

Appropriation Head - 266

Auditor General Report on the Accounts of the District Secretariat Vavuniya and the Divisional Secretaries functioning there under -2012

1.1 Key Activities of the District Secretariat.

- i. Co-ordination of government activities and performance of the function delegated by law through officers and organization at village divisional and district levels.
- ii. Acting as an agent of the other Ministries, Departments and Statutory Boards.
- iii. Collection of revenue
- iv. Financial Management and Accounting of allocated Funds.
- v. Implementation of the Decentralized Budget Programme.
- vi. Monitoring various foreign funded projects and directing towards the accepted developments policies.
- vii. Assisting the Provincial Council in its activities.
- viii. Proper co-ordination of activities of Departments and Statutory Boards in the district by maintaining cordial relationship.
- ix. Proper supervision of Divisional Secretariats and Grama Niladharies in order to provide efficient services to the public.
- x. Implementing the decisions of the government and assisting to restore normalcy.
- xi. Implementing the “Citizen Charter” to ensure timely Services.

1.2 Divisional Secretariat’s under the District Secretariat.

- a) Vavuniya South Tamil
- b) Vavuniya South Sinhala
- c) Vavuniya North
- d) Vangalacheddikulam

1.3 Scope of Audit

The Appropriation Account including the financial records, reconciliation statements, books, registers and other records and the Accounts of the District Secretariat Vavuniya for the year ended 31 December 2012 was 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 11 July 2013. 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.

1.4 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Accounts and the Reconciliation Statements.

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation 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.

1.5 Audit Observations

According to the Financial Accounts and the Books of the District Secretariat for the year ended 31 December 2012, it was observed that except for the effects of the general observations appearing at (a) to (f) and the other major audit observations appearing in paragraphs 1.6 to 1.12 herein the Appropriation Account and the Reconciliation Statements of the District Secretariat Vavuniya have been prepared satisfactorily.

(a) Presentation of Accounts

 The District Secretariat had presented the following accounts by 31 March 2013.

Head/ Revenue Code/ Item Number	Name of Accounts	Date of presentation of account
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266	Appropriation Account	27.03.2013
26601	Advances to Public Officers Account	28.02.2013

(b) Non-maintenance of Books & Records

- (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 proper and updated manner.

Type of Register	Relevant Regulation
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Register of Fixed Assets	Treasury Circular No. 842 of 19th December 1978
Register of Fixed Assets on Computers, Accessories and Soft Ware	Treasury Circular No.1A1/2002/02 of 28 November 2002
Register of Losses and Damages	Financial Regulation 110 (1)

- (ii) Twenty two numbers of transactions of the District Secretariat totalling Rs 1,203,176 could not be satisfactorily vouched in audit due to the unavailability of evidence such as bills, approvals, procurement documents etc.
- (iii) Eleven instances of recurrent expenditure amounting Rs. 345,707 had been erroneously classified and brought to account under various object codes as capital expenditure in District Secretariat Vavuniya.
- (iv) Three instances of recurrent expenditure amounting Rs. 89,530 had been erroneously classified and brought to account under various object codes in the Divisional Secretariat Vavuniya North

(c) Appropriation Account**(i) Total Provision and Expenditure**

The total provision made for the District Secretariat Vavuniya and four Divisional Secretariats functioning thereunder amounted to Rs.167,339,888 and out of that a sum of Rs. 163,216,474 had been utilized by the end of the year under review. Thus the net savings of the District Secretariat amounted to Rs 4,123,414 representing 2.46 per cent. Details appear below.

Expenditure	Estimated Provision As at 31 December 2012	Net Provision As at 31 December 2012	Utilization As at 31 December 2012	Savings As at 31 December 2012	Saving as a Percentage of total Net Provision As at 31 December 2012
	Rs.	Rs.	Rs.	Rs.	%
Recurrent	119,500,000	131,339,888	130,590,286	749,602	0.57
Capital	36,000,000	36,000,000	32,626,188	3,373,812	9.3
Total	155,500,000	167,339,888	163,216,474	4,123,414	2.46

(ii) Utilization of Provisions made available by other Ministries and Departments.

Provisions totalling Rs. 716 million comprising of Rs. 144 million and million 572 had been received from 16 Ministries and 10 Departments respectively for various activities out of this a sum Rs. 684 million comprising of Rs. 130 million and Rs. 554 million respectively had been utilized. Accordingly Provisions of Rs. 32 million had been saved.

(iii) Public Expenditure Management

Although 2 per cent and 9 per cent of provisions should have been save from the recurrent and capital expenditures respectively provided in the Annual Budget Estimate for the year 2012 in terms of National Budget

Circular No. 155 dated 30 December 2011, only 0.57 per cent in respect of recurrent expenditure had been saved by the District Secretariat.

(iv) Fuel and Electricity Expenditure Management

Although the instructions made by Treasury Circular No. 156 dated 16 February 2012 that, expenditure should be managed within provisions made through the budget for fuel and electricity expenditures and additional funds shall not be obtained from Treasury and transfer of provisions under FR 66 shall not be get approved by the Treasury, however as sum of Rs. 850,000 provisions had been transferred under FR 66 during the year under review.

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

Limits Authorized by Parliament

Limits authorized by Parliament relating to Advances to Public Officers Account No: 26601 and the actual values are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10,000,000	8,291,166	7,000,000	7,988,254	40,000,000	32,843,124

The following observations are made

- (i) According to the Reconciliation Statement of the Advances to Public Officers Account as at 31 December 2012 the balances that remained outstanding as at 31 December 2012 totalled Rs. 1,261,490 and the follow up action on the recovery of those outstanding balances had been at a weak level.
- (ii) The District Secretariat had granted two loans amounting to Rs 99,000 without complying with the provision of No. XXIV of the Establishments Code

- (iii) The difference of Rs. 34,800 had been observed between books maintained by the District Secretariat, Vavuniya and Treasury computer printout in respect of debit balance.

(e) **Imprest Account**

The debit balances and credit balances of the Imprest Accounts of the District Secretariat as at 31 December 2012 amounted to Rs. 1,243,742,665 and Rs. 1,243,742,217 respectively, and the difference Rs. 448 had been settled only on 15 January 2013.

(f) **General Deposit Account**

The balance of the General Deposit Account of District Secretariat as at 31 December 2012 amounted to Rs 63,817,283 and details are given below.

Account No	Balance as at 31 December 2012
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	Rs.
6003/0/0/42/0	63,817,283

The following observations were made.

- (i) Action in terms of Financial Regulation 571 had not been taken in respect of 40 balances of deposits amounting to Rs 2,337,816 older than 02 years.
- (ii) According to Financial Regulation 565(5) a monthly abstract statement of Deposit in Form General 71 to be sent to audit before the end of the following month, contrary to the FR provision the District Secretariat & 4 Divisional Secretariats had not sent abstract statement of deposit's to Audit for the year 2012.
- (iii) Half yearly statement of lapse deposits had not been prepared by the District Secretariat in terms of Financial Regulation 571.

1.6 Accountability and Good Governance

1.6.1 Corporate Plan

Even though a Corporate Plan should be prepared by the District Secretariat at the beginning of the year at least for 3 ensuing years from the year 2010 in terms of letter No.PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of the Department of Public Finance addressed to all Secretaries of the Ministries, Chief Secretaries of the Provincial Councils, Heads of the Departments, District Secretaries and Heads of the Local Authorities, the above Plan had not been prepared by District Secretariat up to 31 December 2012.

1.6.2 Internal Audit

Internal audit had not been carried out by the District Secretariat and Divisional Secretariats in the year 2012

1.7 Asset Management

(a) Idle and Underutilized Assets

It was observed during the audit test checks that certain assets remained either idle or underutilized as analyzed below.

Category of Assets	Number of Units	Period of Idling or Under utilization
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<u>Motor Vehicles</u>		
(i) vehicle	01	2 years
(ii) Pickup	02	3 years

(b) 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 Boards of Survey Reports in respect of the year 2012 in accordance with the Public Finance Circular No: 438 dated 13 Nov 2009.
- (ii) The boards of survey in respect of all Grama Sevaka offices had not been carried out in terms of Financial Regulation No. 756 and 757 for the year 2012 and previous years.

(c) Unsettled Liabilities

The unsettled liabilities of the District Secretariat less than one year as at 31 December 2012 was amounted to Rs 3,140,590.

1.8 Non-compliance

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.

Reference to Laws, Rules and Regulations	Value	Non-compliance
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	Rs.	
Financial Regulations -----		
F.R. 110 (1)	284,838	Losses amounting to Rs 284,838 relating to several incidents had not been taken into register pertaining to losses.
FR 108 (1) (c) & F.R. 109(1)	79,647	a) Action had not been taken to write off the losses over 25 years after taking necessary action.
	35,242	b) Although approval to write-off the losses amounting to Rs.35,242 had been obtained from the Secretary to the Public Administration and Home Affairs, action had not been taken to write-off the losses even up to the date of this report.
FR 1646	-	District Secretariat had not presented daily running charts and monthly performance summary Reports for the year 2012

1.9 Deficiencies in the Operation of Bank Accounts

Balances for Adjustment

Information revealed at an analysis of the adjustments shown in the Bank Reconciliation Statements prepared for December 2012 by the District Secretariat and four Divisional Secretaries that cheques issued but not presented for payment for over six months amounted to Rs. 3,535.

1.10 Irregular Transactions

The following observations are made in this connection.

- (a) Since the former District Secretary had not handed over the District Secretary’s Residence to the new District Secretary from May 2012 to June 2012, the latter had to use a Temporary Residence at Mannar Road, Vavuniya. Further, it was observed that the water bill and electricity bills amounting to Rs 79,708 had been settled by the District Secretary for both temporary and none handing over residence during the year under review.
- (b) According to the field inspection carried out on 5 October 2012 in respect of construction of “Moolasthanam Foundations” at 3 Temples within the area of the Vengalachcheddikulam Divisional Secretariat, under the provision of Ministry of Hindu Religious and Cultural Affairs, it was reviled that a sum of Rs. 270,000 or 72 per cent of the estimate had been paid to the constructors on 29 June 2012 without commencement of the work even the date of inspection. However the technical officer had been issued the works completion report on 25 April 2012.

1.10 Human Resources Management

Approved Cadre and Vacancies

The position of the cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
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(i) Senior Level	18	13	7	2

(ii) Tertiary Level	7	5	2	--
(iii) Secondary Level	291	171	120	--
(iv) Primary Level	67	53	14	--
(v) Others (Casual/ Temporary and Contract Basis)	--	07	--	--
Total	383	249	143	2