

**Head – 267 District Secretariat/Kachcheri, Mullaitivu,
Report of the Auditor General for the year- 2013**

1.1 Key Activities of the District Secretariat.

- (a) To implement the citizens charter fully in best way in the district and divisions
- (b) To be a leader in coordinating the administration and development in the district
- (c) To implement government policies and the administration structures in a better way to enhance the productivity and quality in the public service at the district level.
- (d) To establish transparent, impartial and accountable public service.
- (e) To strengthen the capacity of the staff.
- (f) To improve financial management system in the District Secretariat and Divisional secretariats.
- (g) To enhance an efficient and effective district and Divisional public administration system.
- (h) To provide efficient service delivery to satisfy the needs of the public in the district.
- (i) Introduce entire services with modern IT to improve productivity and quality service of the government services.
- (j) To measure key financial indicators.
- (k) To perform functions delegated by the ministries.
- (l) To conduct state ceremonies in the district and divisions.
- (m) To coordinate, monitor and review the progress of the foreign funded Projects at the district level.
- (n) To prepare preplanning activities to meet the risk management and disasters.

1.2 Divisional Secretariats under the District Secretariat.

- (a) Maritimepattu
- (b) Oddusuddan
- (c) Manthai East
- (d) Thunukkai
- (e) Puthukudiyiruppu
- (f) Welioya

1.3 Scope of Audit

The Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the District Secretariat, Mullaitivu 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 02 February 2015. 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 an 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 1.11 herein the Appropriation Account and the Reconciliation Statements of the District Secretariat, Mullaitivu had been prepared satisfactorily.

(a) Presentation of Accounts

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

(b) Non-maintains of Books and Records

- (i) It was observed during audit test checks that the District Secretariat, Mullaitivu 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

- (ii) Ten transactions of the District Secretariat totalling Rs.2,321,468 could not be satisfactorily vouched in audit due to the unavailability of evidences such as cash receipts, date of observations of the officers, certification and recipients signatures etc.

(c) **Appropriation Account**

(i) **Total Provision and Expenditure**

The total net provision made for the District Secretariat amounting to Rs.255,802,225 and out of that a sum of Rs.243,356,416 had been utilized by the end of the year under review. Accordingly, the net savings amounted to Rs.12,445,809 or 4.8 per cent of the total net provision. Details appear below.

Expenditure	31 December 2013			Saving as a percentage of total net Provision
	Net Provision	Utilization	Savings	
	Rs.	Rs.	Rs.	
Recurrent	137,007,225	125,938,794	11,068,431	8
Capital	118,795,000	117,417,622	1,377,378	1.1
Total	255,802,225	243,356,416	12,445,809	4.8

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

Provisions totalling Rs.240,924,269 had been received from 10 Ministries and 11 Departments respectively for various activities and out of this, a sum of Rs.231,452,662 had been utilized. Accordingly, the saving was Rs.9,471,607 and it was 3.9 per cent of the total provisions received. Following observation is made in this regard.

- Explanations for the savings exceeded by five per cent in 11 instances had not been made available for audit.

(iii) **Revenue Account**

Statements of arrears of revenue had not been prepared and submitted to audit in terms of Financial Regulation 128(2)(c).

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

Limits Authorized by Parliament

Limits authorized by Parliament relating to Advances to Public Officers Account No.26701 of the District Secretariat, Mullaitivu and the actual values are given below.

Expenditure		Receipts		Debit Balance	
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Maximum	Actual	Minimum	Actual	Maximum	Actual
Limit		Limit		Limit	
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Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
13,000,000	12,997,638	5,000,000	9,085,823	44,000,000	33,555,918

The following observations are made

- (i) According to the Reconciliation Statement of the Advances to Public Officers Account as at 31 December 2013 the balances that remained outstanding as at 31 December 2013 totalled Rs.726,573 and the follow up action on the recovery of those outstanding balances had been at a weak level.
- (ii) Staff officers had been paid two years loan amounting to Rs.1,205,340 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.

(d) Imprest Account

Imprest Register and Sub- imprest register had not been submitted for audit.

(e) General Deposit Account

Following observations are made.

- (i) Action in terms of Financial Regulation 571 had not been taken on retention money amounting to Rs.1,307,323 keeping in the General Deposit Account for the period ranging from 02 to 04 years.
- (ii) A sum of Rs.651,083 made available by other Departments and Institutions for various purposes had been retained in the General Deposit Account without being utilized for intended purposes for the period ranging from 02 to 04 years.
- (iii) Business Registration fees amounting to Rs.135,000 and excise duty of Rs.45,333 had been retained in the General Deposit Account for the period ranging from 02 to 3 years without being credited to the relevant revenue accounts.

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 31 December 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 2010and 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 2014.

1.6.4 Audit and Management Committee

Even though the meetings 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, action had not been taken to hold the meetings during the year under review.

1.7 Asset Management

Following observations are made.

- (a) Value of the 26 official vehicles assigned to District Secretariat, Mullaitivu and its Divisional Secretariats had not been valued and brought to the Appropriation Account for the year under review.
- (b) Action on report on annual board of survey for the year under review had not been executed in terms of Financial Regulation 757 even up to 31 December 2014.

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 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 computers, computer accessories and software had not been maintained properly
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i)	Financial Regulation 94	245,238	Liabilities had not been committed
(ii)	Financial Regulation 110	298,906,617	Register of Losses and Damage had not been maintained properly.
(iii)	Financial Regulation 137	38,456	Payments from the expenditure Head 252 had been approved by the District Statistical Officer, instead of District Secretary.
(iv)	Financial Regulation 756		<p>(i) Annual verification of stores had not been conducted in 136 Grama Niladhaires divisions during the year under review.</p> <p>(ii) Actual physical balance of 185 stores items in Manthai East Divisional Secretariat had not been verified at the Annual Board of stores verification during the year under review.</p>
(c) Public Administration Circular			
	No. 41/90 of 10 October 1990	2,497,861	Fuel consumption of the official vehicles had not been checked in every six months.
(d) Procurement Guidelines			
	Section 5.4.11		Detail 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.

1.9 Losses and Damage

Although according to the appropriation account losses amounting to Rs. 298,906,617 occurred due to the Tsunami and at the time of disturbances, action there on had not been taken in terms of Financial Regulation No.109.

1.10 Management Weaknesses

Even though 27 Cartridges of Toner for Computer Printers had been purchased for the value of totalling Rs. 306,000, the quality certificate bar code reader and symbols for the identification had not been made available to accept their genuineness in audit.

1.11 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
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(i)	Senior Level	08	15	-	07
(ii)	Tertiary Level	13	-	13	-
(iii)	Secondary Level	192	173	19	-
(iv)	Primary Level	12	25	-	13
	Total	<u>225</u>	<u>213</u>	<u>32</u>	<u>20</u>
		=====	=====	=====	=====

Action had not been taken to fill the 32 vacancies and to regularize the 20 employees appointed in excess of the cadre in the District Secretariat and Divisional Secretariats.