

**Appropriation Head - 267**  
**District Secretariat - Mullaitivu**

Auditor General's report on the on the Accounts of the District Secretariat Mullaitivu and the Offices of the Assistant Government Agents functioning there under - 2010

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1. **Key Activities of the District Secretariat.**

- i. Distribution and management of poverty reduction initiatives.
- ii. Administration of disaster relief and rehabilitation projects.
- iii. Planning and oversight of development projects.
- iv. Coordination of elections.
- v. District project administration and direction.
- vi. Collection of revenue

2. **Offices of the Assistant Government Agent under the District Secretariat.**

- (a) Maritimepattu.
- (b) Oddusudan.
- (c) Manthai East.
- (d) Thunukkai.
- (e) Puthukudiyuruppu.

These Offices of the Assistant Government Agent had been up-graded as Divisional Secretariats with effect from 01 January 2011.

3. **Annual Action Plan**

The District Secretariat had not 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 Mullaitivu and 05 Offices of the Assistant Government Agent functioning there under amounted to Rs.99,395,000 and out of that a sum of Rs.95,848,813 had been utilized by the end of the year under review. Thus the net savings of Rs. 3,546,187 of the District Secretariat and Offices of the Assistant Government Agent had made 3.57 per cent indicating out of net provision. Details appear below.

<b>Expenditure</b>	<b>Estimated Provision</b>	<b>Net Provision</b>	<b>Utilization</b>	<b>Savings</b>	<b>Saving as a Percentage of Total Net Provision</b>
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	Rs.	Rs.	Rs.	Rs.	%
<b>Recurrent</b>	68,625,000	68,625,000	66,142,553	2,482,447	3.62
<b>Capital</b>	30,770,000	30,770,000	29,706,260	1,063,740	3.46
<b>Total</b>	99,395,000	99,395,000	95,848,813	3,546,187	3.57
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#### 4.2 Utilization of Provisions made available by other Ministries and Departments

Provisions totalling Rs.362,796,152 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 Number	Ministry/ Department which made the provisions	Provisions	Actual Expenditure	Savings (As at 31 December 2010)
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		Rs.000	Rs.000	Rs.000
105	Ministry of Economic Development	65,417	61,547	3,870
106	Ministry of Disaster Management	1,365	1,178	187
117	Ministry of Highways	9,504	9,043	461
118	Ministry of Agricultural Development and Agrarian Service	72	46	26
120	Ministry of child Development and Women empowerment	75	52	23

121	Ministry of Public Administration and Home affairs	5,773	4,697	1,076
124	Ministry of Social Services	978	936	42
140	Ministry of Livestock and Rural Community Development	500	410	90
145	Ministry of Resettlement	124,063	122,439	1,624
153	Ministry of Land and Land Development.	276	264	12
204	Department of Hindu religious and cultural affairs	7,275	7,231	44
217	Department of Probation and Child care Services	283	247	36
252	Department of Census and Statistics	533	424	109
253	Department of Pensions	144,892	78,808	66,084
254	Registrar General's Department	1,790	1,337	453
	<b>Total</b>	<b>362,796</b>	<b>288,659</b>	<b>74,137</b>

4:3 **Audit and Scope of Audit**

The Appropriation Account including the financial records, reconciliation statements, books, registers and other records and the Revenue Account/Accounts of the District Secretariat Mullaitivu 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 to Mullaitivu on 18 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**

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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 Observation on the Accounts and Reconciliation Statements**

According to the Financial Accounts and the Books of the District Secretariat 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 4.6 to 4.12 herein the Appropriation Account, this Revenue Accounts and the Reconciliation Statements of the District Secretariat Mullaitivu have been prepared satisfactorily.

(a) **Presentation of Accounts**

- (i) The District Secretariat had not presented the following accounts by 31 March 2011.

Head/ Item Number	Name of Accounts
267	Appropriation Account
26701	Advances to Public Officers Account.

- (ii) 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	Treasury Circular No.842 of 19 December 1978	Action had not been taken to maintained these registers in accordance to the relevant Rules and Regulations.
b) Register of Fixed Assets on Computers, Accessories and Software	Treasury Circular No.1A1/2002/02 of 28 November 2002	
c) Register of Liabilities	Financial Regulation 214.	
d) Register of Losses and Damage	Financial Regulation 110.	

- (iii) Five transactions of the District Secretariat totalling Rs.283,910 could not be satisfactorily vouched in audit due to the unavailability of evidence such as receiver signature, tender details, approval, satisfactory report, tender procedure.

(b) **Budgetary Variance**

- (i) The entire net provisions amounting to Rs. 50,000 made under 1-1-0-1404 Objects of Head 267 had been saved.

(c) **General Deposit Account**

- (i) Action in terms of Financial Regulation 571 had not been taken on unclaimed balances of deposits amounting to Rs. 174,161 older than 02 years.
- (ii) An age analysis was not made available for the Deposit Account Balances.

(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. 558,480 and the follow up action on the recovery of those outstanding balances had been at a weak level.

4:6 **Assets Management**

(a) **Conduct of Annual Boards of Survey**

The following observations are made.

- (i) Action in terms of the regulations had not been taken on the excesses and shortages reported and other recommendations made in the Board of Survey Reports in respect of the year 2010.
- (ii) Even though the District Secretariat and Assistant Government Agent Offices should conduct an Annual Board of Survey in terms of Financial Regulation 756 and Public Finance Circular No. 436 Department of Public Finance. The District Secretariat and Divisional Secretariats / AGA's office had conducted Boards of Survey for the year 2010 after lapses of more than two month from the date prescribed in terms of Public Finance Circular.

(b) **Unsettled Liabilities**

The unsettled liabilities of Rs. 108,767 in the District Secretariat as at 31 December 2010 remained for less than one year.

The following observation is also made.

- Even though liabilities valued at Rs 108,767 of the current year had been settled on the following year they had not been included into the liabilities list of the Appropriation Account 2010.

4:7 **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.

<b>Reference to Laws, Rules and Regulations</b>	<b>Value</b>	<b>Non-compliance</b>
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	Rs.	
(i) Statutory Provisions -----		.
Section 2.11.3 of the Procurement Guideline 2006	804,164	One of the member of the TEC had not signed in the report.
(ii) Financial Regulations -----		
Financial Regulation 104(3) and (4).	45,977,461	Losses and damages due to war situation had not been furnished to the Auditor General.
Financial regulations No. 237(a)	6,845,312	Payment had been made prior to completion of the construction works.
(iii) Provisions of Circulars -----		
Treasury Circulars -----		
(a) Public Finance Circular No.402 of 12 September 2002.	-	The Performance Reports for the year 2010 had not been presented on the due date.
(b) National Budget Circular 28 of 24 March 2006	-	A Procurement Plan for the year 2010 had not been prepared.

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

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

- Withholding Tax amounting to Rs. 31,669 had not been recovered from purchasing contrary to the provision of the Inland Revenue Act no. 10 of 2006.

**4:8 Weaknesses in the Implementation of Projects****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	Reasons for Delay
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	Rs.			Rs.	
1. Renovation of Boundary wall of the quarters at District Secretariat, Mullative	1,600,000	05 December 2011	28 December 2011	1,416,245	
2. Improvement of Conference Hall at the office of the Assistant Government Agent, Manthai East	710,000	05 December 2011	28 December 2011	586,833	Works had been delayed due to bad weather and the lack of raw materials.
3. Construction of quarters at the office of the Assistant Government Agent, Oddusudan	4,514,000	09 October 2011	28 December 2011	452,598	
4. Construction of three bed rooms quarters at the District Secretariat, Mullative	4,280,000	22 September 2011	30 December 2011	3,968,460	
5. Construction of three bed rooms quarters at the District Secretariat, Mullative	6,803,000	27 September 2011	30 December 2011	6,713,631	



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

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**Balances for Adjustment**

At an analysis of the adjustments shown in the Bank Reconciliation Statements prepared for year 2010 by the District Secretariat, it was revealed that the Cheques issued but not presented for payment over 06 Months and less than 01 year amounted to Rs. 2,093,544

4:10 **Losses and Damages**

Losses and damages valued at Rs. 45,977,461 were revealed at audit checks and from the information maintained at the District Secretariat.

4:11 **Human Resources Management**

(a) **Approved Cadre and Vacancies**

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

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	27	10	17
(iii)	Secondary Level	275	155	120
(iv)	Primary Level	32	20	12
	Total	334	185	149

4:12 **Internal Control**

(a) **Internal Audit**

No internal audit had been carried out by the District Secretariat and Assistant Government Agent Offices.

(b) **Implementation of the Audit and management Committee**

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 District Secretary and four Assistant Government Agent Offices had not conducted any Audit and Management Committees during the year under review.