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சேயலாற்றுக்கை அறிக்கை
Performance Report
2017

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முகாமைத்துவக் கணக்காய்வுத் திணைக்களம்
DEPARTMENT OF MANAGEMENT AUDIT

මුදල් හා ජනමාධ්‍ය අමාත්‍යාංශය
මහලේකම් කාර්යාලය
කොළඹ 01.

நிதி மற்றும் வெகுசன ஊடக அமைச்சு
செயலகம்
கொழும்பு 01.

Ministry of Finance and Mass Media
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 and Mass Media
The Secretariat
Colombo 01.**

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

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. Contribution for the enhancement of Productivity of Internal Auditing in Public Sector.
2. Strengthening Internal Audit through Audit and Management Committees.
3. Introducing Guidelines required to improve the Management Auditing.
4. Strengthening Management Audit process in the Development Projects.
5. Disclosure of irregularities that occur and might be taken place in future in the Public Sector through Special Investigations and introduction of preventive measures and recommendations to avoid such situations and occurrences.

1.4 Functions

According to the cabinet decision No. 08/0200/306/012 of 25 January 2008, the Department of Management Audit was established as a Department of Treasury on 01 February 2008 for further strengthening of the assistance provided to the Chief Accounting Officers and Accounting Officers by the Treasury. The main role of the Department is to guide and strengthen the Internal Control Activities of the Internal Audit Units in each Ministries and Departments.

Further, this department became a department under the purview of the Presidential Secretariat from 9 June 2017 by the Gazette Notification No. 2022/34 with the same scope of work.

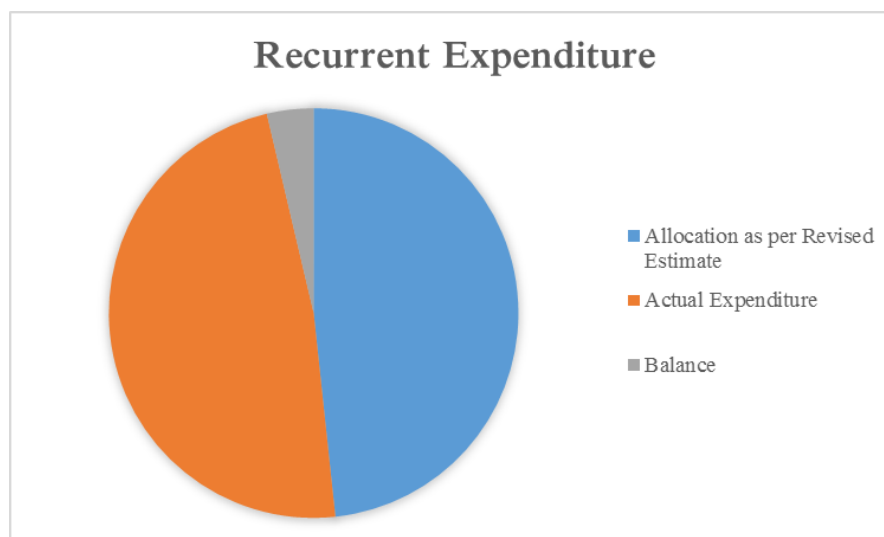
Functions of the Department :

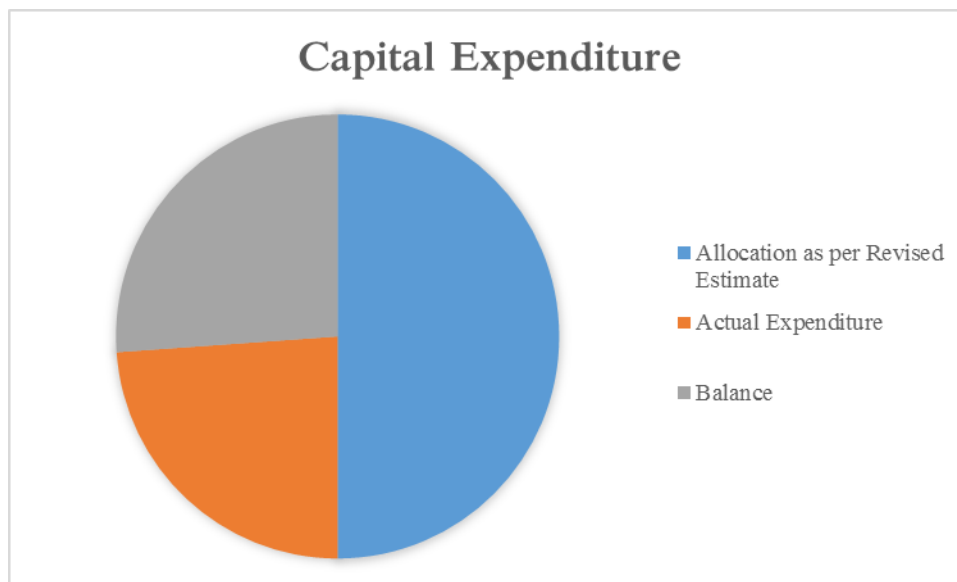
1. Perform as the Apex Body of the Public Sector in order to uplift and enhance the quality and efficiency of Internal Auditing.
2. Conduct Management Audit of Development Projects in each Ministries, Special Spending Units and Departments.
3. Introduce Guidelines for Internal Auditing.
4. Coordinate and Guide the Internal Audit Units.
5. Skill development of Internal Auditors in Public Sector.
6. Represent Audit and Management Committees in each Ministries, Special Spending Units and Departments with guidance.
7. Conduct Special Investigations.
8. Participation to the Committee on Public Accounts and Preparation and Submission of Treasury Reports to the Committee.

02. Financial Administration

Provisions have been made for this Department under the Head 324, Programme 01, and Project 01 by the Budget Estimates for the year 2017. 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 Allocation (Rs.)	Additional Allocation (Rs.)	Transfers as per F.R 66 & 69 (Rs.)	Actual Expenditure (Rs.)	Remaining Provisions (Rs.)
Recurrent (A) Expenditure	43,834,000	3,077,000	617,000 -617,000	43,574,687	3,336,313
Personnel Emoluments	33,200,000	-	-	30,490,288	2,709,712
Other Expenses	10,634,000	3,077,000		13,084,398	626,602
Sub Total	43,834,000	3,077,000	0	43,574,687	3,336,313
Capital (B) Expenditure	4,900,000	-		2,338,778	2,561,222
2001 Building & Structures	2,000,000	-		28,500	1,971,500
2002 Machinery & Equipment	200,000	-		69,950	130,050
2102 Furniture & Office Equipment	400,000	-		175,215	224,785
2103 Machinery & Equipment	1,700,000	-		1,505,101	194,899
2401 Skills Development	600,000			560,012	39,988
Total (A + B)	48,734,000	3,077,000	0	45,913,465	5,897,535





Advance to Public Officers 'B' Account

The details of the Advance 'B' Account of the Public Officers in this Department for the year 2017 are given below.

Particulars	Approved Limit (Rs.)	Actual Expenditure (Rs.)
Maximum Limit of Expenditure	4,500,000	4,102,837.80
Minimum Limit of Receipts	2,000,000	2,650,586.58
Maximum Debit Balance Limit	10,000,000	7,920,448.34

03. Physical Performance

3.1. Capacity Building of Internal Auditors

The Department of Management Audit has been taking necessary actions to improve Professional Knowledge of Internal Auditors attached to each Ministries, Departments and District Secretariats through various workshops and training programmes regularly on auditing.

The following workshops were conducted by the department during the reported period in 2017.

Date	Description	Participants
03/04 March 2017	Workshop on Motivation and Managerial Enhancement	Whole staff of the department
09 May 2017	International Professional Practicing Frame Work for Internal Auditors Role of the Auditor General & Internal Auditing	Development Officers and Management Assistants attached to the Internal Audit Units of the Finance Ministry/ Departments under the Finance Ministry
07 June 2017	Power & Responsibilities of the Auditor General CIGAS & Government Payroll (GPS)	Development Officers and Management Assistants attached to the Internal Audit Units in 16 Ministries
13 June 2017	Rights to Information Act and Role of the Internal Auditor under the provisions of the Act.	All Internal Auditors in each Ministries, Departments, District Secretariats and Special Spending Units
05 July 2017	Audit of Project Monitoring Units	All Internal Auditors in each Ministries, Departments, District Secretariats and Special Spending Units
10 July 2017	Importance of Internal Auditing for Non-auditors	Selected Executive officers in each Ministries
19 July 2017	Internal Audit and Audit & Management Committees Role of the Auditor General & Internal Auditing	Development Officers and Management Assistants attached to the Internal Audit Units in 12 Ministries

30 August 2017	Audit on CIGAS & Government Payroll (GPS) Procedure for Internal Auditing	Development Officers and Management Assistants attached to the Internal Audit Units in 09 Ministries
03 October 2017	Audit on CIGAS & Government Payroll (GPS) Procedure for Internal Auditing	Development Officers and Management Assistants attached to the Internal Audit Units in 04 Departments and 05 District Secretariats
12 October 2017	Audit on CIGAS & Government Payroll (GPS) Principles and Functions of Internal Auditing	Development Officers and Management Assistants attached to the Internal Audit Units in 12 Ministries
30 October 2017	Audit on CIGAS & Government Payroll (GPS) Principles and Functions of Internal Auditing	Development Officers and Management Assistants attached to the Internal Audit Units in 03 Ministries, 10 Departments and 01 District Secretariat
11-12 December 2017	Internal Audit Training Programme for Public Management Assistants and Development Officers	Development Officers and Management Assistants attached to the Internal Audit Units in District Secretariats in North East Provincial Council
18-19 December 2017	Training Programme on Preparation of Audit Plan	Chief Internal Auditors and Internal Auditors attached to the Presidential Secretariat, Prime Minister's Office, All Ministries, Commissions, Departments and District Secretariats

In addition to above, the following training Programmes were also conducted under USAID Programme for Chief Internal Auditors and Internal Auditors.

Date	Description	Participants
27-29 June 2017	Forensic Audit	Internal Auditors attached to all Ministries, Departments, District Secretariats and Special Spending Units
14-16 August 2017	Information System Audit	Internal Auditors attached to all Ministries, Departments, District Secretariats and Special Spending Units
16-19 October	Procurement Audit	Internal Auditors attached to all Ministries, Departments, District Secretariats and Special Spending Units
21-23 November 2017	Performance Audit	Chief Internal Auditors and Internal Auditors attached to the Presidential Secretariat, Prime Minister's Office, All Ministries, Commissions, Departments and District Secretariats

3.2. Strengthening Internal Audit Functions in Public Sector through Treasury Representation for Audit and Management Committees

As a Treasury Representative and a Committee member, a staff officer of this Department participates to the Audit and Management Committee Meetings established in each Ministries, Departments, Special Spending Units and District Secretariats regularly. These officers supervised and guided all Audit and Management Committees for conducting them effectively and continuously. In addition, they have actively participated to strength the Internal Audit Units in each Ministries and Departments taking required actions on special issues raised by the internal and external audit reports and queries. Moreover, these officers have contributed to implement due actions following decisions taken at the Audit and Management Committee Meetings by further strengthening of them.

During the reported period in 2017, staff officers of this Department attended 191 Audit and Management Committee Meetings held in 51 Ministries, 30 Audit and Management Committee Meetings held in 7 Special Departments and, 21 Audit and Management Committee Meetings held in public institutions such as, The Parliament of Sri Lanka, The Presidential Secretariat, The Prime Minister's Office, The Public Service Commission, The Finance Commission and The Election Commission of Sri Lanka. In addition to above, the officers of this Department have attended 19 Audit and Management Committee Meetings conducted in 14 District Secretariats and 01 meeting in Sri Lanka Insurance Board.

3.2.1. Performance Improvement of Internal Audit in Public Sector

With the objective of proper functioning, Internal Audit Units (IAUs) have been already established in all Ministries, Departments and Institutions in the Public Sector. It was identified that the close supervision is very much needed for the efficiency and effectiveness of these Internal Audit Units. Therefore, an evaluation process for IAUs has been started in third quarter by the Department of Management Audit and 45 IAUs have been evaluated.

The following objectives have been achieved through this evaluation process.

- I. Uniformity of Internal Audit Activities in each Ministries
- II. Strengthening coordination between this department and IAUs
- III. Internal Auditors get an opportunity for identifying issues and constrains when doing internal audit
- IV. An opportunity for implementing respective Audit Plans with necessary guidance

Moreover, by reviewing Internal Audit Plans, Audit Reports, the way of conducting Audit and Management Committee Meetings (AMC), Special Investigations, Internal Control Measures adopted and follow up actions taken according to the recommendations of Committee on Public Accounts (COPA), the following shortcomings have been revealed at this evaluation process

- a) Details on inadequate staff availability and insufficient facilities in IAUs
- b) Lack of technical knowhow for officers in relation to some subject areas
- c) Assigning additional works to the audit staff by top management
- d) Reply for general audit quarries
- e) Negative attitudes of some officers in Top Management
- f) Disregarding when calling AMC to Chief Internal Auditor by some departments in same Ministry

Having considered the success of reviewing performance of IAUs, it was planned to further expansion of evaluation process covering IAUs in Departments and District Secretariats in 2018.

3.3. Strengthening Internal Audit Functions of Development Projects.

The Department of Management Audit has been taking necessary measures for strengthening internal audit functions of development projects in all Ministries. According to the circular issued for recruiting Internal Auditors for development projects over 10 Million US Dollars, 12 Internal Auditors have been already recruited while another 13 recruitments are being processed as reported by respective agencies.

Further, the DMA Circular 1/2017 which defines duties and responsibilities of the Internal Auditor has been issued for smooth functioning of IAUs. In addition to these, continuous monitoring measures have being taken to supervise the audit activities in development projects and minimize the weaknesses identified through internal audit.

Moreover, the following special investigations have been conducted by this department in relation to the development projects.

- Misuse of Vehicles in Colombo South Port Development Project
- Internal Audit in Social Insurance Network Project under the Ministry of Finance and Mass Media

3.4. Special Investigations and Audit Activities

The complaints received by the Hon. Minister of Finance and Mass Media and Secretary to the Ministry of Finance and Mass Media are forwarded to the Department of Management Audit by the Secretary for proper investigation with delegated authority. Then the reports on respective investigations are forwarded to the Secretary of the relevant Ministry or to the Head of the Institution for necessary actions, as per the instructions of the Secretary to the Treasury in order to prevention of future irregularities.

Accordingly, the Department of Management Audit has completed 19 investigations during the reported period in 2017 while another 21 investigations are being carried out. The details of investigations are given in following tables.

Investigations Completed up to 31 December 2017

No.	Institution	Key Issue in the Investigation
1	Gymkhana Club	Investigation on Misuse of Liquor License
2	Ministry of Hill Country New Villages Infrastructure and Community Development	Savumiamoorthi Thondaman Foundation
3	No. 05, Dewala Lane, Kotte	Illegal Construction on Dewala Lane
4	Peoples' Bank - Avissawella	Fraud on misplaced pawned Gold Jewelry
5	Department of Railway	Misuse of Public Money
6	Sri Lanka Customs	Non – payment of Incentives
7	Department of Census and Statistics – Sri Lanka	Irregularities in Present Administration
8	Ministry of Disasters Management	Expending of public money in inefficiently
9	Office of the Superintend of Police, Nuwaraeliya	Misuse of public money by the Accountant
10	National Insurance Trust Fund	Regarding activities of the Fund

11	Government Officers Benefit Association	107 Annual General Meeting – Office Bearers Selection
12	Ministry of Finance	Misuse of the vehicle - No KU-0392
13	Development Lottery Board	Irregularities in new recruitments and internal promotions
14	Anti – Corruption Front	Use of Pool Vehicles by the Officers entitle to Assigned Vehicles
15	Mr. Samantha Rukshan Jayawickrama - Mathara	Fraudulent Pension Obtaining
16	Department of Valuation	Suspended Service Minute of the Sri Lanka Institute of the Valuation
17	South Eastern University Of Sri Lanka	Corruptions in South Eastern University of Sri Lanka (Special Investigation on Foreign Training and Seminars in SEUSL)
18	Sri Lanka Insurance Corporation	Interdiction on False Allegations and Transferring to Beruwala
19	Sri Lanka Ports Authority	Edison duty free shops in Colombo Harbour

Investigations in progress as at 31.12.2017

No.	Institution	Nature of the investigation
1	Department of Customs	Investigation on 3 Kg Gold
2	Department Of Postal	Corruptions in Postal Divisions island wide
3	Department Of Postal	<ol style="list-style-type: none"> 1. Misuse of Public Money 2. Administrative weaknesses at Anuradhapura Post Office 3. Misuse of Money
4	National Scientific Council	Misuse of Public Money
5	Bank of Lankaputhra	Misuse of Public Money at Hambanthota Branch
6	Jaffna Post Office	Irregularities at Jaffna Post Office

7	Department Of Island Revenue	Regarding Senior Assistant Commissioner at Investigation Division
8	University of Sri Jayewardenepura	Frauds and Corruptions done by the Registrar
9	Ministry of Rehabilitation and Resettlement	Frauds
10	Colombo Port Construction Project	Selling of Machinery and Vehicles by improper manner
11	Sri Lanka Fisheries Harbour Corporation	Misuse of Public Money
12	Department of Inland Revenue	Removal of income Tax Files getting money from businessmen legible to pay tax at Kegalle Regional Office
13	Private Health Services Regulatory Council	Complaint against misuse of public money
14	Institute of Sri Lanka Standards	Fraud on obtaining official transport allowances by the officers not entitled for assign vehicles
15	Department of Customs – Sri Lanka independent Union	Court Case No – AR-82/2017/(B) 193/(17) Custom File No.
16	Department of Customs	Under valuation of vehicles
17	Department of Excise	Regarding Chief Excise Officer
18	Department of Inland Revenue	Misbehavior by violating Rules and Regulation
19	Ministry of States Infrastructures and Rural Development	Misuse of public Money without following Procurement Guidelines
20	International Training Center at Kothmaley	Irregularities and Misuse of public Money
21	Ministry of City Planning and Water Supply	Corruptions and Irregularities

Even though above investigations couldn't completed within the year 2017, majority of them were almost completed.

Special Audits Completed up to 31 December 2017

1. Web Based Payroll System – Department of Information Technology Management
2. Foreign Trainings Attended - Departments Under the Ministry of Finance

Special Audits in progress – Up to 31 December 2017

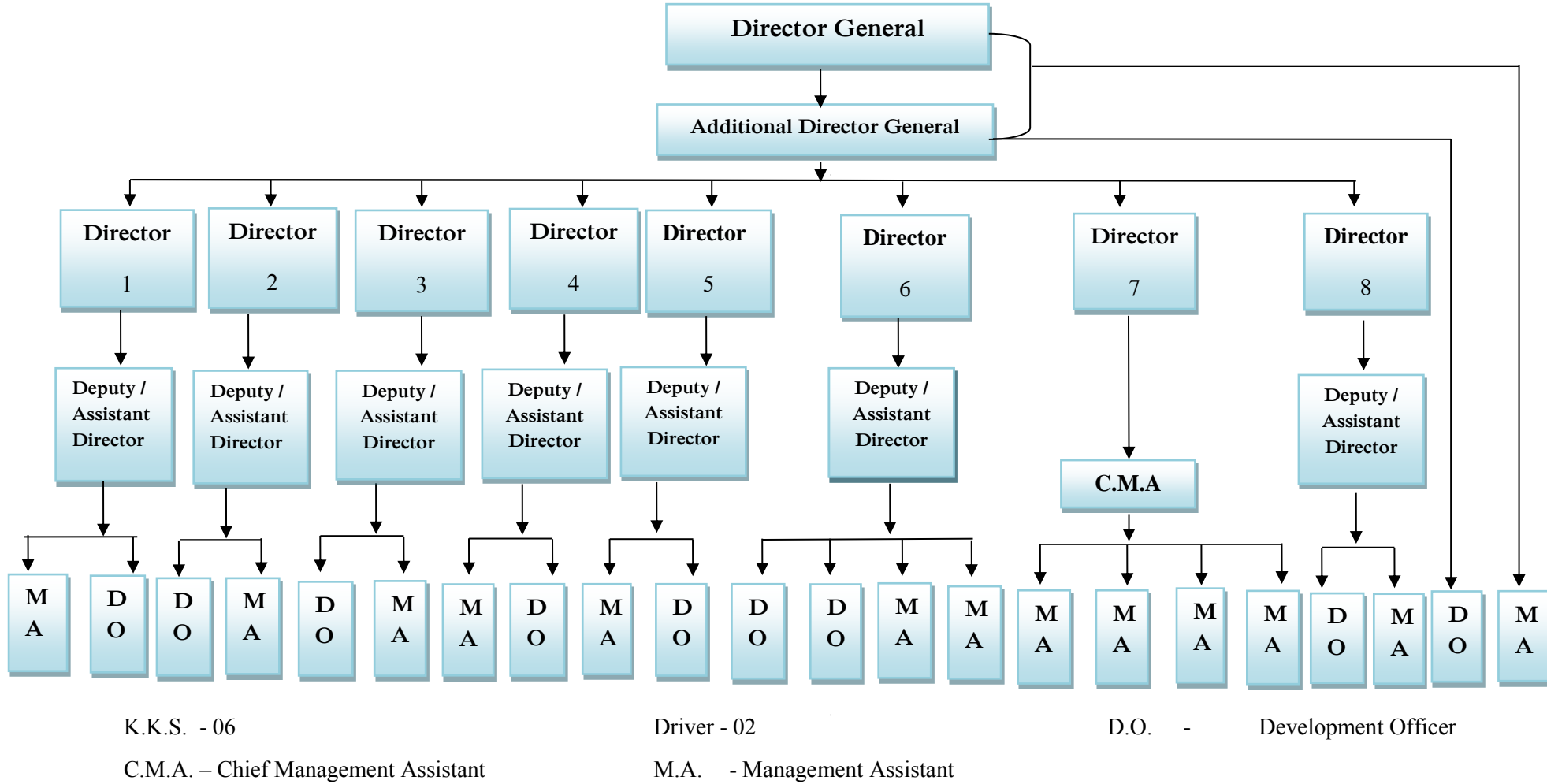
1. Special Audit on Issuing liquor licenses for Production and Sale
2. Special Audit Review on Island Account in 2016

3.5. Submission of Treasury Reports to the Committee on Public Accounts

When the government Ministries, Departments and Provincial Councils calls before the Committee on Public Accounts (COPA), the Department of Management Audit submits Treasury Reports in relation to each institution to the Committee. During the reported period in 2017, the Department of Management Audit has submitted 49 reports to the COPA and staff officers of this department have participated at these meetings.

04. Management of Human Resources and General Administration

4.1. Organizational Structure of the Department



4.2. The Staff

The following table shows the staff of Department of Management Audit as at 31.12.2017. It describes the details of Approved and Actual Cadre of this department at the end of December 2017.

Post	Cadre		
	Approved	Actual	Vacancies
Director General	01	01	-
Additional Director General	01	01	-
Director (SLAS)	01	00	01
Director (SLAcS)	05	04	01
Director (SLPS)	02	02	-
Deputy/ Assistant Director (SLAcS)	07	06	01
Research Assistant/ Development Officers	09	06	03
Public Management Assistant	14	11	03
Driver	07	02	05
Office Assistant	06	06	00
Total	53	39	14

4.3. Staff Training and Skill Development in 2017

4.3.1. Foreign Training Opportunities in 2017

Serial No	Name	Designation	Period	Training/ Session	Country
01	Mrs. M.A.K.P. Wijewantha	Director	22.01.2017 - 29.01.2017	Programme on Public Sector Leadership and Decision Making	Singapore
02	Mrs. B.T.N. Mali	Assistant Director	22.01.2017 - 29.01.2017	Programme on Public Sector Leadership and Decision Making	Singapore
03	Mrs. K.A.M. Kapurubandara	Deputy Director	13.02.2017 – 17.02.2017	Programme on Strategic Human Resource Management	Singapore
04	Mr. S.M. Dayarathne	Director	20.02.2017 – 26.02.2017	Programme on Negotiation and Conflict Resolution	Singapore
05	Mr. D.G.G.S. Dayanath	Director	20.02.2017 – 26.02.2017	Programme on Negotiation and Conflict Resolution	Singapore
06	Mrs. J.H. Fernando	Deputy Director	20.02.2017 – 26.02.2017	Programme on Negotiation and Conflict Resolution	Singapore
07	Mr.R.R.K.Nugapitiya	Director	18.03.2017- 27.03.2017	Training program on Strengthening Public Policy Making Process	Australia

08	Mr. S.M. Dayarathne	Director	17.03.2017 - 06.04.2017	Seminar on Chinas Experience in Reform & Opening up for Developing Countries	China
09	Mrs. K.P.G.U. Kariyawasam	Deputy Director	09.04.2017 - 29.04.2017	Programme on Public Audit Management	Korea
10	Mrs. M.A.K.P. Wijewantha	Director	15.05.2015 - 26.05.2017	Seminar on Economic Cooperation for South Asian Countries	China
11	Mrs. J.H. Fernando	Deputy Director	20.05.2017 - 06.06.2017	Alcohol Distribution Management and Promotion for Countries along the Silk Road Economic Belt 2017	China
12	Mrs. R.B. Gankewala	Director	31.05.2017 - 24.06.2017	Seminar on Financial Service and Cooperation for Developing Countries	China
13	Mr. A.N. Hapugala	Director	15.08.2017 - 26.08.2017	Seminar on Financial Services for China Development Assistance Project for Asian Countries	China
14	Mr. M.R.G.A.B. Muthukude	Director	15.08.2017 - 26.08.2017	Seminar on Financial Services for China Development Assistance Project for Asian Countries	China

15	Mr. A.N. Hapugala	Director	14.11.2017 - 26.11.2017	2 nd Country Study tour of Diploma in Public Procurement and Contract Administration (Miloda)	U.K.
16	Mrs. J. H. Fernando	Deputy Director	14.11.2017 - 26.11.2017	2 nd Country Study tour of Diploma in Public Procurement and Contract Administration (Miloda)	U.K.

4.3.2. Local Training Opportunities in 2017

The Following table illustrates the details of local training opportunities which the department utilized in the year 2017.

Serial No	Training/ Session	Institution	Period	Name of the Officer and Designation
01	Programme on Risk Based IT Auditing	Central Bank of Sri Lanka	06 -07.04.2017	Mrs. M.A.K.P. Wijewantha Director Mr. W.Wimalasena Director Mr. D,G.G.S. Dayanath Director Mrs. K.A.M. Kapurubandara Deputy Director Mr. W.M.D. Wijayabandara Assitant Director
02	Diploma in Public Procurement and Contract Administration (DIPPCA)	Miloda	2017 Course is in progress	Mr. A.N. Hapugala Director Mr. J.H. Fernando Deputy Director Mrs. M.A.K.P. Wijewantha Director Mr. S.M. Dayarathna – Director

03	Diploma in English for Professionals (DEP)	Miloda	2017 April – Course is in progress	Mr. W. Wimalasena Director Mr. W.M.D. Wijayabandara Assitant Director
04	Diploma in English for Junior Executives (DEJE)	Miloda	2017 June - Course is in progress	Mrs. M.D.S.S. Weerasinha Development Officer
05	Improvements of Attitudes and Skills for O.A.S. and Drivers	SDFL	22 – 23. 06.2017	Mr. J.A.G.N. Jayakody Mr. O.K.T. Thilanka
06	CIGAS Training	Miloda	11,12,13.07.2017	Mrs. M.G.N.S. Meegasmulla Mrs. M.W.A.S. Shanthamali Mr. M.G.N.S. Galappaththi

4.3.3.Planned Activities for carrying out during the year 2018

01. Update existing DMA's (Department of Management Audit) Circulars issued by the Department
02. Preparation of Policy Frame Work for the expansion of Internal Audit Activities to Provincial Councils and Local Government through Audit and Management Committees in order to strengthening Internal Audit.
03. Submission of a Summary Report to the Committee on Public Accounts (COPA) based on the reports issued by the Ministries and Departments after Quarterly Audit and Management Committees
04. Performance Evaluation of Internal Audit Activities of all Ministries, Departments and Chief Internal Auditors
05. Issuing a Procurement Audit Circular for strengthening Internal Control
06. Introduce an Internal Audit Check List for internal control in Local Funded Projects
07. Conduct Training Programme for the following Officers Attached to the Internal Audit Units
 - I. Certificate Course for Internal Auditors
 - II. Foreign Training for Chief Internal Auditors