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செயலாற்றுகை அறிக்கை  
**Performance Report**

**2015**

කළමනාකරණ විගණන දෙපාර්තමේන්තුව  
முகாமைத்துவக் கணக்காய்வுத் திணைக்களம்  
**DEPARTMENT OF MANAGEMENT AUDIT**

මුදල් අමාත්‍යාංශය

මහලේකම් කාර්යාලය

කොළඹ 01.

நிதி அமைச்சு,

செயலகம்

கொழும்பு 01.

Ministry of Finance

The Secretariat

Colombo 01.

*Prepared to be tabled in The Parliament as per Public Finance Circular No.402.*

**Department of Management Audit**

**Ministry of Finance**

**The Secretariat**

**Colombo 01**

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## **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.

## 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 2015. The estimate of 2015 was amended at the time of preparing the estimates for 2016. 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.)
<b>Recurrent (A) Expenditure</b>	<b>30,090,000</b>	<b>370,300</b>	-	<b>30,389,443</b>	<b>70,857</b>
Personnel Emoluments	22,030,000		40,123 (40,123)	21,959,150	<b>70,850</b>
Other Expenses	8,060,000	370,300	532,405 532,405	8,430,293	7
<b>Capital (B) Expenditure</b>	<b>1,500,000</b>	-	-	<b>1,310,924</b>	<b>189,076</b>
2001 Buildings & Constructions	-	-	-	-	-
2002 Machinery & Equipment	200,000	-	-	192,948	7,052
2102 Maintenance & Office Equipment	200,000	-	-	103,224	96,776
2103 Machinery & Equipment	600,000	-	-	521,697	78,303
2401 Skills Development	500,000	-	-	493,055	6,945
<b>Total (A + B)</b>	<b>31,590,000</b>	<b>370,300</b>	-	<b>31,700,367</b>	<b>259,933</b>

### Advance to Public Officers 'B' Account

The details of the Advance 'B' Account of the Public Officers of this Department for the year 2015 are given below.

Particulars	Approved Limit (Rs.)	Actual Expenditure (Rs.)
<b>Maximum Limit of Expenditure</b>	2,385,000	1,451,572
<b>Minimum Limit of Receipts</b>	1,250,000	1,750,812
<b>Maximum Debit Balance Limit</b>	10,000,000	6,052,647

### 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 2015 to achieve the aforesaid objective.

<b>Date</b>	<b>Description</b>	<b>Participants</b>
06.08.2015	Workshop on Government Accounting Standards	Chief Internal Auditors of Ministries, Departments and District Secretariats
13.10.2015	Workshop on challenges for internal auditors in contemporary information technology environment.	Chief Internal Auditors of Ministries, Departments and District Secretariats
05.11.2015	Workshop on preparation of Internal Audit Plan for procurement and amendments to the Procurement Guidelines.	Chief Internal Auditors of Ministries, Departments and District Secretariats
04.12.2015	Practical training workshop on Information Technology.	Chief Internal Auditors of Ministries, Departments and District Secretariats

## **3.2 Providing Guidelines for Internal Auditing**

The Department of Management Audit has taken measures consistently in order to make internal auditing of state owned institutions rather efficient and effective by means of preparing guidelines for auditing, specifically to the respective subject area.

### **3.2.1 Guideline on Performance Audit**

As a measure to ensure accomplishment of organizational goals as expected while examining transparency and the status of accounts of the state organizations operated by public funds and to introduce audit management techniques for economic efficiency and productivity of the activities of these organizations, a draft Guidelines for Internal Auditing has been prepared and completed in the year 2015. Measures have been taken to include further information to the draft and it has been planned to publish the draft in the year 2016 after studying, scrutinizing and revising with the involvement of specialists of internal auditing, Finance and representatives of auditor general.

### **3.2.2 Guideline on conducting special investigations in Ministries and Departments.**

In order to guide internal auditors in carrying out special investigations in Ministries and Departments, a draft guideline has been prepared in par with the disciplinary procedures of Establishment Code and it is to be published in the year 2016 after scrutinizing and revising with the involvement of specialists of relevant subject areas.



### **3.3 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 established in Ministries as treasury representative. Those 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 2015, staff officers of this Department have attended 134 Audit and Management Committee meetings held in 50 Ministries, 17 Audit and Management Committee meetings held in five Departments, and 16 Audit and Management Committee meetings held in public institutions such as The Parliament of Sri Lanka, The Prime Minister's Office, The Senior Ministers' Office, The Public Service Commission, The Sri Lanka Human Rights Commission, and The National Education Commission as per the provisions stipulated in the circulars.

### **3.4 Management Auditing of the Ministry of 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 2015 year as well, accordingly one management audit report for a quarter amounting to four management audit reports have been issued which would help to achieved high quality performance though improved effective internal control system in institutions.

Ministry of Finance

Department of National Budget

Department of Treasury Operations

Department of Public Enterprises

Department of Legal Affairs  
Department of State Accounts  
Department of Fiscal Policy  
Department of Development Finance  
Department of Trade and Investment Policy  
Department of Public Finance  
Department of Management Audit  
Department of Information Technology and Management

Three management audit reports were issued for Department of Management Services which has been included to the subject of another ministry and included again to the Ministry of Finance in 2015, and two reports were issued for Department of Project Management and Monitoring and Department of Import and Export Control in 2015.

### **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 24 investigations in 2015 and there are 14 continuing investigations which are started in 2015.

**Investigations completed in the year 2015**

<b>No</b>	<b>Institution</b>	<b>Key Issue in the Investigation</b>
<b>01</b>	Department of Divineguma	Investigating the bank account (no 7041562) of Department of Divineguma
<b>02</b>	Department of Import and Export Control	Investigation into frauds and corruptions in Department of Import and Export Control
<b>03</b>	Lanka Sathosa	Investigations of importing rice on treasury guarantee.
<b>04</b>	Athula Balasooriya and Company	Investigation on frauds and excise duty
<b>05</b>	Regional Development Bank	Investigation on procurement of equipment for Information Technology.
<b>06</b>	Sri Lanka Export Credit Insurance Corporation	Investigation into frauds, corruptions and irregularities
<b>07</b>	Sri Lanka Export Credit Insurance Corporation	Investigation of influencing the officers of the Corporation
<b>08</b>	Department of Divineguma	Examination of vouchers of November and December in 2014
<b>09</b>	Department of Customs	Investigation into illegal importation of perfume
<b>10</b>	Central Bank of Sri Lanka	Investigation in to the fraud between Central Bank of Sri Lanka and Hatton National Bank-

<b>No</b>	<b>Institution</b>	<b>Key Issue in the Investigation</b>
11	Lanka Puthra Development Bank	Investigation in to irregular transactions
12	Department of Exercise	Investigations in to frauds of the department
13	Department of Customs	Investigations in to illegal actions of the department
14	Department of Trade and Investment Policy	Investigation into frauds, corruptions and irregularities
15	Department of Exercise	Investigation into irregularities of the department
16	Milco Private Company Ltd	Investigation into inaccurate, irregular promotions
17	Ministry of Parliamentary Affairs	Investigation into misuse of government funds
18	State Mortgage & Investment Bank	Investigation into interdiction of the internal auditor
19	Department of Exercise	Investigation into steeling 7 bottles of arrack
20	Department of Exercise	Investigation into frauds and corruptions of DCSL Ltd
21	Department of Exercise	Investigation into bribery and corruptions
22	Department of Exercise	Investigation into irregularities of the department
23	Ministry of Education	Investigation into the distribution process of school uniforms

**Investigations started and continuing at the end of December 2015**

<b>No</b>	<b>Institution</b>	<b>Key Issue in the Investigation</b>
<b>01</b>	Department of Inland Revenue	Investigation on the officers, who have made money by fraudulent means whilst impeding state revenue
<b>02</b>	Department of Posts	Investigation into corruptions of all units
<b>03</b>	Department of Divineguma	Investigation into the distribution of school uniforms from the Social Security Fund
<b>04</b>	Ministry of Sports	Investigation on financial irregularities in the Sri Lanka Wrestling Association
<b>05</b>	Lady Lochore Fund	Investigation into the current situation of the fund
<b>06</b>	Focus Marketing and Engineering	Investigation into misuse of the authority by District Project Engineer
<b>07</b>	Department of Exercise	Investigation on the complaints against the new management
<b>08</b>	Department of Exercise	Investigation into illegal actions in providing toddy tavern  Nonpayment of t monthly toddy tavern
<b>09</b>	Department of posts	Misuse of state funds by means of fraudulent. Misuse of state funds at the Post office at Anuradhapura due to poor administration

No	Institution	Key Issue in the Investigation
10	Department of Import and Export Control	Investigation into corruptions
11	Sri Lanka Insurance Board	Investigation into frauds
12	Teaching Hospital, Peradeniya	Investigation into violation of financial regulations
13	Ministry of Health	Investigation into hospital cleaning service
14	National Science Council	Investigation into misuse of government funds

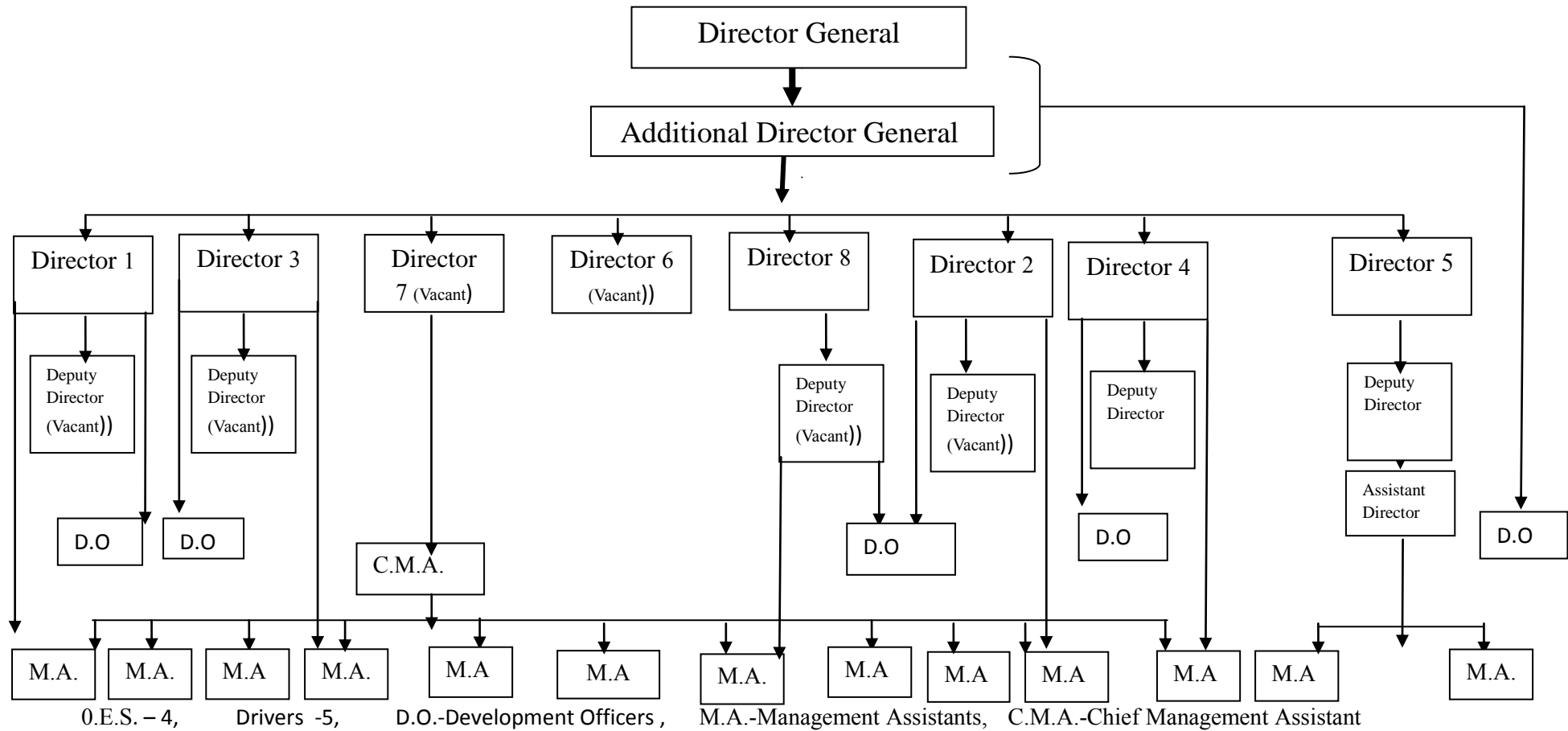
### 3.6 New Approaches

The Department of Management Audit has started to create and maintain a data base to keep information about the vehicles of ministries, departments, provincial councils and other legislative institutions and projects.

This process aspire on the security of governmental assets and internal control and since vehicles are a movable asset of the government, this process aims to keep updated records of vehicles, the changes make, buying, transferring and disposal. It is expected to upgrade the current data base in to more sophisticate database with the introduction of new information technology aspects and thus assure to provide correct, updated information of government vehicles.

## 4. Management of Human Resources and General Administration

### 4.1 Organizational Structure of the Department -As at 31/12/2015



## 4.2 The staff

### The staff as at 31.12.2015

Following table illustrates the details of actual and approved cadre of this department at the end of December 2015.

Post	Cadre		
	Approved	Actual	Vacancies
<b>Director General</b>	01	01	-
<b>Additional Director General</b>	01	01	-
<b>Director (SLAS)</b>	01	-	01
<b>Director (SLAcS)</b>	05	05	-
<b>Director (SLPS)</b>	02	01	01
<b>Deputy/ Assistant Director (SLAcS)</b>	07	03	04
<b>Research Assistant / Development Officers</b>	06	06	-
<b>Public Management Assistant</b>	14	14	-
<b>Driver</b>	07	04	03
<b>Office Assistant</b>	04	04	-
<b>Total</b>	<b>48</b>	<b>39</b>	<b>09</b>

### Officers transferred in to the Department in 2015

	Name	Post	Date
01.	Mr.A.R.Senevirathna Banda	Additional Director General	29-04-2015
02.	Mr. C.J.K. Perera	Director ( SL Acc Service)	18-02-2015
03.	Mrs. J.H.Fernando	Assistant Director ( SL Acc Service)	18-11-2015
04.	Mrs. B.T.N. Mali	Assistant Director ( SL Acc Service)	30-12-2015
05.	Mrs. K.A.D.R.T.Kahandawa arachchi	Development Assistant	18-02-2015
06.	Ms. W.G.Manoja	Development Assistant	03-11-2013
07.	Mr. J.P.Mudalige	Public Management Assistant	05-02-2015
08.	Mrs.D.S.P.Wickramarathna	Public Management Assistant	11-05-2015



09.	Mrs. D.A.P.D. Withanarachchi	Public Management Assistant	11-05-2015
10.	Mrs.J.A.Sandya	Public Management Assistant	12-05-2015
11.	Mr.D.Thusith Candima	Public Management Assistant	01-06-2015
12.	Mr.J.A.G.N.Jayakody	K.K.S.	02-11-2015
13.	Mr.A.P.A.Rathnasiri	Driver	20-04-2015
14.	Mr. A.Chandana Perera	Driver	04-09-2015
15.	Mr.W.R.Jayantha	Driver	30-09-2015

New appointments-

Ms. K.P.D.R.Karunanayake (Public Management Assistant )-15.09.2015.

### Officers transferred out of the Department in 2015

	<b>Name</b>	<b>Post</b>	<b>Date</b>
1.	Mr. D.U.S.Wickramarachchi	Additional Director General	21-04-2015
2-	Mr.C.J.K.Perera	Director ( SL Acc Service)	06-05-2015
3.	Ms.A.K.Gunasekara	Director ( SL Planning Service)	01-04-2015
4.	Mrs.Pivini Wijewardana	Public Management Assistant	06-02-2015
5.	Mrs.W.P.Kalyani Gunarathana	Public Management Assistant	15-05-2015
6.	Mrs.S.M.T.Nirasha	Development Officer	22-11-2015
7.	Mr.A.P.Nalaka Chandana	K.K.S	23-10-2015
8.	Mr.H.M.M.Rathnasiri	Driver	25-08-2015
9.	Mr.A.Chandana Perera	Driver	01-10-2015
10.	Mr.J.M.L.Pushpakumara	Driver	31-05-2015
11.	Mr.A.P.A.Rathnasiri	Driver	12-05-2015

## 4.3 Staff Training and Skill Development in 2015

### 4.3.1. Foreign Training opportunities in 2015

Name of the Officer	Designation	Country	Training Programs/Institute	Training Period
<b>Mrs.S.A.C.Kulathilaka</b>	Director General	Malaysia	ADB Regional Forum on public Sector Accounting – Invitation to attend the 2015 Regional workshop	2015.08.24 - 2015.08.25
		Malaysia	Overseas Training Program for Executive Official – 2015 Leadership ,Communication & Interpersonal Skills Leadership through Self-Master	2015.08.29- 2015.09.07
		Switzerland	Intergovernmental working group of experts on International standards of Accounting and Reporting- 32 <sup>nd</sup> Session Geneva	2015.11.04- 2015.11.06
<b>Mr.A.R.Senavirathna Banda</b>	Additional Director General	Malaysia	Overseas Training Program for Executive Official – 2015 The Oxford Advanced Finance Programme	2015.09.12 - 2015.09.22
<b>Mr.R.R.K.Nugapitiya</b>	Director	Malaysia	Overseas Training Program for Executive Official – 2015 Leadership, Communication & Interpersonal Skills Leadership through Self-Master	2015.08.29- 2015.09.07
<b>Mr.S.M.Dayarathna</b>	Director	Malaysia	-do-	2015.08.29- 2015.09.07

<b>Name of the Officer</b>	<b>Designation</b>	<b>Country</b>	<b>Training Programs/Institute</b>	<b>Training Period</b>
<b>Mr.D.G.G.S.Dayanath</b>	Director	Malaysia	Overseas Training Program for Executive Official – 2015 Leadership, Communication & Interpersonal Skills Leadership through Self-Master	2015.08.29- 2015.09.07
<b>Mrs.M.A.K.P.Wijewantha</b>	Director	Malaysia	Overseas Training Program for Executive Official – 2015 The Oxford Advanced Finance Programme	2015.09.12 - 2015.09.22
<b>Mr.A.N.Hapugala</b>	Director	Malaysia	Overseas Training Program for Executive Official – 2015 The Oxford Advanced Finance Programme	2015.09.12 - 2015.09.22
<b>Mr.S.K.Kusalakumaran</b>	Director	Malaysia	-do-	2015.09.12 - 2015.09.22
<b>Ms.V.I.Dilhani</b>	Assistant Director	Japan	Japan Grant Aid for Human Resource Development Programme-2015	2015.08.16- 2017.08.16
<b>Mrs.W.K.P.H N.S.Rodrigo</b>	Development Officer	Malaysia	Overseas Training Program for Executive Official – 2015 The Oxford Advanced Finance Programme	2015.09.12 - 2015.09.22

### 4.3.2. Local Training Opportunities in 2015

Following table illustrates the details of local training opportunities which the department utilized in the year 2015.

<b>Training Program</b>	<b>Training Period</b>	<b>Name of Participant</b>	<b>Designation</b>
<b>Advanced Diploma of Management Assistant Service</b>	Five years starting from 22.01.2015	Mr.W.G.T.Chanaka	Public Management Assistant
<b>Behavioral Economics and Policy Design</b>	25 <sup>th</sup> and 26 <sup>th</sup> Feb 2015	Mr.A.N.Hapugala Mrs.A.K.Gunasekara Mrs.W.D.S.K.Alagiyawanna	Director Director Development Officer
<b>Office Management and Financial Regulations</b>	16 <sup>th</sup> and 17 <sup>th</sup> March 2015	Mrs.K.H.M.Kapuwattha Mrs.S.M.T.Nirasha	Development Officer Development Officer
<b>Asian Leadership Forum-2015</b>	01.06.2015	Mr.S.K.Kusalakumaran	Director
<b>Training on Sri Lanka public sector Accounting Standards(SLPSAS)</b>	12.06.2015	Mr.R.R.K.Nugapitiya Mrs.M.A.K.P.Wijewantha Mr.S.M.Dayarathna Mr.A.N.Hapugala Mr.S.K.Kusalakumaran	Director Director Director Director Director
<b>Cooperate Fraud Detection and Forensic Accounting Training</b>	15.07.2015	Mrs.S.A.C.Kulathilaka Mrs.M.A.K.P.Wijewantha Mr.S.K.Kusalakumaran	Director General Director Director
<b>Certificate course in stores management</b>	Five Thursdays starting from 30 <sup>th</sup> Mach 2015	Mr.P.W.B.M.Wimalachandra	Public Management Assistant

<b>Training Program</b>	<b>Training Period</b>	<b>Name of Participant</b>	<b>Designation</b>
<b>Training on Computer Hardware</b>	10 <sup>th</sup> and 11 <sup>th</sup> of	Mrs.G.D.K.Liyanage	Public Management Assistant
	August 2015	Mra.E.M.G.L.Ekanayaka	Public Management Assistant
<b>Training on the concept of e-governance and the usage of information technology in Office Management</b>	26 <sup>th</sup> and 27 <sup>th</sup> of August 2015	Mrs.E.M.G.L.Ekanayaka	Public Management Assistant
<b>Advanced Certificate course in stores management</b>	Ten Fridays starting from 28 <sup>th</sup> August 2015	Mr.P.W.B.M.Wimalachandra	Public Management Assistant
<b>Advanced Analysis Tools in Excel</b>	09.10.2015	Mrs.G.D.K.Liyanage	Public Management Assistant
		Mra.E.M.G.L.Ekanayaka	Public Management Assistant
<b>Procurement Management</b>	09.10.2015	Mrs.W.K.P,H N.S.Rodrigo Mrs.D.S.P.Wikramararhna Mrs.J.A.Sandya Mr. J,P.Mudalige	Development Officer Public Management Assistant Public Management Assistant

### **4.3.3. Performance Improvement Activities**

A workshop on "Risk Management in Management Audit " was conducted in 31.12.2015 to improve the performance of the entire staff members of the department.