

Report of the Auditor General on Head 270 – Ampara District Secretariat – Year 2014

Paragraphs 1 and 2 of this report contain the general information on the Accounts of the District Secretariat and the Audit Observations on Head appear in paragraph 3 onwards.

1. Divisional Secretariats under the District Secretariat

(i) Ampara	(viii) Kalmunai-Muslim	(xv) Padiyatalawa
(ii) Attalaichchenai	(ix) Karaitivu	(xvi) Sainthamaruthu
(iii) Akkaraipattu	(x) Lahugala	(xvii) Sammanthurai
(iv) Dehiaththakandiya	(xi) Mahaoya	(xviii) Thirukkivil
(v) Aalayadivembu	(xii) Nintavur	(xix) Kalmunai -Tamil
(vi) Damana	(xiii) Navidanveli	(xx) Uhana
(vii) Irakkamam	(xiv) Poththuvil	

1:1 Scope of Audit

The audit of the Appropriation Account and the Reconciliation Statement including the financial records, reconciliation statements, books, registers and other records of the District Secretariat, Ampara for the year ended 31 December 2014 was carried out 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 11 August 2015. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and 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.

1:2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and 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 in Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other

statutory provisions and 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.

2. Accounts

2.1 Appropriation Account

(a) Total Provision and Expenditure

The total net provision made for the District Secretariat amounted to Rs.1,055.99 million out of which, a sum of Rs.1,055.73 million had been utilized by the end of the year under review. Accordingly, savings from the net provision amounted to Rs.0.26 million or 0.02 per cent. Details are as follows.

Expenditure	As at 31 December 2014			Saving, as a Percentage of Net Provision
	Net Provision	Utilization	Saving	
	Rs. millions	Rs. millions	Rs. millions	Rs. millions
Recurrent	654.79	654.77	0.02	00
Capital	401.20	400.96	0.24	0.06
Total	1,055.99	1,055.73	0.26	0.03

(b) Utilization of Provision made available by other Ministries and Departments

Provision totalling to Rs.502.66 million had been made available by 5 Ministries and 2 Departments for various activities during the year under review to the District Secretariat. The particulars of Utilization of such provision are given below.

Ministry/ Department which made Provisions	Provision	Utilization	Savings
	Rs. Millions	Rs. Millions	Rs. Millions
Ministry of Buddha Sasana and Religious Affairs	5.38	4.91	0.46
Ministry of Economic Development	302.95	240.43	62.52
Ministry of Media and Information Technology	150.00	97.57	52.43
Ministry of Public Administration and Home Affairs	4.14	3.30	0.22
Ministry of Resettlement	7.08	6.29	0.78
Department of Motor Traffic	0.74	0.67	0.07
Department of Agriculture	3237	24.15	8.22
Total	502.66	377.96	124.70

2.2 Advance Account

2.2.1 Advances to Public Officers' Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advance to Public Officers' Account of the District Secretariat and the actual amount are given below.

Item Number	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
27001	55.0	41.4	30.0	34.5	183.0	151.6

2.3 General Deposit Account

The balances of the Deposit Account of the District Secretariat as at 31 December 2014 amounted to Rs.30,325,935.

2.5 Audit Observation

According to the Financial Records and Books for the year ended 31 December 2014, It was observed that subject to the audit observations appearing in the Management Audit Report, referred to in Paragraph 1:1, the Appropriation Account and Reconciliation Statements of the District Secretariat have been prepared satisfactorily. The material and important observations out of the observations included in that Management Audit Report appear in paragraph 3.

3. Head 270 – Ampara District Secretariat

3.1 Non-maintenance of Registers and Books

It was observed during audit test checks that the District Secretariat had not maintained the following registers and books in the proper and updated manner.

Type of Register	Related Regulation
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(a) Register of Fixed Assets	Treasury Circular No. 842 of 19 December 1978
(b) Register for Security Deposit	Financial Regulation 891(1)

3.2 Replies to Audit Queries

Replies to 02 audit queries issued in the year under review had not been furnished even by 31 March 2015. The value of quantifiable transactions relating to those audit queries amounted to Rs.4,029,682.

3.3 General Deposit Account

The following observations are made.

- (a) Action had not been taken in terms of the Finance Regulation 571 with regard to 10 deposits totalling Rs.1,740,481 remaining over 2 years.
- (b) Provision amounting to Rs.124,702,421 made available by other Ministries and Departments in 2014 for various activities had not been utilized for the said purpose. Instead this had been accounted for, as expenditure and retained in the Deposit Account without fulfilling those activities.
- (c) Provision totalling Rs.81,754 obtained by the Padiyatalawa Divisional Secretariat from various Ministries in 2013 and 2014 had not been utilized for the said activities even by 20 March 2015. Instead, this had been accounted for, as expenditure and retained in the Deposit Account.

3.4 Reconciliation Statement Relating to the Advance to Public Officers Account

Audit test checks carried out regarding Item No.27001 – Advances to Public Officers Account as at 31 December 2014, it was revealed that the outstanding balances as at that dated totalled Rs.1,008,256. Even though those outstanding balances remained over periods ranging from 1 year to 8 years, the follow up action on the recovery of the outstanding balances had been at a weak level.

3.5 Assets Management

The following deficiencies were observed during the course of audit test checks of the assets of the District Secretariat.

(a) Idle and Underutilized Assets

The following observation are made.

- (i) Electrical equipment and bathroom wares obtained for the construction at the King Abdulla Model Town Housing Scheme at Nurauchcholai of the Attalaichchenai Divisional Secretariat Area remained idle for about 04 years without being fitted.

- (ii) Thirteen AC machines which were in usable condition removed from the Deyata Kirula Premises at Oyamadura, Anuradhapura in 2012 and handed over to the Ampara District Secretariat remained at the stores without being used even by 09 November 2014, the date of audit.
- (iii) Out of the water tanks purchase in July, August, September and October 2014 purchased by the office of the District Secretary, 219 water tanks valued at Rs.2,110,250 remained at the office premises and at outside the stores without being issued.

(b) Assets given to External Parties

Seven official quarters had been released to others who were not officers or employees of the District Secretariat for a long time without charging rent.

3.6 Non-compliances

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

Reference to Laws, Rules and Regulations	Value	Non-compliance
Financial Regulations of the Democratic Socialist Republic of Sri Lanka		
(i) Financial Regulation 138	1,204,359	Payments totalling Rs.1,204,359 had been made on 10 paid vouchers at the Kalmunai Divisional Secretariat without being certified by an authorized officer.
(ii) Financial Regulations 137 and 138 and 138	1,682,215	Five cheques totalling Rs.1,682,215 had been drawn on 31 December 2014 and retained on behalf of services not obtained at the Padiyatalawa Divisional Secretariat.

(b) Recovery of Tax for Contracts

Contractors who had registered themselves for the Value Added Tax and whose registrations had become ineffective by the year 2014 had been paid Rs.383,634 and Rs.134,399 respectively as Value Added Tax while making payments by the District Secretariat and the Damana Divisional Secretariat. The registrations of these contractors had been confirmed as dormant by a letter of the Department of Inland Revenue dated 11 November 2014. This account had not been recovered even by 31 December 2014.

3.7 Delays in Execution of Projects

The following observations are made in this connection

- (a) Five hundred and sixty seven items of equipment valued at Rs.2,511,231 had been purchased in December 2014 by the Karaitivu Divisional Secretariat under the Palath Neguma Project to uplift the agriculture and small scale businesses. Those equipment had not been distributed among beneficiaries even by 28 May 2015, the date of audit.

- (b) A sum of Rs.1,990,752 had been provided to the Kalmunai Divisional Secretariat to construct a computer room for the Kalmunai Al/ Madina Vidyalaya. An additional amount of Rs.357,866 too had been given on 25 February 2014 in this regard. The construction work concerned had been awarded to the Kalmunai Al/Madina Vidyalaya School Development Society. According to the contract agreement, the construction concerned should have been completed on 15 December 2013. However, period of extension had been granted on 2 occasions. Accordingly, it should have been completed on 10 November 2014. The construction had not been completed even by 31 March 2015, the date of audit. In this connection, the Principal of the school had informed that the School Development Society does not have necessary knowledge to carry out such constructions. Accordingly, it was observed that adequate inquiries had not been made while selecting contractors for constructions.

3.8 Performance

A sum of Rs.130,000 had been given to the Karaitivu District Secretariat to execute a programme to stop child abuse and women violence by letter No.PCC/2/2/1/Ampara dated 18 July 2014 of the Department of Probation and Childcare Services. The amount concerned had been returned to the Ministry without being executing the project.

3.9 Management Weaknesses

The following management weaknesses were observed at audit test checks.

- (a) Provision totalling Rs.68,084 had been granted to the Uhana Divisional Secretariat in 2014 to fulfil various objectives. This had not been utilized to fulfil the objectives. Instead, it had been retained in the Deposit Account.
- (b) A total sum of Rs.270,612 had been collected by the Uhana Divisional Secretariat in 2013 and 2014 as fees for registration of trade names, sand transportation fees and liquor licence fees. These had not been credited to the relevant Revenue Accounts. Instead, it had been retained in the Deposit Account.
- (c) An estimate for Rs.328,690 had been prepared and forwarded to the Ministry of Public Administration and Home Affairs for approval an 13 December 2013 to repair a cab belonging to the Divisional Secretariat. No action, whatsoever, had been taken by the office in this regard even by 31 December 2014 and the cab remained parked in a private garage for about one and a half years.
- (d) Action had not been taken to hand over or to post 22 cheques valued at Rs.180,485 drawn in respect of financial assistance and disabled allowances by the Divisional Secretariat, Padiyatalawa in December 2014 and January and February of 2015. These had been retained for nearly 3 months and the attention of the supervising officers had not been drawn in this regard.

3.10 Human Resources Management

Approved Cadre and the Actual Cadre

The position of cadre as at 31 December 2014 is as follows.

Category of Employee	Approved Cadre	Actual Cadre	No.of Vacancies
(i) Senior Level	08	08	-
(ii) Tertiary Level	01	01	-
(iii) Secondary Level	48	57	09
(iv) Primary Level	13	31	18
Total	70	97	27

The following observation is made.

Eighteen employees of primary level had been recruited without obtaining a proper approval.