05.01.2016 |
| 07 | Mrs.K.A.M.Kapurubandara | Assistant Director (SL Acc Service) | 12.01.2016 |

| No | Name | Post | Reported Date |
|----|-------------------------|-----------------------------|---------------|
| 08 | Mrs.M.G.N.S.Meegasmulla | Development Assistant | 02.01.2016 |
| 09 | Mr.S.P.M.D.Wijewardana | Development Assistant | 05.07.2016 |
| 10 | Mr.G.A.T.K.Perera | Public Management Assistant | 08.04.2016 |
| 11 | Mrs.U.D.S.K.Aberathna | Public Management Assistant | 06.09.2016 |
| 12 | Mrs.W.K.D.A.Weerasinghe | Public Management Assistant | 06.09.2016 |
| 13 | Mr.K.Athukorala | Driver | 11.07.2016 |
| 14 | Mr.KC.U.Jayashantha | K.K.S. | 12.07.2016 |

Officers transferred out of the Department in 2016

| No | Name | Post | Released Date |
|----|---------------------------------|--------------------------------------|---------------|
| 01 | Mr.G.Maddegodage | Assistant Director (SL Acc Service) | 23.05.2016 |
| 02 | Mrs.K.A.D.R.T.Kahandawaarachchi | Development Officer | 02.01.2016 |
| 03 | Mrs.W.D.S.K.Alagiyawanna | Development Officer | 31.08.2016 |
| 04 | Mr.W.G.T.Chanaka | Public Management Assistant | 02.09.2016 |
| 05 | Mrs.G.D.K.Liyanage | Public Management Assistant | 02.09.2016 |
| 06 | Mrs.H.K.C.Priyadarshani | Public Management Assistant | 02.09.2016 |
| 07 | Mrs.D.S.P.Wickramarathna | Public Management Assistant | 05.04.2016 |
| 08 | Mr.H.D.P.Sarathkumara | Driver | 25.04.2016 |
| 09 | Mr.W.R.Jayantha | Driver | 12.01.2016 |
| 10 | Mr.S.M.R.P.Gunasekara | Driver | 30.06.2016 |
| 11 | Mr.P.G.D.Premakumara | Driver | 18.02.2016 |
| 12 | Mr.K.D.N.Premalal | K.K.S | 05.07.2016 |

4.3 Staff Training and Skill Development in 2016

4.3.1. Foreign Training opportunities in 2016

| Name of Participant | Designation | Country | Training Program | Training Period |
|-------------------------------|--------------------|----------------|--|---|
| Mrs.S.A.C.Kulathilaka | Director General | USA | Leadership Decision Making Optimizing Organizational Performance -Harvard Kennedy School | 21.02.2016 - 26.02.2016 |
| | | India | Workshop on Internal Audit Functions in the Public Sector - Delhi | 05.09.2016 - 06.09.2016 |
| Mr.R.R.K.Nugapitiya | Director | Malaysia | Managerial Competency Development Program | 17.04.2016 - 23.04.2016 (First Session) |
| Mr.S.M.Dayarathna | Director | Malaysia | Managerial Competency Development Program | 17.04.2016 - 23.04.2016 (First Session) |
| Mrs.M.A.K.P.Wijewantha | Director | Malaysia | Managerial Competency Development Program | 17.04.2016 - 23.04.2016 (First Session) |
| Mr.A.N.Hapugala | Director | Hong Kong | Executive Training Programme on Macroeconomic Policies at the University of Hong Kong | 01.08.2016 - 05.08.2016 |
| Mr.S.K.Kusalakumaran | Director | India | Workshop on Internal Audit Function in the Public Sector – Delhi | 05.09.2016 - 06.09.2016 |

| Name of Participant | Designation | Country | Training Program | Training Period |
|--------------------------------|--------------------|----------------|--|-------------------------|
| Mrs.R.B.Gankewala | Director | Malaysia | International Programme & Study Tour on Risk & Change Management | 23.10.2016 - 30.10.2016 |
| Mr.G.G.S.Dayanath | Director | Malaysia | International Programme & Study Tour on Risk & Change Management | 23.10.2016 - 30.10.2016 |
| Mr.W.M.D.Wijebandara | Assistant Director | China | Seminar on Cloud Computing, Big Data Network Construction and Developing Strategies for Developing Countries in 2016 | 24.05.2016-12.06. 2016 |
| Mrs.J.H.Fernando | Assistant Director | Thailand | International Programme on Management (Audit) | 24.07.2016 - 31.07.2016 |
| Mrs.K.P.G.U.Kariyawasam | Assistant Director | Thailand | International Programme on Management (Audit) | 24.07.2016 - 31.07.2016 |
| Mrs.B.T.N.Mali | Assistant Director | Malaysia | International Programme & Study Tour on Risk & Change Management | 23.10.2016 - 30.10.2016 |
| Mrs.K.A.M.Kapurubandara | Assistant Director | Malaysia | International Programme & Study Tour on Risk & Change Management | 23.10.2016 - 30.10.2016 |

4.3.2. Local Training Opportunities in 2016

Following table illustrates the details of local training opportunities which the department utilized in the year 2016.

| Training Programme | Training Period | Name of the Officer | Designation |
|---|--|--|--|
| Applied Econometric-Practical Approach Using E-views Software | 09.02.2016 - 18.07.2016 Tuesday Morning | Mr.G.G.S.Dayanath | Director |
| Managerial Competency Development Program (Second Session) | 05.05.2016-08.05.2016 | Mr.R.R.K.Nugapitiya Mr.S.M.Dayarathna Mrs.M.A.K.P.Wijewantha | Director Director Director |
| Training Program on How to Minimize Audit Quires | 25/26.02.2016 | Mrs.K.A.M.Kapurubandara | Assistant Director |
| Workshop on Internal Audit 2016 | 09.11.2016 | Mr.A.N.Hapugala Mrs.B.T.N.Mali | Director Assistant Director |
| Two day Workshop on Salary Conversions | 12 & 13.05.2016 | Mrs.K.R.R.Fernando | Public Management Assistant |
| Office Equipment Management | 26 & 27.05.2016 | Mrs.E.M.G.L.Ekanayaka Mr.J.P.Mudalige | Public Management Assistant Public Management Assistant |

| Training Programme | Training Period | Name of the Officer | Designation |
|---|------------------------|---|--|
| Training on Disciplinary Procedures | 24, 25 & 26 .08.2016 | Mrs.M.D.S.S.Weerasinghe Mr.J.P.Mudalige | Development Officer Public Management Assistant |
| Workshop on Attitude and Skills Development (XIII) | 24.06.2016 | Mrs.W.D.S.K.Alagiyawanna Mrs.M.D.S.S.Weerasinghe | Development Officer Development Office |
| Workshop on Procurement & Evaluation of IT Procedures | 30 & 31.08.2016 | Mrs.J.A.Sandya Mr.P.WB.M.Wimalachandra | Public Management Assistant Public Management Assistant |
| National Diploma in English Language | 4 Months (Saturdays) | Mrs.W.G.Manoja Wasanthi. | Development Officer |

4.3.3. Performance Improvement Activities

A workshop on "Risk Management in Management Audit " was conducted in 11.03.2016 at Police Training Collage to improve the performance of the entire staff members of the Department of Management Audit.