

Appropriation Head - 265
District Secretariat - Mannar

Auditor General's report on the Accounts of the District Secretariat Mannar and the Offices of the Divisional Secretaries and Offices of Assistants Government Agents functioning there under - 2010

1. Key Activities of the District Secretariat

- Co-ordination of Government activities and Performance of the function delegated by law through officers and organizations at village and Divisional levels.
- Acting as an Agent of the other Ministries and Departments.
- Collection of revenue.
- Implementation of the Decentralized Budget Programme and other development activities.
- Assisting the Provincial Council in its activities and implementation of its foreign funded projects.
- Co-ordinate the activities on Non-Government organizations.

2. Offices of Divisional Secretaries and Offices of Assistant Government Agents under the District Secretariat.

- Divisional Secretariat, Mannar
- Divisional Secretariat, Nanaddan
- Divisional Secretariat, musali
- Office of Assistant Government Agent, Madhu
- Office of Assistant Government Agent, Manthi West

3. Annual Action Plan

The District Secretariat had prepared an Annual Action Plan at the beginning of the year of Accounts.

4. Accounts

4:1 Total Provision Expenditure

The total provision made for the District Secretariat Mannar and 03 Offices of Divisional Secretaries and 02 Offices of Assistants Government Agents functioning there under amounted to Rs 125,439,000 and out of that a sum of Rs. 122,501,750 had been utilized by the end of the year under review. Thus the net savings of 2,937,250 of the District Secretariat, the Offices of Divisional Secretaries and the Offices of Assistant Government Agents had been made and 2.34 per cent indicating the out of net provision. Details appear below.

Expenditure	Estimated Provision	Net Provision	Utilization	Savings	Saving as a Percentage of Total Net Provision
	Rs.	Rs.	Rs.	Rs.	%
Recurrent	90,950,000	92,389,000	92,336,701	52,299	0.06
Capital	33,050,000	33,050,000	30,165,049	2,884,951	8.73
Total	124,000,000	125,439,000	122,501,750	2,937,250	2.34

4:2 Utilization of Provisions made available by other Ministries and Departments

Provisions totalling Rs.650,717,163 had been made available as shown below by other Ministries and Departments for various purposes and the particulars of utilization of such provisions are given below.

Head	Ministry/ Department which made the provisions	Provisions	Actual Expenditure	Savings/Excess (As at 31 December)
		Rs.	Rs.	Rs.
17	Department of Elections	13,995,921	6,431,990	7,563,931
103	Ministry of Defence	16,000	9,583	6,417
105	Ministry of Economic Development	302,666,419	280,724,991	21,941,428
106	Ministry of Disaster Management	5,403,900	3,772,963	1,630,937
118	Ministry of Agricultural Development and Agrarian Services	138,500	64,222	74,238
120	Ministry of Child Development and Women's Empowerment	7,042,870	6,996,724	46,146
121	Ministry of Public Administration and Home Affairs	133,735	104,260	29,475
124	Ministry of Social service	9,813,760	8,333,402	1,480,358
133	Ministry of Science and Technology	5,538,226	5,448,188	90,038
145	Ministry of Resettlement	95,045,186	82,555,188	12,489,304
152	Ministry of Irrigation and Water Management	24,900	6,910	17,990
153	Ministry of Land and Land Development	446,390	421,909	24,481
160	Ministry of Environment and Natural Resources	35,000	34,882	118
174	Ministry of Rehabilitation and Prison Reforms	3,700,000	1,887,500	1,812,500

217	Department Probation and Child care Services	820,055	813,765	6,290
218	Department of Commissioner General of Samurdhi	1,526,240	1,053,572	472,668
252	Department of Census and Statistics	889,510	720,818	168,692
253	Department of Pensions	202,789,051	168,802,021	33,987,030
254	Department of Registrar General	350,000	338,058	11,492
307	Department of Motor Traffic	341,500	189,826	151,674
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		<u>650,717,163</u>	<u>568,710,772</u>	<u>82,005,207</u>

4.3 Audit and Scope of Audit

The Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the District Secretariat Mannar for the year ended 31 December 2010 were audited 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 District Secretary on 01 August 2011. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and the 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 as audit coverage as possible within the limitations of staff, other resources and time available to me.

4:4 Responsibility of the Accounting Officer for the Accounts and the Reconciliation Statements

The Accounting Officer is responsible for the maintenance, preparation and fair presentation of the Appropriation Account, Revenue 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 and the Public Financial 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.

4:5 Audit Observations on the Accounts and Reconciliation Statements

According to the Financial Accounts and the Books of District Secretariat Mannar for the year ended 31 December 2010 it was observed that except for the effects of the general observations appearing at (a) to (d) and the other major audit observations appearing in paragraphs 4.3 to 4.13 herein the Appropriation Account and the Reconciliation Statements of the District Secretariat Mannar have been prepared satisfactorily.

(a) Presentation of Accounts

The District Secretariat had presented the following accounts by 31 March 2011

Head/ Revenue Code/ Item Number	Name of Accounts	Date of presentation
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265	Appropriation Account	30 March 2011
265-01	Advances to Public Officers Account	24 March 2011

- (i) It was observed during audit test checks that the District Secretariat had not maintained the following registers while certain other registers had not been maintained in the proper and updated manner.

Type of Register	Relevant Regulation	Observations
a) Register of Fixed Assets	Teasury Circular No.842 of 19 December 1978	Action had not been taken to maintain these registers in accordance to the Rules and Regulations
b) Register of Fixed Assets on Computers, Accessories and Software	Teasury Circular No.1A1/2002/02 of 28 November 2002	
c) Register of Liabilities	Financial Regulation 214	
d) Register of Losses and Damages	Financial Regulation 110	

- (ii) Replies for 05 and 01 audit queries issued during the year under review and the previous year respectively to the District Secretariat had not been submitted even up to the date of this report.

(b) **Imprest Account**

- (i) Contrary to the provisions of Financial Regulation 371 sub - imprest had been settled 15 to 131 days after the completion of the purpose.
- (ii) Advances had been granted to certain officers who were not in the staff grade contrary to FR 371 in the Divisional Secretariats.

(c) **General Deposit Account**

Action in terms of Financial Regulation 571 had not been taken on remaining balances of deposits amounting to Rs.7,365,877 older than 02 years.

(d) **Reconciliation Statement of the Advances to Public Officers.**

According to the Reconciliation Statement of the Advances to Public Officers Account as at 31 December 2010 the balances that remained outstanding as at 31

December 2010 totalled Rs. 317,272 and the follow up action on the recovery of those outstanding balances had been at a weak level.

4:6 **Assets Management**

(a) **Idle and Underutilized Assets**

It was observed during audit test checks that certain assets remained either idle or underutilized as analysed below at the District Secretariat.

Category of Assets	Number of Units	Period of Idling or Under utilization
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i Motor Vehicles	03	03
ii Machinery (Generator)	04	04

(b) **Conduct of Annual Boards of Survey.**

The District Secretariat had not taken necessary action to appoint and conduct the Boards of Survey and reported same to the Auditor General up to 30 April 2011 in terms of F.R 756 and Public Finance Circular No. 441 of 09 December 2010.

(c) **Unsettled Liabilities**

The unsettled liabilities of the District Secretariat as at 31 December 2010 amounted to Rs. 170,618 and these liabilities remained unsettled for less than one year.

4.7 **Irregular Transactions**

Certain transactions entered into by the Divisional Secretariats were irregular. A few such instances observed are given below

(a) The Regional Procurement Committees had not been set up in **any** of the Divisional Secretariat in Mannar District according to Section 2.7.7 of the Procurement Manual and Procurement Guideline. Instead, the Divisional Secretaries had appointed the procurement Committees.

(b) It was observed that the most of the instances the District Secretariat had failed to take optimal decisions on selecting suitable supplier.

- (c) Expenditure amounting to Rs. 280,500 had been incurred on tinkering and painting of a vehicle. According to the works completion certificate of the Examiner of Motor Vehicles of the District Secretariat, this vehicle had been released from Motor Garage only on 07 March 2011. However, the whole payment had been made on 31 December 2010 before completion of the above works.
- (d) A sum of Rs. 385,863 had been spent for engine room, a security rest room and a room for the dogs. Even though according to the bid documents and the agreement with the contractor it was planned to construct only an Engine room, at the physical verification it was observed that in excess to the Engine room a security rest room and a room for the Dogs had also been constructed without any purpose and no provisions in the annual estimate. Further, the actual expenditure had been exceeded by 117,461 with compared to the Engineer Estimate.
- (e) The paddy advance amounting to Rs. 98,632 had been utilized for purchasing the drinking water without proper authority.
- (f) A sum of Rs.253,942 had been paid based on the per- forma invoices and copy of the bills.
- (g) Even though a sum of Rs.40,460 had been paid on 31 December 2010, the bills dates were 07,10 and 17 January 2011.

4.8 **Deficiencies in the Operation of Bank Accounts**

Information revealed at an analysis of the adjustments shown in the Bank Reconciliation Statements prepared for December 2010, 73 cheques issued at the value aggregating Rs. 1,745,645 had not been presented for payments for more than 6 months.

4.9 **Non-compliances**

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

Instances of non-compliance with the provisions of laws, rules, and regulations observed during audit test checks are analyzed below.

<u>Reference to Laws, Rules and Regulations</u>	<u>Value</u>	<u>Non-compliance</u>
	Rs.	
Financial Regulations -----		
FR 1645	Unable to ascertain the value	Daily running charts had not been properly maintained
FR 751	Unable to ascertain the value	Ten received items had not been recorded in the inventory register, Issue order and receipt order had not been prepared for issue of 05 items
Circular Provisions Treasury Circulars -----		
Treasury Circular No 28 of 24 March 2006	Unable to ascertain the value	Procurement Plan for the year 2010 had not been prepared
-	84,456	Action had not been taken to settle the loan balances relating to transferred officers
National Budget Circular No 01/2004 of 24 February 2004	Unable to ascertain the value	Performance Report for the year 2010 had not been presented on the due dates
Establishments Code -----		
Section 4.6 of chapter xxiv	71,303	Action had not been taken to settle the loan balances relating to vacated officers

(b) **Non-compliance with Tax Requirements**

Instances of action taken without complying with tax requirements observed during audit test checks are given below.

5% Withholding Tax (WHT) amounting to Rs. 2,275 had not been deducted from the payments to suppliers out of the total payments of Rs. 280,500 contrary to Section 153 of the Inland Revenue Act No 10 of 2006.

4:10 Weaknesses in the Implementation of Projects

Instances of abandoning projects without commencing, abandoning projects without completing and delays in projects revealed during audit test checks are given below

Delays in the Execution of Projects

Delays were observed in the execution of the following projects by the District Secretariat.

Project	Estimated Cost	Date of Commencement	Due Date of Completion	Expenditure up to 31 December 2010	Reasons for Delay
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	Rs.			Rs.	
Lavatory Compartment of AGA's office Manthai-West.	225,000	20 October 2010	31 December 2010	212,079	Sufficient reasons had not been furnished by the District Secretariat
Cycle and Vehicle Shed at AGA office.	499,000	31 October 2010	31 December 2010	456,656	
Engine Room at GA New Residency.	440,000	31 August 2010	01 December 2010	312,340	

4:11 Losses and Damage

Losses and Damages valued at 2,760,000 were revealed at audit checks and from the information maintained at the District Secretariat.

4.12 Human Resources Management

Approved Cadre and Vacancies

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

	<u>Category</u>	<u>Approved Cadre</u>	<u>Actual Cadre</u>	<u>Number of Vacancies</u>
i	Senior Level	32	19	13
ii	Secondary Level	311	223	88
iii	Primary Level	<u>51</u>	<u>36</u>	<u>15</u>
	Total	<u>394</u>	<u>278</u>	<u>116</u>

4.13 Internal Control

Implementation of Management and Audit Committees

The Management and Audit Committee meeting had not been held as specified in terms provisions in Public Finance Circular No. PF/PE/7 of 15 March 2000.