

**Report of the Auditor General on Head 264 – District Secretariat/Kachcheri
Jaffna – Year 2015**

The audit of the Appropriation Account, Revenue Account, Advances to Public Officers Account and the Reconciliation Accounts including the financial records, books, registers and other records of the District Secretariat, Jaffna, Head 264 for the year ended 31 December 2015 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 23 September 2016. 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

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. 731.64 million and out of that Rs. 726.99 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provision amounted to Rs. 4.65 million or 0.64 per cent of the net provisions.

Expenditure	As at 31 December 2015			Savings as a Percentage of Net Provisions
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	653.99	649.34	4.65	0.71
Capital	77.65	77.65	-	0
Total	<u>731.64</u>	<u>726.99</u>	<u>4.65</u>	0.64

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

Provisions totalling Rs. 2147.53 million had been received from 28 Ministries and 19 Departments respectively for various activities and out of this, sums totalling Rs. 2,030.99 million had been utilized. Accordingly, the saving was Rs.116.54 million and it was 5.42 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.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
26401	49.00	47.04	32.00	40.58	120.00	113.17

2.2.2 Imprest Account

The balance of the Imprest Account No. 7000/0000/0282/0015 of the District Secretariat as at 31 December 2015 amounted to Rs.12,812,291

2.3 General Deposit Account

The total balance of 08 Deposit Account as at 31 December 2015 is Rs. 126,842,705. Details are given below.

Deposit Account No.	Amount
	Rs.
6000/0000/60/0002/0090/000	90,000
6000/0000/00/0013/0059/000	38,688,453
6000/0000/00/0014/0006/000	693,000
6000/0000/00/0016/0041/000	62,197,327
6000/0000/00/0017/0012/000	3,722,240
6000/0000/00/0018/0053/000	52,686

6000/0000/00/0019/0008/000	6,020,120
6000/0000/00/0020/0002/000	<u>15,378,879</u>
Total	126,842,705
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2.4 Audit Observation

According to the Financial Records and Books for the year ended 31 December 2015, 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 the Reconciliation Statements of the District Secretariat, Jaffna have been prepared satisfactorily. The material and important observations out of the observations included in the Management Audit Report appear in paragraph 3 onwards.

3. Material and Important Audit Observations

3.1 Presentation of Accounts

Even though the District Secretariat should present the Revenue Account to audit by 31 March 2016, the account had not been presented to audit even by 10 October 2016.

3.2 Non-maintenance of Registers and Books

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 Regulation	Observations
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Catalogue of Books	Kachcheri Manual 5:9	Not maintained
Register of Telephone	Financial Regulation 845(1), 846 (3)	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 Appropriation Account

3.3.1 Budgetary Variance

Following observations are made.

- (a) Original provision of Rs. 7,204,000 made under six Recurrent Objects had been reduced by 22 per cent to 66 per cent in six instances, while other five recurrent provisions had been increased by 12.8 per cent to 141.2 per cent. Hence, it was revealed that the expenditure estimate had been prepared without proper financial plan.
- (b) Satisfactory reasons had not been given for the transfer of savings aggregating Rs. 6,254,000 ranging from 8 per cent to 66 per cent between seven Recurrent Objects.

3.4 Imprest Account

Even though the ad hoc sub-impressts obtained should be settled immediately after the completion of the purpose in terms of provisions in Financial Regulation 371, the ad hoc sub-impressts totalling Rs. 25,000 issued in 02 instances had been settled after delays ranging from 08 months to 10 months from the completion of purposes.

3.5 General Deposit Account

Following observations are made.

- (a) Out of the provisions made available by other Ministries and Departments for various activities a sum of Rs. 1,077,385 relating to 31 activities had been retained in the General Deposit Account without being utilized for the intended purposes.
- (b) Route permit collections during the year under review amounting to Rs. 32,378,590 had been kept in the General Deposit Account after incurring Rs. 5,322,485 for various purposes such as staff salary, incentive, overtime, electricity, travelling claims and telephone charges etc. without being remitted to Revenue Account in terms of National Transport Commission Letter No. NTC/POL/98/22 of 07 May 2003.

3.6 Advances to Public Officers Account

Following deficiency was observed during the course of audit test checks of the Reconciliation Statement as at 31 December 2015 relating to the Advances to Public Officers Account No. 26401.

Action had not been taken either to recover the outstanding balance amounting Rs. 145,020 due from 04 officers who were vacated their post, retirement and subjected to disciplinary actions or to make necessary adjustments in terms of the Section 4 of the Chapter XXIV of the Establishment Code.

3.7 Assets Management

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

- (i) Action 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 had not been taken in terms of the Financial Regulation 757.
- (ii) Annual verification on stores items in 435 offices of Grama Niladaries in Jaffna District had not been verified by the Board of Survey appointed by the District Secretary for the year under review.

(b) Use of Assets of which have not been Vested

Following observation is made.

Office building for the Divisional Secretariat, Karainagar had been constructed in a private land during the year 2013. However, the ownership of that land had not been transferred to the Secretariat up to the date of this report. Further, correspondence file was not made available for audit to examine the historical cost / book value of the building as at 31 December 2015.

(c) Idle and Underutilized Assets

It was observed during the course of audit test checks that 06 Motor vehicles had been either idle or underutilized for 04 to 05years.

3.8 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) Financial Regulations of the Democratic Socialist Republic of Sri Lanka		

Financial Regulation 115	924,950	Previous year expenditure had been made without being obtaining proper authority.

(b) **Public Administration Circulars**

No. 41/90 of 10 October 1990

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Consumption of fuel of 39 vehicles of the District Secretariat and 14 Divisional Secretariats had not been checked in every six months.

(c) **Treasury Circulars**

No. 01/2004 of 24 February 2004

Performance Report for the year under review had not been tabled in Parliament.

3.9 Implementation of Projects under Domestic Financing

Instance of delay in completion of a project revealed during the course of audit test checks are given below.

(a) **Delays in the Execution of Projects**

The following observation is made with regard to the construction of four storied Administrative Building by the District Secretariat.

Even though a sum of Rs. 24.08 million had been allocated and utilized for the construction works of the Administrative Building of the District Secretariat during the year under review, only a 90 per cent of the physical works had been completed in the stage-VI of the construction work which should have been completed by 31 December 2015. In this regard a considerable period of delay had been observed in audit. The commencement of construction work of the building started in 2011 and from the year of commencement a sum of Rs. 77.78 million had been allocated and a sum of Rs. 70.73 million had been spent up to the date of this report. Details are as follows.

Year	Allocation	Expenditure
	Rs.	Rs.
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2011	19,500,000	19,500,000
2012	5,000,000	4,958,478
2013	17,192,000	17,192,000
2014	12,000,000	12,000,000
2015	24,086,000	17,086,839
	77,778,000	70,737,317
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3.10 Performances

The observation on the progress of the District Secretariat according to the Annual Budget Estimates and Action Plan for the year 2015 is given below.

The appointment of committees on village level which had been planned to perform by Disaster Management Service Unit during the year under review had not been executed.

3.11 Transaction of Contentious Nature

Following observation is made.

It had been allowed to recover vehicle parking charges in a rate varies from Rs. 2 to Rs.10 per for the bicycles, motor cycle parking in the office premises from the public visited the District Secretariat and Divisional Secretariat, Valikamam South by the unauthorized persons appointed by the Staff Welfare Societies over last one and a half years. Action had not been taken by the relevant authorities to regularize the system.

3.12 Management Weakness

The following observation is made.

Divisional Secretariat, Island North

The Value Added Tax (VAT) of Rs. 415,900 had been paid to a private institution for reconstruction of Analaitivu Settlement Road. But the above VAT payment had not been remitted to Department of Inland revenue. Subsequently, the Inland Revenue Department had informed that the VAT registration of the particular institution is inactive and the retention money of the above work amounting to Rs. 194,087 had been remitted to Revenue Account to set off the VAT payment and action had not been taken to recover the balance of Rs. 221,813 of the VAT amount even up to 30 November 2016.

3.13 Losses and Damage

Losses aggregating to Rs. 2,403,388 due to various reasons from the period ranging 14 years to 28 years had been shown in the Appropriation Account. In this connection necessary action had not been taken to rectify and clear this amount from the Account.

3.14 Unresolved Audit Paragraphs

Reference to the audit paragraphs relating to the District Secretariat included in the Reports of the Auditor General, on which follow-up action had not been finalized is given below.

**Reference to Report of Auditor
General**

Subject under Reference

Year **Paragraph
Number**

2013 1.14

A sum of Rs. 3.425 million had been paid on 02 May 2012 as incentive allowance to the 27 number of officers including former District Secretary as payment relating to the work of private passengers shipping services. However, the passenger ship services were ceased in March 2009 and payment relating to those works was already made at the rate of Rs. 500 per day to staff in addition to the salaries and over time payment and other allowances, no special works were conducted by any officer relating to private passenger ship during the year 2012. However, sums aggregating Rs. 2,603,200 only had been recovered from those officers during the period 29 June 2015 to 31 October 2016.

2013 1.11 (b) (i)

Although the Civil Engineer had been appointed to the District Secretariat, a sum of Rs. 180,000 had been paid from the General Deposit Account to the two outside officials who had been appointed on contract basis by 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 Ministry of Public Administration and Home affairs action had not yet been taken to clear this matter.

2014 3.4.2

One hundred and forty one numbers of sewing machines had been purchased to the value of Rs.3,299,259 by the Divisional Secretariat, Thenmaradchy on 14 November 2014 from the provision made available by the Ministry of Economic Development, contrary to the District Procurement Committee decision taken for the same. In this connection a sum of Rs. 479,400 had been overpaid to the supplier. Action had not yet been taken to recover the over payment.

3.15 Human Resources Management

Approved Cadre and Actual Cadre

The position on the cadre as at 31 December 2015 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
(i)	Senior Level	47	46	01	-
(ii)	Tertiary Level	32	19	13	-
(iii)	Secondary Level	954	1013	-	59
(iv)	Primary Level	225	194	31	-
	Total	1258	1272	45	59

Following observation is made.

The District Secretariat had failed to obtain the formal approval from the Director General of Department of Management Services for the 59 excess cadre recruited as Development Officers and Public Management Assistants.