

## Report of the Auditor General on Head 266 – Vavuniya District Secretariat - Year 2015

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records, of the Head 266 - District Secretariat Vavuniya 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 District Secretary on 27 July 2016. 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 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.263.25 million and out of that, Rs.262.07 million had been utilized by the end of the year under review. Accordingly, savings out of the net provisions of the District Secretariat amounted to Rs.1.18 million or 0.45 per cent. Details appear below.

Expenditure	As at 31 December 2015			Savings as a Percentage of Net Provisions
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs.Millions	Rs.Millions	
Recurrent	186.63	186.25	0.38	0.20
Capital	76.62	75.82	0.80	1.04
<b>Total</b>	<b>263.25</b>	<b>262.07</b>	<b>1.18</b>	<b>0.45</b>

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

Provisions totalling Rs.505.50 million had been made to the District Secretariat by 26 other Ministries and 12 Departments for various activities. Out of that, a sum of Rs.476.82 million had been utilized by the end of the year under review. Accordingly, savings out of the provisions made, amounted to Rs.28.68 million or 5.67 per cent.

**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 Account Item No.26601 of the Vavuniya District Secretariat and actual amounts are given below.

<b>Expenditure</b>		<b>Receipts</b>		<b>Debit Balance</b>	
<b>Maximum Limit</b>	<b>Actual</b>	<b>Minimum Limit</b>	<b>Actual</b>	<b>Maximum Limit</b>	<b>Actual</b>
<b>Rs.Millions</b>	<b>Rs.Millions</b>	<b>Rs.Millions</b>	<b>Rs.Millions</b>	<b>Rs.Millions</b>	<b>Rs.Millions</b>
12.25	12.23	8.25	10.16	40.00	35.84

**2.3 Imprest Account**

The balance of the Imprest Account No.7002/0000/00/0284/0015/000 of the District Secretariat as at 31 December 2015 totalled Rs.29.55 million.

**2.4 General Deposit Accounts**

The total balances of 03 General Deposit Accounts under the District Secretariat as at 31 December 2015 amounted to Rs.111.89 million. Details appear below.

<b>Deposit Account Number</b>	<b>Balance as at 31 December 2015</b>
	<b>Rs.Millions</b>
6000/0000/00/0013/0083/000	73.97
6000/0000/00/0014/0014/000	9.58
6000/0000/00/0016/0072/000	28.34
<b>Total</b>	<b>111.89</b>

## 2.5 Audit Observation

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The Appropriation Account and the Reconciliation Statements of the Vavuniya District Secretariat for the year ended 31 December 2015 have been prepared satisfactorily, subject to the audit observations appearing in the Management Audit Report referred to in Paragraph 1.1 above. The material and significant audit observations out of the audit observations included in that Management Audit Report appear in paragraph 3.

## 3. Material and Significant Audit Observations

### 3.1 Non-maintenance of Registers and Books

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It was observed during audit test checks that the Vavuniya District Secretariat had not maintained certain registers, while certain registers had not been maintained properly and updated as shown below.

Type of Register	Relevant Regulation	Observations
(i) Registers of Fixed Assets relating to Computers, Accessories and Software	Treasury Circular No. IAI/2002/02 dated 28 November 2002.	Not maintained.
(ii) Register of Losses	Financial Regulation 110	Not maintained.
(iii) Register of Fixed Assets	Treasury Circular No.842 dated 19 December 1978.	Not updated.

### 3.2 Appropriation Account

#### Provisions made available by other Ministries and Departments

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The following deficiencies were observed during the audit test check carried out in respect of utilization of provisions made by other Ministries and Departments for various activities.

#### (a) Department of Development Finance

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Provisions had been made under the programme implemented by His Excellency the President from the 2015 Annual Budget Estimate to the Vavuniya District Secretary with a view to providing subsidies to small scale farmers who were badly affected by the drought. A sum of Rs.139.25 million had been provided to 16,533 farmers under that programme. The following observations are made in this connection.

- (i) In terms of paragraph 04 of Circular No.7/5/8/4/-254 of 07 November 2014 of the Secretary to the Ministry of Economic Development, in selecting beneficiaries, the details of lands should have been ascertained by Paddy Field Registers, Fertilizer Subsidy Registers or Acreage Tax Registers. It had been instructed that the extent of land should be decided by appointing a Committee when confirmations cannot be made by those registers. As those registers were not revised, the beneficiaries decided by the Committee had been paid for. However,

written information necessary to prove that committees had been appointed and that decisions had been taken by the said committees, had not been made available to audit.

- (ii) Lands of 4,387 acres in extent cultivated in the Yala Season in the year 2014 in the District of Vavuniya had been insured under Fertilizer Subsidy Scheme. If those lands had been affected by drought, they could have claimed compensation from the Insurance Trust Fund. As such, a total sum of Rs.12,283,600 had been paid for farmers at the rate of Rs.2,800 per acre.
- (iii) Cultivation of paddy fields in the Maha Season by most of the farmers and letting them lie fallow in the Yala Season was the usual methodology. According to the Register of Supplying Fertilizer Subsidy, lands of 4,387 acres in extent had been cultivated in the Yala Season of 2014 and a sum of Rs.126.97 million had been paid for an extent of 45,346 acres exceeding the said extent of acres.
- (iv) According to Letter No. DFD/SP/2014 of the Director General of the Department of Public Finance of 07 November 2014, in the payment of subsidies, confirmation should have been obtained that those paddy field lands were cultivated by each beneficiary farmer in the Maha Season of 2014/15. Nevertheless, it had not been so confirmed.
- (v) In comparison of the extent of lands cultivated in the Yala Season in the year 2014/2015 with the extent of acres of paddy fields for which financial aid had been paid, 9,441 acres of land in extent had not been cultivated. Accordingly, it had been established that payments had been made for paddy fields that had not been registered in the area or not been identified. As such, an overpayment of Rs.26.43 million had been made for 9,441 acres of paddy fields. Moreover, it had been mentioned in the reply sent by the Assistant Commissioner of the Department of Agrarian Development that steps would be taken to recover this amount.

### **3.3 Reconciliation Statement on Advances to Public Officers Account**

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According to the Reconciliation Statement as at 31 December 2015 relating to the Advances to Public Officers Account Item No.26601, the outstanding balances as at that date totalled Rs.280,904. Even though those outstanding balances had remained for over a period of one year, the District Secretariat had failed to recover those outstanding loan balances.

### **3.4 Assets Management**

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The following deficiencies were observed during audit test checks carried out relating to assets.

- (a) Details of 02 four wheel tractors received from Menik Farm before 03 preceding years had not been furnished to audit. No measures whatsoever had been taken to dispose or use or transfer those vehicles to another institution or division.

- (b) Technically outdated 06 motor cycles, belonged to the Jaffna District Secretariat, that can be used after costly repairs and used by officers of the NEHRP Project had been transferred to the District Secretariat on 31 July 2012 without identifying the requirement. One of those motor cycles had been repaired by spending a sum of Rs.38,620 and given to an officer not entitled to a motor cycle. The remaining motor cycles had not been made use of even by 30 November 2015.

### 3.5 Performance

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According to the 2015 Annual Budget Estimates, the observations on the progress of the District Secretariat are as follows.

- (a) The ground floor of the storeyed building which was constructed in the year 2013/2014 had been rented out for a sum of Rs.10,000 per month from the year 2015 to run the canteen. That revenue had been paid to the Welfare Society of the District Secretariat without crediting to the Government Revenue.
- (b) According to the waiting list of Public Officers who had applied for Government Quarters belonging to the Vavuniya District Secretary, the number of officers who had not received Government Quarters of different Grades during the period from the year 2008 to 31 December 2014 had been 74. Out of the Government Quarters built for the service facilities of officers with a view to improving the service requirement and efficiency, 06 quarters had been given for over a period of 05 years to various Government Institutions, offices belonging to political authorities and persons. As such, providing the facility of Government Quarters to officers had been limited and no rental whatsoever had been recovered from the said quarters even by 31 December 2015..
- (c) A sum of Rs.5,065,982 had been spent in the year under review for the constructions of Phase II of the first floor of the Vavuniya District Secretariat. The following deficiencies were revealed at the audit test check carried out in this connection.
- (i) According to the Engineering Estimate, a sum of Rs.1,650,000 had been estimated for fixing the Gypsum Molding ceiling and fitting LED bulbs in the places shown under Item of Work No.4.18. A sum of Rs.1,596,802 had been paid after completion of work to the contractor who had undertaken the constructions. Analytical Expenditure details and designs had not been prepared for this Item of Work. Payments had been made for the works completed by the contractor himself. That construction had been observed as an irregular transaction outside the supervision of the Engineer/Technical Officer.
- (ii) The request made by the contractor for extending the period of contract had not been accepted and the period had been extended by 18 days. As such, a loss of Rs.22,180 had been incurred to the Government.
- (iii) The works relating to Items of Work Nos. 2.3, 2.4 and 2.5 (applying paint) of the Engineering Estimate had been duplicated as a result of being included in Items of Work Nos. 4.13, 4.14 and 4.15 as well. As a result, according to those Items of

Work, in considering the total estimate value, it had been understated by Rs.78,396 due to understatement of value and quantity of a unit.

- (iv) According to the approved estimate, in the comparison of bill payments, 52 Items of Work totalling Rs.2,050,803 had not been included in the estimate. Moreover, jobs of 16 Items of Work totalling Rs.314,990 had been overstated in the estimate. As such, the estimates had not been properly prepared.
- (v) Even though it had been estimated to supply and install 06 air conditioners of which the contractual value had been Rs.780,000, that function had not been fulfilled within the approved provision.

### **3.6 Transactions of Contentious Nature**

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The reports of the Boards of Survey of the District Secretariat of Vavuniya South in the year 2014 had revealed shortages of a Yashica digital camera, a carom board, a cassette player and 10 cassette pieces. However, according to the report of the Board of Survey in the year 2015, it was stated that those four types of items to be destroyed, and as such, it had been of contentious nature in audit.

### **3.7 Losses and Damage**

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A sum of Rs.5,065,982 had been paid in the year under review for the construction of Phase II of the first floor of the Vavuniya District Secretariat. In carrying out that construction, the bid value of Rs.4,648,543 submitted by the selected bidder had been revised as Rs.4,929,043 contrary to Guideline 7.9.1 (b) of the Government Procurement Guidelines. As such, a loss of Rs.280,500 had been sustained by the Government.

### **3.8 Uneconomic Transactions**

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A cab vehicle belonging to the NECODE Project had been handed over to the District Planning Unit in the year 2012. The said cab vehicle had not been made use of even by 30 November 2015, the date of audit and during that period, it had been repaired by spending a sum of Rs.189,050 ,that is in December 2014.

### **3.9 Management Weaknesses**

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The following weaknesses were observed during the course of audit test checks.

- (a) According to Letter No. MED/TR/05/9675 of 29 November 2011 of the Secretary to the Ministry of Economic Development, a Double Cab vehicle which had been handed over to an organizer of a political party in Vavuniya had been taken over again by the Planning Division of the District Secretariat. According to the last paragraph of the said Letter, it had been informed that, in taking over of motor vehicles from the party who had made use of it, they should be taken over after subjecting to the inspection of the District Motor Traffic Examiner. Nevertheless, it had not been so done and action had not been taken to inform the relevant Ministry on the measures to be taken in respect of that motor vehicle even by 30 November 2015, the date of audit. That motor vehicle had been parked in the

garage for a period of 04 years. Moreover, due to failure in carrying out the instructions mentioned in the said Letter, if the motor vehicle had been damaged by the person who had made use of the motor vehicle, the opportunities of recovering the said loss from him had been lost as well.

(b) A dearth of drivers had existed in the District Secretariat since many years. However, a driver who had been attached to the Planning Division had been kept idle without transferring him to a motor vehicle owned by the Planning Division or to a motor vehicle of another division or to another department or division during the period from March 2014 to November 2015 and paid a sum of Rs.611,804 as salaries during the said period.

(c) Sums of Rs.12,986,800 and Rs.30,241,760 had been paid in the years 2014 and 2015 respectively for constructing the first floor of the Vavuniya District Secretariat, circuit bungalow and the dining hall of the Government Quarters in which the District Secretary is residing. However, the total cost estimate had not been prepared in designing the said constructions.

### 3.10 Human Resources Management

#### ----- Approved Cadre and Actual Cadre -----

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

	<b>Category of Employees</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>Number of Vacancies</b>	<b>Excess</b>
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(i)	Senior Level	20	20	-	-
(ii)	Tertiary Level	15	06	09	-
(iii)	Secondary Level	349	237	112	-
(iv)	Preliminary Level	66	51	15	-
(v)	Other (Casual/Temporary/Contract)	-	04	-	04
	<b>Total</b>	<b>450</b>	<b>318</b>	<b>136</b>	<b>04</b>
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The following observation is made.

The District Secretariat had not taken action to obtain formal approval on the excess cadre that had been recruited.