

Head 264 - Report of the Auditor General on the District Secretariat, Jaffna for the year 2013

1.1 Key Activities of the District Secretariat.

- (a) Providing computer net-work for District Secretariat and Divisional Secretariats, Introduction of internal and external net-work.
- (b) Midterm training for Government officers, depending on their position.
- (c) The produces in Jaffna District may be given sufficient physical and financial provision to plan and implement the development project.
- (d) Providing education, health to poor people who comes under poverty line and granting assistance or livelihood assistance to raise their education standard.
- (e) Ensuring to provide pure public goods and services at village, division and district level such as birth, marriage and death registration without delay.
- (f) Appointment of committees on village level by disaster management service unit and rendering immediate relief assistance on the spot.
- (g) Preserve or protection of traditional cultural values or movements by conducting cultural festivals in appropriate time.
- (h) Coordination of elections.

1.2 Divisional Secretariats under the District Secretariat.

- (a) Delft
- (b) Island South
- (c) Karainagar
- (d) Island North
- (e) Jaffna

- (f) Nallur
- (g) Valikamam South West
- (h) Valikamam West
- (i) Valikamam South
- (j) Valikamam North
- (k) Valikamam East
- (l) Thenmaradchy
- (m) Vadamaradchchy South West
- (n) Vadamaradchchy North
- (o) Vadamaradchchy East.

1.3 Scope of Audit

The Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the District Secretariat Jaffna for the year ended 31 December 2013 was audited in pursuance of provisions in 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 10 November 2014. 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, other statutory provisions and the Public Finance 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 records and the books of the District Secretariat for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing at (a) to (e) and the other major audit findings appearing in paragraphs 1.6 to 1.15 herein the Appropriation Account and the Reconciliation Statements of the District Secretariat, Jaffna have been prepared satisfactorily.

(a) Presentation of Accounts

The District Secretariat had not presented the Revenue Accounts for audit by 31 March 2014.

(b) Non-maintains of Books and Records

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

Type of Registers	Relevant Regulations
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Pension – Surcharge Register	Kachcheri Manual 4:4(II)
Pension – Different type of pension	Kachcheri Manual 4:2(I)
Register of Counterfoil books	Kachcheri Manual 5:10
Catalogue of books	Kachcheri Manual 5:9
Register of Telephone	Financial Regulation 846 (3), 845(1)
Supplementary Ledger	Financial Regulation 533
Vault Stock Record	Financial Regulation 533
Register of Unpaid wages	Financial Regulation 290(1)
Register of Losses	Financial Regulation 110
Register of Cheques	Financial Regulation 533
Vehicle Daily Running charts	Financial Regulation 1646, 1647

- (ii) Two hundred and twenty eight transactions of the District Secretariat totalling Rs. 11,003,201 could not be satisfactorily vouched in audit due to the unavailability of evidences such as work completion report, quotations, procurement minutes, invoice, receipt, inventory certificate, approval for extra fuel, approval letter, etc.

(c) Appropriation Account

(i) Total Provision and Expenditure

The total net provision made for the District Secretariat amounting to Rs. 608,793,833 and out of that a sum of Rs. 608,134,414 had been utilized by the end of the year under review. Accordingly, the net savings amounted to Rs. 659,419 or 0.11 Per cent of the total net provision. Details appear below.

As at 31 December 2013				
Expenditure	Net Provision	Utilization	Savings	Saving as a percentage of total net Provision
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	Rs.	Rs.	Rs.	
Recurrent	563,943,833	563,517,243	426,590	0.08
Capital	44,850,000	44,617,171	232,829	0.52
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	608,793,833	608,134,414	659,419	0.11
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(ii) Budgetary Variance

- The entire net provisions amounting to Rs. 10,113,701 made under eight objects had been saved.

- Excess provisions had been obtained for ten objects and as such the savings there under after the utilizing the provisions ranged between 5.1 per cent to 80 per cent.
- Satisfactory reasons had not been given for the savings totalling Rs. 10,414,779 for ten objects.

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

 Provisions totalling Rs. 4,333,008,649 had been received from 18 Ministries and 16 Departments respectively for various activities and out of this, sums totalling Rs. 4,271,576,186 had been utilized. Accordingly, the saving was Rs. 61,432,463 and it was 1.42 per cent of the total provisions received.

(iv) Revenue Account

 Following observations are made.

- Statement of arrears of revenue had not been prepared and submitted to audit in terms of Financial Regulation 128(2)(c).
- Revenue totalling Rs. 28,952,611 had been collected from the issue of Route Permits and out of that, a sum of Rs. 5,945,219 had been utilized by the District Secretariat. The balance of Rs. 23,007,392 had been retained in the General Deposit Account over a long period.

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

Limits Authorized by Parliament

 Limits authorized by Parliament relating to Advances to Public Officers Account No.26401 of the District Secretariat Jaffna 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.
43,000,000	40,915,367	25,000,000	32,787,932	110,000,000	102,355,969

The following observations are made.

- According to the Reconciliation Statement of the Advances to Public Officers Account as at 31 December 2013 the balances that remained outstanding totalled Rs. 581,901 and the follow up action on the recovery of those outstanding balances had been at a weak level.
- The District Secretariat had granted distress loans amounting to Rs.24,655,399 without complying with the provisions of regulations relating to the grant of loans.
- A difference of Rs. 47,464 had been observed between an amount shown in the departmental books and General Treasury Computer Printout of the reconciliation statement. In this regard action had not been taken to rectify the above differences for the period ranging from 17 to 19 years.
- Two years loans aggregating to Rs. 2,749,920 had been paid to five officers without obtaining the approval from the Secretary to the Ministry of Defence in terms of Section 14:1 of the Public Administration Circular No. 29/88 of 30 August 1988.
- A staff officer had been paid two years loan amounting to Rs. 751,680 without obtaining the approval from the Secretary of the Ministry of Public Administration and Home Affairs in terms of Section 14:5 of the Public Administration Circular No. 29/88 of 30 August 1988.
- The differences between the departmental books and Treasury Computer printouts amounting to Rs. 38,782 had been waived off without obtaining the approval from the Secretary of the Ministry of Public Administration and Home affairs in terms of Public Finance Circular No. 369 of 18 October 1999.

(d) Imprest Account

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- (i) Ad hoc sub- imprests totalling Rs. 110,000 had been paid in three instances to two non-staff grade officers contrary to the provisions of Financial Regulation 371.
 - (ii) Sub – imprests totalling Rs. 983,971 had been allowed to be settled from 01 to 09 months after the completion of the purposes contrary to the provisions of Financial Regulation 371.
 - (iii) In terms of Financial Regulation 371 sub - imprests could be paid to an staff officer only Rs. 20,000 at a time. However contrary to the regulations sub – Imprest totalling to Rs. 1,513,126 had been paid in 14 instances exceeding Rs. 20,000.

(e) General Deposit Account

Following observations are made.

- (i) Action in terms of Financial Regulation 571 had not been taken to settle the suitors balances keeping in the General Deposit account amounting to Rs. 3,030,586 for several years and age analysis of these had not been furnished for audit.
- (ii) Action in terms of Financial Regulation 571 had not been taken on retention money amounting to Rs. 16,047 keeping in the General Deposit Account for more than two years.
- (iii) A sum of Rs. 10,441,618 made available by other Ministries and Departments for various purposes had been retained in the General Deposit Account for the period ranging from 01 to 33 months without being utilized for intended purposes.

- (iv) A difference of Rs. 22,046,383 had been observed between the deposit balance in the departmental ledger and the balance appearing in the General Treasury computer printouts, action had not been taken to rectify this.
- (v) A sum of Rs. 20,499,908 had been paid for a building construction and rehabilitation and other administrative expenses from the General Deposit Account. However, the details of these deposits had not made available for audit.
- (vi) Cash donations amounting to Rs. 147,942 had been collected by the eight Divisional Secretariats and deposited in General Deposit Account without being taken actions in terms of Financial Regulation 170 (2).

1.6 Accountability and Good Governance

1.6.1 Annual Action Plan

Annual Action Plan had not been prepared at the beginning of the year under review in terms of the letter of the Director General of the Department of Public Finance No. PF/R/2/2/3/5(4) of 10 March 2010.

1.6.2 Annual Performance Report

Annual Performance Report for the year under review of the District Secretariat had not been tabled in the Parliament even up to 30 September 2014 in terms of the paragraph (d) of the letter of the Director General of the Department of Public Finance No. PF/R/2/2/3/5(4) of 10 March 2010 and the Public Finance Circular No.402 and 402 (1) of 12 September 2002 and 20 February 2004 respectively.

1.6.3 Annual Procurement Plan

Although an Annual Procurement Plan had been prepared in terms of National Budget Circular No.128 dated 24 March 2006, it had not been approved by the Secretary to the Ministry of Public Administration and Home Affairs up to 31 December 2013.

1.6.4 Audit and Management Committee

Even though the meeting of the Audit and Management Committee should be held at least once in three months in terms of Audit and Management Circular No. DMA/2009 (I) of 09 June 2009, three meetings only had been held during the year under review.

1.7 Asset Management

Following observations are made.

- (a) Value of 46 official vehicles assigned to District Secretariat Jaffna and its Divisional Secretariats had not been valued and brought to the Appropriation Account for the year under review
- (b) Office building of the Divisional Secretariat, Karainagar had been constructed in a private land. However, the owner ship of the land had not been transferred to the Divisional Secretariat.
- (c) Even though the office building of the Divisional Secretariat, Karainagar had been declared open during the year under review, the historical cost or book value of this building had not made available for audit even up to 30 September 2014.

1.8 Non-compliance

Non-compliance with Laws, Rules and Regulations

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

Reference to Laws, Rules and Regulations	Amount	Non-compliances
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	Rs.	
(a) Treasury Circulars -----		
(i) No. 01/2004 of 24 February 2004		Register of Fixed Assets had not been maintained properly
(ii) 1A1/2002/02 of 28 November 2002		Register for computer, computer accessories and software had not been maintained properly
(b) Public Finance Circulars -----		
(i) No. 428 of 28 May 2008	10,000	Petty Cash imprest over Rs. 7,500 had been paid at an instance.
(ii) No. 446 of 01 September 2010	51,209	Telephone charges for usage of electronic media, share credit facilities and International Direct Dialing had been reimbursed contrary to the instructions.
(c) Financial Regulations of the Democratic Socialist Republic of Sri Lanka -----		
(i) Financial Regulation 69(2)	16,800,000	A satisfied reason adduced for the failure to obtain the prior authority had not been made available in connection with the fund transferred between the recurrent object codes.
(ii) Financial Regulation 94	608,725	Liabilities had not been committed.
(iii) Financial Regulation 104(3), (4)	230,567	Although two vehicles met with accident, report on losses and damages due to accident had not been furnished to audit.

(iv)	Financial Regulation 110	4,522,321	Register of losses and Damage had not been maintained properly
(v)	Financial Regulation .396(d)	363,022	Action had not been taken on unrepresented cheques over six months.
(d)	Public Administration Circulars -----		
(i)	No. 41/90 of 10 October 1990	7,787,459	Fuel consumption of the official vehicles had not been checked in every six months.
(ii)	13/2008 of 26 June 2008	2,889,264	Vehicle Daily Running charts of the assigned vehicles of the fifteen Divisional Secretaries had not been prepared and rendered to audit.
		75,554	Personal approval from the Secretary to the Ministry of Economic Development had not been obtained for the additional 632 litres fuel allocated to the assigned vehicle of the District Secretary during the year under review.
		227,729	Personal approval from the Secretary to the Ministry of Public Administration and Home Affairs had not been obtained for the additional 1,877 litres of fuel obtained to the assigned vehicle of the District Secretary during the year under review.

(iii)	No. 21/2013 of 09 October 2013	46,752	The prior approval of the Secretary to the Ministry of Economic Development had not been obtained for 20 days worked on holidays by the District Secretary during the year under review.
(e) Ministry of Economic Development Circular -----			
	Decentralized Budget Circular No 01/2013 of 28 March 2013	285,000	Payments had been made for the purchase of Agricultural materials contrary to the instructions in the circular.
(f) Procurement Guidelines -----			
	(i)Section 5.4.11	852,110	Details of Value Added Tax had not been informed to the Commissioner General of Inland revenue and Auditor General before 15 th day of the ensuing month.
	(ii)Section 3.8	144,000	Procurement procedures had not been followed for the erecting of the memorial stone in three languages for the declared opened office building of the Divisional Secretariat Karainagar.

1.9 Weaknesses in Implementing Projects

Instances of abandoned projects without commencing and delays in completing of projects revealed at audit test checks are given below.

(a) Project abandoned without Commencing

Even though the provision had been made available, the following projects remained without being implemented by the District Secretariat, Jaffna during the year under review.

Project	Estimated Cost (Rs.)	Due Date of Commence ment	Reason for not Commencing
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Female Quarters – Divisional Secretariat, Vadamardchy East	10,000,000	2013	The priority is given to continuous works needed to be finished early. Therefore these allocations were decided to transfer to continuation work
Two Quarters for Drivers – District Secretariat, Jaffna	3,000,000	2013	-Do-
Quarters for Divisional Secretariat, Thenmaradchy	2,000,000	2013	-Do-
Quarters for Divisional Secretariat, Valikamam East	2,000,000	2013	-Do-

Quarters for Divisional Secretariat, Valikamam North	2,000,000	2013	-Do-
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Quarters for Divisional Secretariat, Karainagar	2,000,000	2013	-Do-
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(b) Delays in Execution of Projects

Even through estimated cost of the stage III of the Administration block of the District Secretariat was Rs. 11.7 million and Rs. 4.9 million for the stage - IV which should have been completed before 31 December 2013, it was observed that only 75 per cent of the physical progress and 60 per cent of the financial progress in stage III and 35 per cent physical progress in stage IV were shown even by July 2014.

1.10 Deficiencies in the Operation of Bank Accounts

Balances for Adjustment

Bank Reconciliation Statements prepared as at 31 December 2013 by the District Secretariat had shown a cheque valued at Rs. 363,022 issued but not presented for payment for more than six months.

1.11 Irregular Transactions

Following observations are made.

(a) Deviation from the Procedure laid down in the Procurement Guidelines.

(i) The renovation works of the Divisional Secretariat, Valikamam East had been awarded to a Rural Development Society at an estimated cost of Rs. 800,000 without following the procurement procedure in terms of Section 3.9.1 of the Procurement guidelines. At an inspection it was revealed that

the measurement of 11 items had been overstated in the bill of quantity. and as a result a sum of Rs. 207,718 had been overpaid to the contractor.

- (ii) A sum of Rs. 46,000 had been paid to a supplier contrary to the Departmental Procurement Committee decision on 30 October 2013 for the purchase of refreshment items for two training programmes conducted during the year under review.

(b) Transactions without Authority

Following observations are made.

- (i) Although a Civil Engineer had been in services of the District Secretariat, a sum of Rs. 180,000 had been paid from the General Deposit Account to a Consultant Engineer and a Technical Officer who had been deployed on contract basis on the recommendation of the Departmental Procurement Committee on 10 June 2013 for the supervising of reconstruction of Conference Hall of District Secretariat without the approval obtained from the Secretary to the Ministry of Public Administration and Home affairs.
- (ii) The Chairman of the Delimitation Committee of Local Authorities in Jaffna District had been over paid an allowance of Rs. 7,097 contrary to the letter No. PL/7/5/8/1 of 27 February 2013 of the Secretary of the Ministry of Local Government and Provincial Councils.

(c) Others

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- (i) A sum of Rs. 28,240 had been incurred for the purchase of Nestea and Nestea cup for District Secretariat, Jaffna without financial provision in the estimate.
 - (ii) A sum of Rs. 40,400 had been paid for the purchase 'Fuel Gas' for the residence of District Secretary during the year under review.

- (iii) A sum of Rs. 4,200 had been over paid to five resource persons for six hours at the rate of Rs.700 per hour for the training program conducted in November 2013.

1.12 Transactions of Fraudulent Nature

A sum of Rs. 200,000 received from the Director, Children Secretariat on 30 October 2012 for the childhood development of three centres in Valikamam East Divisional Secretariat area had been obtained fraudulently without being supplied any items to those centres.

1.13 Losses and Damage

Following observations are made.

- (i) Although details of losses occurred amounting to Rs. 4,522,321 due to the transfer of the office shown in the appropriation account, had not been furnished to audit.
- (ii) The value of 284 items since the year 1998 had not been brought to the appropriation account for the year under review.

1.14 Management Weaknesses

The incentive allowance amounting to Rs. 3.425 million had been paid to the 24 officers including District Secretary without an approved scheme for the payment of incentive for the works of the private passenger ship services. Even though this passenger services were ceased in march 2009 and the payment relating to those works was already made at the rate of Rs. 500 per day in addition to the salaries, overtime payment and other allowances, action had not been taken to recover the balance of Rs. 3.325 million as per the directives given by the Committee on Public Accounts on 23 January 2014.

1.15 Human Resources Management

Approved Cadre and Vacancies

The position of the cadre as at 31 December 2013 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
(i)	Senior Level	42	44	-	02
(ii)	Tertiary Level	21	19	02	-
(iii)	Secondary Level	755	691	64	-
(iv)	Primary Level	195	185	10	-
	Total	1013	939	76	02

Action had not been taken to fill the 76 vacancies in the District Secretariat and Divisional Secretariats.