

Head - 268 District Secretariat/Kachcheri, Kilinochchi.

Report of the Auditor General for the Year- 2013

1.1 Key Activities of the District Secretariat.

- i) Bringing District and Divisional administration to the grass root level by providing the following services.
 - Service related to National Identity Cards.
 - Issuing character certificates and residential certificates.
 - Activities relating to work plan
 - Facilitate to reconstruct the religious temples with the support of the Ministry of Religious Affairs and Moral Upliftment.
- ii) Efficient and effective use of assets.
- iii) Pension payments activities with efficiency.
- iv) Coordinating of development activities in Kilinochchi District under Mahinda Chinthana, Decentralized Budget and other programmes.
- v) Payment of paddy advances to purchase paddy from the farmers.
- vi) District management activities.
- vii) District rehabilitation and reconstruction activities.
- viii) Deliver the service for the people of displaced persons and activities regarding resettlement Programme.
- ix) Construct the infrastructure facilities to the Internally Displaced Persons and maintenance it.
- x) Issuing birth, death and marriage certificate and land registry activities.
- xi) Implement the Divineguma Programme.

1.2 Divisional Secretariats under the District Secretariat.

- (a) Poonakary.
- (b) Karachchi.
- (c) Pachchilai Palli.
- (d) Kandawalai

1.3 Scope of Audit

The Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the District Secretariat, Kilinochchi 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 Responsibility 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 (d) and the other major audit findings appearing in paragraphs 1.6 to 1.13 herein the Appropriation Account and the Reconciliation Statements of the District Secretariat, Kilinochchi had been prepared satisfactorily.

(a) Presentation of Accounts

Capital expenditure amounting to Rs.814,750 had been erroneously classified and brought to account under various Object Codes of recurrent expenditure in nine instances.

(b) Appropriation Account

(i) Total Provision and Expenditure

The total net provision made for the District Secretariat amounting to Rs.201,587,867 and out of that a sum of Rs.197,456,286 had been utilized by the end of the year under review. Accordingly the net savings amounted to Rs.4,131,581 or 2.05 per cent of the net provision. Details appear below.

31 December 2013				
Expenditure	Net Provision	Utilization	Savings	Saving as a Percentage of Total Net Provision
	Rs.	Rs.	Rs.	
Recurrent	151,387,867	148,203,239	3,184,628	2.1
Capital	50,200,000	49,253,047	946,953	1.89
Total	201,587,867	197,456,286	4,131,581	2.05

(ii) Budgetary Variance

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- Provision made for 12 objects had been reduced by Rs.6,860,000 and provisions made for 11 objects had been increased by the same amount.
 - Satisfactory reasons had not been given for the transfer of funds between objects and the explanations furnished for the savings had been inadequate.

(iii) Expenditure incurred without Financial Provision.

Expenditure of Rs.148,500 had been erroneously charged to the District Secretariat Vote 268-1-1-0-1405 without financial provision. (Voucher No. 2358 of 30.12.2013) Although a sum of Rs.200,000 received from the Chief Secretary, Northern Province during the year 2013 for the printing of statistical hand book, the fund had not been utilized for the intended Purposes.

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

Provisions totaling Rs.349,553,033 comprising of Rs.161,468,097 and Rs.188,085,936 had been received from 13 Ministries and 11 Departments respectively for various activities and out of this, sums totalling of Rs.326,051,405 comprising of Rs.148,025,333 and Rs.178,026,072 respectively had been utilized. Accordingly, provisions totalling Rs.23,501,628 comprising Rs.10,058,864 and Rs.13,442,764 had been saved. Thus the savings were between the range of 01 percent to 100 percent of the provision made available.

- The following excess of expenditure had been observed in Audit

Institutions	Head	Provision Available	Expenditure Incurred	Excess
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		Rs.	Rs.	Rs.
Ministry of Child Development and Women's Affairs	120	13,342,572	13,473,221	130,649

Ministry of Productivity Promotion	181	-	198,864	198,864
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➤ Fresh milk distribution charge amounting to Rs.222,644 had been paid to the Employees Welfare Society without any involvement of the distribution of fresh milk by Divisional Secretariat, Karaichchi. This payment was made contrary to Section 4.3 of the Circular No. 2012/1 dated 16 January 2012 issued by Ministry of Child Development and Women's Affairs.

➤ Department of Motor Traffic.

(i) Number plates of the 546 vehicles are being kept in the Motor Traffic branch without action being taken to issue the number plates to owners of the vehicles.

(ii) Approximately 4000 numbers of temporary driving licenses had been irregularly issued to learners driving schools instead of issuing to relevant applicants.

➤ Department of Census and Statistics

It is observed in audit that a sum of Rs.42,570 had been over paid to a person for hiring a van as follows.

Actual Running km	Rate as per the Agreement.	Amount to be Paid.	Amount Paid	Over Payment
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	Rs	Rs	Rs	Rs
2,968	41.25 per km	122,430	165,000	42,570

(c) **Advances to Public Officers Account.**

Limits Authorized by Parliament

Limits authorized by Parliament relating to Advances to Public Officers Account No. 26801 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.
16,000,000	8,225,326	6,000,000	9,646,302	57,000,000	40,905,866

- According to the Reconciliation Statement of the Advances to Public Officers Account the balances that remained outstanding as at 31 December 2013 totalled Rs.40,905,867 and the follow up action on the recovery of those outstanding balances had been at a weak level.
- The District Secretariat had granted one / two years loan amounting to Rs.3,064,500 without complying with the Treasury Circular No. BD/GPS/AA/2001/S dated 20 October 2011.
- Action had not been taken to recover the loan balance amounting to Rs.699,195 due from four officers who vacated their posts during the year under review.
- Outstanding loans and advances amounting to Rs.760,135 relating to 05 non- moving loan balances existed and the follow up action on the recovery of such balance had been at a weak level.

(d) General Deposit Account

The balance of the General Deposit Account of the District Secretariat as at 31 December 2013 amounted to Rs.16,373,013 and details are given below.

Account No	Balance as at 31 December 2013
Rs.	Rs.
6003/0000/00/0014/0000/000	16,373,013

The following observations are made.

- (i) Paddy purchasing advances aggregating to Rs.5,847,300 relating to 04 institutions had been outstanding for more than one year.
- (ii) Collections from the issue of temporary route permit amounting to Rs.5,042,410 had been kept in the deposit account without being remitted to Transport Authority.

1.6 Accountability and Good Governance

1.6.1 Annual Action Plan

Even though an Annual Action Plan should be prepared by the District Secretariat for the year 2010 and ensuing years prepared in terms of the paragraph 1.4.1 of letter No PF/R/2/2/3/5 (4) dated 10 march 2010 of the Director General of the Department of Public Finance, the Action Plan for the year under review had not been prepared up to 31 December 2013.

1.6.2 Annual Performance Report

Even though an Annual Performance Report should be prepared by the District Secretariat within 150 days after the close of the financial year and tabled in Parliament along with a copy to the Auditor General in terms of letter of the Director General of the Department of Public Finance mentioned in paragraph 1.6.1 above and the Public Finance Circular No.402 and 402(1), dated 12 September 2002 and 20 February 2004, the Performance Report for the year under review had not been tabled in Parliament up to 30 September 2014.

1.6.3 Internal Audit

Adequate internal audit had not been carried out during the year under review due to not appointing a Chief Internal Auditor to the Internal Audit Unit.

1.6.4 Implementation of the Audit and Management Committee

District Secretariat had conducted only three meeting of the Audit and Management Committee during the year under review instead of four in terms of Treasury Circular No. IAI/2000/01 dated 12 June 2000.

1.7 Asset Management

(a) Idle and Underutilized Assets

It was observed during 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
(i) Motor Vehicles	02	2 to 4 years
(ii) Other Assets	263	02 years

(b) Annual Board of Survey.

Even though the District Secretariat and the Divisional Secretariats should conduct Annual Board of Survey in terms of Financial Regulation 756 and Public Financial Circular No.441, the 95 Grama Niladhari offices had not conducted Boards of Survey for the year 2013.

(c) Building not Utilized for Training Purpose

A sum aggregating to Rs.7,322,624 had been spent for construction of training centre at Kandawalai. However, this building had been utilized for Planning Secretariat of the Divisional Secretariat, Kandawalai instead of intended purpose.

1.8 Non-compliance

Non-compliance with Laws, Rules, Regulations, etc.

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

Reference to Laws, Rules and

Non-compliance

Regulations

 (i) Treasury Circular

- No 1/99 of 09 April 1999

The security deposits had not been obtained from officers dealing the cash and stores.

- No. IAI /2002/02 dated 28 November 2002.

A register of fixed assets on computers, computer accessories and software had not been maintained.

(ii) Public Administration Circular No. 41/90 of 10 October 1990.

The fuel consumption of 17 vehicles of the District Secretary and Divisional Secretariats had never been tested and noted in the log book.

(ii) Procurement Guidelines

- Section 2.14.1

1,200,000

(a) Quotations had not been obtained from the registered suppliers for purchases of office equipments for Women and Child Bureau.

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(b) Goods and service by inviting less than 5 sealed quotations for purchases of Office equipments for Women and Child Bureau.

- Section 3.12

Prequalification should be based entirely upon the technical managerial and financial capabilities of prospective bidders, their post qualification and litigation history. This requirement had not been considered.

Section 3.4.2

Supplier shall indicates in quotation description of warranties and warranty cards. These had not been rendered to Audit by the District Secretariat.

Section 3.9.1

1,333,060

Five contract works amounting to Rs.1,333,060 had been awarded to the

unapproved societies by the District Secretariat.

(iv) Motor Traffic (Amendment)
Act No 08 of 2009

-Section 25 (b)

Action had not been taken to conduct oral examination for uneducated persons who are unable to sit for the written examination.

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 2013 by the District Secretariat is given below.

Particulars of Adjustments	Age Analysis	
	Over 06 Months less than 01 Year	Total
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	Rs.	Rs.
(i) Cheques issued but not presented for payment	17,675	17,675
(ii) Unidentified Credits	735,670	735,670

1.10 Fraudulent Payment of Value Added Tax Rs.470,668

Four Value Added Tax payments aggregating to Rs. 470,668 had been made by the District Secretariat for civil works without examined the validity of Value Added Tax registration numbers and Value Added Tax invoices at the time of payment made to the contractors. Hence the payments made in this connection were considered as fraudulent.

1.11 Fruitless Expenditure

Although 200 number of the books were adequate to distribute to the various Department of the District, 300 numbers of books were printed. However 190 numbers of books only

had been distributed up to 21 April 2014. As a result a sum of Rs.49,500 could be treated as fruitless expenditure

1.12 Losses and Damage

Loss of furniture, office equipment, plant and machinery, building and structures and other items aggregating to Rs.72,963,466 had been observed in audit and necessary action had not been taken in this regard.

1.13 Human Resources Management

(a) Approved and Actual Cadre

The cadre position of the District Secretariat and Divisional Secretariats as at 31 December 2013 are as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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Senior level	18	15	03
Tertiary Level	14	01	13
Secondary Level	316	163	153
Primary Level	100	48	52
	448	227	221
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Action had not been taken to fill the 221 numbers of vacancies in the District Secretariat and Divisional Secretariats even up to 31 December 2013.