

## **Report of the Auditor General on Head 267- District Secretariat/ Kachcheri Mullaitivu– Year 2014**

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Paragraph 1 and 2 of this report contain the general information on the Accounts of the District Secretariat/Kachcheri, Mullaitivu and the audit observation appears in paragraph 3 onwards.

### **1. Divisional Secretariats under the District Secretariat**

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

#### **1.1 Scope of Audit**

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The audit of the Appropriation Account, Revenue Account and the Reconciliation Statements including the financial records, books, registers and other records of the District Secretariat, Mullaitivu 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 Accounting Officer on 14 September 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.

## 1.2 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements

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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, 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

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### 2.1 Appropriation Account

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#### (a) Total Provision and Expenditure

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The total net provision made for the District Secretariat amounted to Rs. 214.77 million and out of that Rs. 206.30 million had been utilized by the end of the year under review. Accordingly the savings out of the net provision amounted to Rs. 8.47million or 3.94 per cent of the net provisions. Details are given below.

Expenditure -----	As at 31 December 2014			Savings as a Percentage of Net Provisions -----
	Net Provision -----	Utilization -----	Savings -----	
	Rs. Million	Rs. Million	Rs. Million	
Recurrent	144.72	136.52	8.20	5.67
Capital	<u>70.05</u>	<u>69.78</u>	<u>0.27</u>	0.38
Total	<u>214.77</u>	<u>206.30</u>	<u>8.47</u>	3.94

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

Provisions totalling Rs. 961.17 million had been received from 15 Ministries and 16 Departments respectively for various activities and out of this, sums totalling Rs. 777.22 million had been utilized. Accordingly, the saving was Rs. 183.95 million and it was 19.14 per cent of the total provisions received.

### 2.2 Advance Account

#### 2.2.1 Advances to Public Officers Account

##### Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Accounts of the District Secretariat and the actual amounts are given below.

Item Number	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.Million	Rs.Million	Rs.Million	Rs.Million	Rs.Million	Rs.Million
26701	12.00	11.99	6.00	9.36	50.00	35.06

### 2.3 General Deposit Account

The balance of Deposit Account No. 6003/0000/00/0043/0000/000 of the District Secretariat as at 31 December 2014 amounted to Rs. 36,863,113.

### 2.4 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 herein, the Appropriation Account and the Reconciliation Statement of the District Secretariat, Mullituve have been prepared satisfactorily. The material and important observations out of the observations included in the Management Audit Report appear in paragraph 3.1 to 3.13 herein.

### **3. Head 267 District Secretariat/ Kachcheri, Mullaitivu**

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#### **3.1 Presentation of Accounts**

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Even though the District Secretariat should present the Revenue Account to audit by 31 March 2015, those accounts had not been presented to audit even by 14 October 2015.

#### **3.2 Non-maintenance of Registers and Books**

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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 the proper and updated manner.

Type of Registers	Relevant Regulations	Observations
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Register of Counterfoil books	Kachcheri Manual 5:10	Not maintained
Catalogue of Books	Kachcheri Manual 5:9	Not maintained
Register of Telephone	Financial Regulations 845(1), 846 (3)	Not updated
Supplementary Ledger	Financial Regulation 533	Not updated
Imprest Register	Financial Regulation 371	Not updated
Register of Fixed Assets	Treasury Circular No. 842 of 19 December 1978.	Not maintained
Register of Fixed Assets on Computers, accessories and software	Treasury Circular No. IAI/2002/02 of 28 November 2002	Not maintained

#### **3.3 Lack of Evidence for Audit**

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One hundred and Seventy seven transactions totalling Rs. 7,842,114 could not be satisfactorily vouched in audit due to the unavailability of required evidences such as receipts, invoices, bills, attendance sheets, diary extracts, Value Added Tax certificates, approval letters and work completion reports etc in the District Secretariat and six Divisional Secretariats coming thereunder.

### **3.4 Appropriation Account**

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#### **Budgetary Variance**

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Satisfactory reasons had not been given for the savings aggregating Rs. 7,828,154 ranging from 5.4 per cent to 86.3 per cent under seven recurrent Objects.

### **3.5 General Deposit Account**

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Following observations are made.

- (a) Age analysis as at 31 December 2014 of the deposit balances totalling Rs. 36,863,113 had not made available for audit.
- (b) Detail classification of the deposit balances for the year under review in the six Divisional Secretariats aggregating Rs. 8,645,728 had not made available for audit.
- (c) Purpose of the deposits aggregating Rs. 2,586,065 could not be identified in audit.

### **3.6 Advances to Public Officers Account**

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Following deficiencies were observed during the course of audit test checks of the Reconciliation Statement as at 31 December 2014 relating to the Advances to Public Officers Account No. 26701.

- (a) Action had not been taken either to recover or to make adjustments in terms of the Section 4 of the Chapter XXIV of the Establishment Code the outstanding balance of Rs. 556,721 due from 12 officers who had vacated their post and retired.
- (b) Payment of loan aggregating Rs. 4,999,477 had been made without obtaining the imprest.

### **3.7 Good Governance and Accountability**

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#### **3.7.1 Annual Action Plan**

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Even though the District Secretariat should prepare an Annual Action plan for the year under review in terms of the Public Finance Circular No. 01/2014 of 17 February 2014, it had been prepared for three years and had not been approved at the beginning of the year under review in terms of the National Budget Circular No. 128 of 24 March 2006.

#### **3.7.2 Annual Procurement Plan**

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The Annual Procurement Plan in terms of Circular No. 128 of 24 March 2014 of the Department of National Budget had not been prepared even by 31 December 2014.

#### **3.7.3 Internal Audit**

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Following observations are made.

- (a) District Secretary had appointed the Chief Accountant of the District Secretariat as a Chief Internal Auditor of this District Secretariat. In this connection, the approval of the Secretary to the Treasury had not made available for audit.
- (b) Even though the Internal Audit Programme should be prepared in terms of Financial Regulation 134(1) for the year under review, it had not been prepared even up to 31 December 2014.

#### **3.7.4 Audit and Management Committee**

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Even though the Audit and management Committee meeting should be conducted at least once in three months, only 03 meetings had been held and the minutes of those meetings conducted had not been made available for audit. It had been observed that the representative of the Auditor General had not

been invited as an Observer for the meetings during the year under review in terms of Department of Management Audit Circular No. DMA/2009(IV) of 09 June 2009.

### **3.8 Assets Management**

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

(a) Conduct of Annual Boards of Survey

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- (i) Action had not been taken on the excesses and shortages pointed out and the other recommendations made in the Reports of the Board of Survey for the year under review in terms of the Financial Regulation 757.
- (ii) Annual verification on stores items in 136 offices of Grama Niladaries in Mullaitivu District had not been verified by the Board of Survey appointed by the District Secretary for the year under review.

(b) Even though it had been explained to audit that 16 official vehicles had been registered in the District Secretariat, 17 Official vehicles had been disclosed in the Appropriation Account for the year under review.

(c) Unsettled Liabilities

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The unsettled liabilities of the District Secretariat as at 31 December 2014 amounted to Rs.220,890 and these were existing less than one year.

### 3.9 Non-compliances

#### Non-compliance with Laws, Rules and Regulations

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

References to Laws, Rules and Regulations	Value	Non-compliance
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	Rs.	
(a) <b>Financial Regulations of the Democratic Socialist Republic of Sri Lanka</b>		
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(i) Financial Regulation 134(3)		Copy of the internal audit reports for the year under review had not been forwarded to the Auditor General.
(ii) Financial Regulation 135	214,033	Forty three payments for the holiday works, fuel advances, travelling claim and telecommunication charges of three Divisional Secretaries had been approved by the Divisional Secretaries themselves instead of District Secretary.
(iii) Financial Regulation 137	87,481	Ten transactions had not been approved by the District Secretary.
(iv) Financial Regulation 138	5,578,923	Sixteen payments had not been certified.
(v) Financial Regulation 371(2)(c)	50,000	A Non-executive had been paid an ad-hoc advance of Rs. 50,000 to purchase the items for the Street Drama.
(vi) Financial Regulation 504		Copy of the quarterly statement on Advances to Public Officers Account had not been rendered to Auditor General by the District Secretariat and six Divisional Secretariats.



(b) **Public Administration  
Circulars**

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|------|-------------------------------|-----------|---|
| (i)  | No. 07/97 of 03 February 1997 |           | Prior approval of the Secretary of the Ministry of Public Administration and Home Affairs had not been made available for audit for 40 days holiday works performed by the District Secretary during the year under review. |
| (ii) | No.29/88 of 30 August 1988    | 6,066,220 | Two years loan had been paid to twenty nine officers without being obtained consent of the Secretary of the Ministry of Defence.  |
|      |                               | 1,626,060 | Two years loan had been paid to 04 staff officers without being obtained an approval of the Secretary of the Ministry of Public Administration and Home Affairs.  |

(c) **Treasury Circulars**

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| No. 01/2004 of 24 February<br>2004 | Performance Report for the year under review had not been tabled in Parliament. |
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**3.10 Irregular Transactions**

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Following observation is made.

Three staff officers had been paid the telecommunication charges aggregating Rs. 44,677 for the year under review exceeding their limits contrary to the Public Finance circular No. 446 of 01 September 2009.

### **3.11 Losses and Damages**

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Following observation is made.

A loss of Rs. 227,926 occurred due to an accident to an official vehicle on 28 November 2014 had not been brought to the Appropriation Account for the year under review and the action or report on this loss had not been submitted for audit in terms of Financial Regulation 104(2).

### **3.12 Management Weaknesses**

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Following observations are made.

Internal audit investigations reported that a fraudulent nature of transactions aggregating Rs. 2.71 Million occurred in connection with construction of toilet facilities for the public in the area under the Divisional Secretariat, Oddusuddan, since July 2013 to February 2014, funded by the UNICEF and implemented as per the agreement entered with Rural Development Society, Pandarawanniyan. In this connection the following observations were made.

- (a) The agreement entered into with this Rural Development Society, Pandarawanniyan had not been made available for audit.
- (b) Value of Rs. 10,570,000 works had been got done through the Rural Development Society without following the procurement procedure; exceeding the ceiling amount of Rs. 2 million.
- (c) Even though, the Divisional Secretary and the Rural Development Officer of the Divisional Secretariat, Oddusuddan had been delegated the responsibilities by the District Secretary, the works relating to the supervision, monitoring the operation of Bank Account and progress on the works, it had been observed in audit that they have not properly supervised the activities.

### 3.13 Human Resources Management

#### Approved Cadre and Actual Cadre

The position on the cadre as at 31 December 2014 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
(i) Senior Level	17	17	-	-
(ii) Tertiary Level	02	02	-	-
(iii) Secondary Level	209	197	12	-
(iv) Primary Level	30	44	-	14
Total	<b>258</b>	<b>260</b>	<b>12</b>	<b>14</b>

Following observations are made.

- (i) The District Secretariat had not taken action to fill 12 vacancies by the end of the year under review.
- (ii) Fourteen Development Officers and Public Management Assistants had been allowed to work in excess without being obtaining approval from the Director General of Department of Management Services.