

Report of the Auditor General on Head 266 – Vavuniya District Secretariat / Kachcheri Year 2016

 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 2016 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 18 July 2017. 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.254.90 million and out of that, Rs.253.45 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.1.45 million or 0.57 per cent. Details appear below.

| Expenditure | As at 31 December 2016 | | | Savings as a Percentage of Net Provisions |
|--------------|------------------------|---------------|-------------|-------------------------------------------|
| | Net Provision | Utilization | Savings | |
| | Rs.Millions | Rs.Millions | Rs.Millions | |
| Recurrent | 194.90 | 193.63 | 1.27 | 0.65 |
| Capital | 60.00 | 59.82 | 0.18 | 0.30 |
| Total | 254.90 | 253.45 | 1.45 | 0.57 |

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

Provisions totalling Rs. 1,482.37 million had been made to the District Secretariat by 19 other Ministries and 14 Departments for various activities. Out of that, a sum of Rs. 1,461.82 million had been utilized by the end of the year under review. Accordingly, savings out of the provisions made amounted to Rs. 20.55 million or 1.39 per cent.

2.2 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.

| 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 |
| 14.00 | 13.99 | 8.00 | 11.96 | 42.00 | 36.74 |

2.3 General Deposit Accounts

The total balances of 03 General Deposit Accounts under the District Secretariat as at 31 December 2016 amounted to Rs.72.89 million. Details appear below.

| Deposit Account Number | Balance as at 31 December 2016 |
|-------------------------------|---------------------------------------|
| | Rs.Millions |
| 6000/0000/00/0013/0083/000 | 40.52 |
| 6000/0000/00/0014/0014/000 | 0.94 |
| 6000/0000/00/0016/0072/000 | 31.43 |
| Total | 72.89 |

2.4 Audit Observation

The Appropriation Account and the Reconciliation Statements of the Vavuniya District Secretariat for the year ended 31 December 2016 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

The District secretariat had not been maintained a Register of liabilities.

3.2 Appropriation Account

3.2.1 Budgetary Variance

Excess provisions had been made for 03 objects and the savings after utilization of the provision had been ranged between 12 per cent to 15 per cent relating to those objects.

3.2.2 Provisions made available by other Ministries and Departments

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

(a) Provision made available by the Ministry of Prison Reforms, Re-habilitation and Resettlement and Hindu Affairs

- (i) Sixty six Solar thermal bulbs had been purchased for fixing at the resettled Cinnadampan and Parasankulam Villages at the cost of Rs.5.09 million and competitive bids had not been called nationally according to the Guideline 3.2.1 of the Government Procurement Procedure.
- (ii) As the Electricity Board had supplied the electricity to the Cinnadampan Village, the expenditure amounting to Rs.4.62 million made for the installation of 60 solar thermal street lamps had become a fruitless expenditure.
- (iii) Even though action had been taken to resettle the displaced persons by cleaning 80 acres of land area in Parasankulam and Sinnadampan villages and resettle 150 families, only 76 persons were selected from the Poonthottam welfare camp when selecting beneficiaries. The basis of the selection of remaining persons had not been submitted.

(b) Provision made available by Ministry of Agriculture

The following observations were made during the course of physical examination of 06 threshing floors constructed by using the Formers Trust Fund.

- The area of each threshing floor were differ each other as a general format had not be prepared for the construction of 06 threshing floors using the Farmers Trust Fund. Further, the construction of a safety fence around the threshing floor was in dispensable, provisions had not been made available for construction of a fence.
- While preparing estimates as it had been used the prices quoted relevant to the Department of Agrarian Services and the prices quoted by District Secretariat Vavuniya, costs of the items were vary from one threshing floor to the other threshing floor.
- There are problems when distribution of the threshing floor among the farmers during harvesting of the cultivation at the same time, as there was no definite plan had been prepared by the farmers organization using of the threshing floor.
- As a result of not pressing the gravel at the relevant standard when the constructing threshing floors, of Mamaduwa, Muhaththankulam, Muththumarinagar and Pudukulam were cracked in several places. Even though it had been replied as the corrections had been made on 20 April 2017, at the time of physical examination again made on 08 August 2017, it was observed that the situation was same as earlier.

(c) Provisions made available by Farmers Trust Fund

The following observations were made during the physical verification of 44 agri wells constructed using the Farmers Trust Fund .

- Under the sub - sections 08 and 02 of the agreement DS/V/Agri/Agro/2016/14 of the estimated, of the agro well depth between 3.00 meters and 4.5 meters respectively and 1.5 metre area to be plastered and around the bottom 01 feet should be concreted. Nevertheless as, 0.333 feet was concreted and a sum of Rs.40,737 had been over paid.
- The depth of the agro well constructed under the agreement of DS/V/Agri/Agro/2016/15 1.5 metre between 1.5 metre and 3.0 metre, should be plastered, thus payment of Rs.9,333 had been made while the task had not been carried out.
- According to the sub estimate No 10 and 2 of the agro well constructed under DS/V/Agri/Agro/2016/13 agreement, the two side posts should be plastered to 12.5 metres in thickness and the bottom of the well should be concerted up

to 01 feet height respectively, but only 0.25 feet was concreted and a total payment of Rs.28,643 had been made in excess.

- Even though under the agreement DS/V/Agri/Agro/2016/09 the bottom of the constructed agro well should be concreted at a height of 1 feet, only a 0.25 feet had been concreted and a sum of Rs.13,467 had been paid in excess.
- Although the bottom of the agro well should to be concreted to a height of 01 feet constructed under the agreement DS/V/Agri/Agro/2016/08 only a height of 0.1667 feet had been concreted and a Rs. 15,990 had been over paid.
- Although the work sheet stated that sub sections 08 and 11 of the prepared estimates of the agri well constructed under the agreement of DS/V/Agri/Agro/2016/02 had not been fulfilled, it was seen at the physical examination that the said works had been performed. Even though the serial No.02 of the estimate was an old construction a sum of Rs.28,562 had been over paid mentioning that part of the work had been carried out.
- Although construction of Agro well under the agreement VN/DS/PL/N/Agri/Well/2016/06 should be completed, by 31 October 2016 the it had not been completed even by 09 March 2017. Further, action had not been taken to recover the sum of Rs.38,000 which was paid in accordance with the paragraph 10 of the agreement.
- The bottom of the Agro well which was constructed under the agreement VN/DS/PL/N/Agri/Well/2016/10 should be concreted to a height of 0.2 metres but only 0.01 metre had been concreted and a sum of Rs.6,019 had been over paid. Also, the construction had to be completed by 31 October 2016, it had been neither completed even by 09 march 2017 nor the amount paid had been recovered in accordance to the paragraph 10 of the agreement.

3.3 Imprest Account

The following observations are made.

- (a) Even though in term of Financial Regulation 371(5) amended by the Public Finance Circular No 03/2015 of 14 July 2015, ad - hoc sub - imprests should settled within 10 days after the completion of the purpose for which had been given, the ad hoc sub-imprests totalling Rs.110,000 had been given in 08 occasions had been settled with a delay of a period ranging from one month to 03 months after the completion of the purpose.
- (b) The authorized Officer appointed by the Head of the Department in terms of Section 1 of the Treasury Operations Circular No.07/2016 of 18 November 2016, had not recorded as no transactions could be made in the cash book after 31 December 2016.

3.4 General Deposit Account

The following observations are made.

- (a) A sum of Rs.12.35 million given to the District Secretariat for various activities, had been retained in the deposit account without utilizing those for the relevant activities.
- (b) A sum of Rs.68,120 which had been deposited in 12 occasions from the year 2015 which had to be paid to the Circuit Bungalow keeper had been retained in the deposit account without being paid.

3.5 Reconciliation Statement of Advances to Public Officers Account

According to the Reconciliation Statement as at 31 December 2016 relating to the Advances to Public Officers Account Item No.26601, the outstanding balances as at that date totalled Rs.375,904. 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.

3.6 Assets Management

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

Idle and Underutilized Assets.

- (i) The three wheeler belongs to the District Secretariat had been idle for over 2 years without being used.
- (ii) Actions had not been taken to transfer the ownership of 07 vehicles which are being used by the District Secretariat.
- (iii) ME 2, ME 10 of the official bungalows and the old circuit bungalow belongs to the District Secretariat had not been repaired and taken for the utilization.

3.7 Unsettled Liabilities

The unsettled liabilities of the District Secretariat as at 31 December 2016 less than one year totalled Rs.1,269,443.

3.8 Non - compliance

Non - compliance with Laws, Rules and Regulations.

The following observation is made

The records such, as documents relevant to obtain the loan, certificate of affidavit relating to the utilization of the loan granted and the irrevocable undertaking given authority to recovered from pension had not been included in the loan files in terms of the Sections 3.1 and 4.2.3 of the Chapter XXIV of the Establishment Code of the Democratic socialist Republic of Sri Lanka.

3.9 Performance

The observations relating progress of the District Secretariat according to the 2016 Annual Budget Estimate is as follows.

(a) Construction of the Circuit Bungalow of the District Secretariat

The Following observations are made.

- (i) Even though according to the agreement dated 29 July 2015 the first and the second stages of the construction work of the circuit bungalow valued at Rs.22,999,190, should be completed on 29 November 2015, but it had not been completed even by 31 August 2016. Further, demurrages in accordance with Contract Condition No 04 was irrecoverable as the extension period, had been given without analyzing technically whether the matters submitted by the Contractor to extend the contract period was fair.
- (ii) The construction work should be completed by 28 December 2015 as per the extension given, but the validity of the performance bond had not been extended in accordance to the additional prolonged given.
- (iii) The details of the contract had not been published in an appropriate media according to the Guideline 8.10.1 of the Government Procurement Procedure. Also, a total cost estimate had not been prepared for this construction in accordance to the Financial Regulation 20.
- (iv) A payment of Rs.3,833,222 had been made for 06 additional work items and it had been 12.1 per cent of the estimate value . Further a prior approval had not been obtained for the additional work.

(b) Purchase of RO Water Filters

The following observations are made

- (i) When considering the purchase of RO water filters the composition of the Regional Procurement Committee in accordance with the Guideline 2.7.7 of the Government Procurement Procedure, should be consist of Provincial District Head or a similar person as the Chairman, a senior officer of the institution involved in the procurement and an officer with the knowledge of the procurement procedure in any other institution, contrary to that 03 officers of the Sinhala Divisional Secretariat had been Consisted for the same.
- (ii) According to the Guideline 2.8.5 of the Government Procurement Procedure a Technical Evaluation Committee should be appointed for the procuring of goods and services. Without appointing the same and contrary to the provisions of the Guideline 2.14.1 of the Procurement Procedure exceeding the authority limit of Rs.500,000 water filters valued at Rs.4,238,000 had

been purchased. Further, the bids should be called from more than 05 institutions, nevertheless decisions had been taken depending on 03 biddings.

- (iii) Even though according to the Guideline 5.2.1 (a) of the Government Procurement Procedure, before making purchases under the market shopping method, the necessity of the goods, quantity etc. should be decided, instead of doing so bids had been called without including the details of the goods in the specification submitted.
 - (iv) No formal procurement procedure had been followed regarding the documentary evidence and the manner in which the procurement documents were registered and the manner in which the quotations documents were sent to the supplier and receipt of the same.
 - (v) It was observed during the cause of physical examination carried out with regard to the water filters located at the Vauniya South Divisional Secretariat division, as it was implemented without the recommendations obtained from the Water Resources Board with regard to those water sources, while using those water filters, consumers could be undergone to side effects.
 - (vi) Fifteen water filters had been setup at 09 places by the Vavuniya South Divisional Secretariat and by 25 October 2016 at the date of audit, 05 water filters were not in operation from a period of 06 months. It was also observed that even though RO water filters have a guarantee period of one year, it had been failed to repair the RO water filters from the institution which was supplied them even by the date of audit 25 October 2016.
 - (vii) It was observed that those water filters were idled during the days when the water wells were dried up, to find out whether water can be obtained for the entire year where those RO water filters were located due to the location of RO water filters were installed having without a feasibility study.
- (c) A sum of Rs.1,708,130 had been paid to a contractual institution to taring and development of the Nochchikulam road at the Vavuniya South Divisional Secretariat area. At the time of physical examination of those constructions stones had been placed more than the said quantity without placing of stones at the range of 4"x4" according to the estimate. Further it was observed as the stone had been placed and had also been mortared rolled to the road prior to the construction of the shoulder sections and there had been a risk of stone can be washed away on both sides.

(d) Tarring and Development of Arugampullalivu Road

The following observations are made.

- (i) A sum of Rs.1,692,830 had been paid to a contract institution to tarring and development of the Arugampullalivu road at the Vavuniya South Divisional Secretariat area. At the physical examination of those construction on 26 October 2016, it was seen work had been started at a 315 metres of long road

way with gravel and stoned. But of that 215 metres of the road was placed in 4 inches stone. Out of that length of 180 metre long stretch of road was metaled on the 4 inches stone and road roller was in operation and tar had been melted for putting tar in the evening. At that time there was no Technical Officer to supervise and while checking of the stone at the section which was layered stone of the road it was found stone in inches such 9,10,11,12, etc. were applied on the road surface instead of applying 4 inches stone. The metaled section also had been placed stone in several sizes in certain places. On the same, stone in the sizes such 2 and ¾ inches was placed and pressed by a roller machine but no action had been taken with regard to dumping of substandard stones.

- (ii) As the metal were not laid a distance of the 100 metres at the beginning of the road when, the measurement of the density of the gravel layer in 03 locations were checked, it was observed that stone had been placed and tarring was done without the gravel were laid to the required standard and on the height of 4 1/2, 2 and 2 inches.
- (iii) As at the date of audit 26 October 2016, in accordance to the distance completed, the metal of 4 inch and 02 inch 4 sizes had to be used in 79.86 and 66.86 cubic metre respectively. However, according to the payment registers, it had been 4 inch 2 and inch sizes metal of 97.18 and 92.93 cubic metres respectively. Accordingly, a sum of as 94,000 had been over paid for 4 inch and 2 inch size respectively for (M3) 17.32 and 26.07 cubic metres.
- (e) While inspecting the construction of Clinic Centre at Pudiyacinnakulam on the date of audit 27 October 2016, it was observed the extent of the base should be 2 feet in accordance with the estimate, but at the examination of the base at 07 places the extend had been in different sizes such a 1.8, 1.9, 1.9, 1.6, 1.8, 1.8 and 1.9 feet.

(f) Construction of 13 Threshing floors at the Division of Vavuniya North Divisional Secretariat

The following observations are made.

- (i) Under the Rural Infrastructure Facility Project 13 threshing floors had been constructed in the Vavuniya North Divisional Secretariat area. Of all those threshing floors the retaining wall were cracked from several places and in certain threshing floors cement had been cracked in the middle of the floor. Also, maintenance work of the threshing floors had not been handed over to anybody. Further, it had been observed that a sum of Rs.500 to Rs.1,000 per day or at a time, are being charged from the farmers for the usage of the threshing floor and there for farmers avoiding the usage of threshing floors.
- (ii) Exceeding the maximum expenditure limit of Rs.6,000 for a name board of a threshing floor, Rs.34,864 had been over paid for preparation of 06 name boards.

- (g) Even though there was an unauthorized gravel excavation in 48 acres in the Vavuniya North Divisional Secretariat Division, the Divisional Secretariat had not taken action to stop the same even by 22 November 2016.
- (h) Even though 150 acres of jungle had been cut and cleared at the Parasankulam area for the construction of houses to the Government Officers, no houses had been constructed even by 04 January 2017.
- (i) The official bungalow of the Vavuniya North Divisional Secretariat had been tiled by spending Rs.801,384, without estimating for the removal of the existing cement floor. Further, a request also had not been made for the above work.
- (j) The land given to Mohideen Mosque under 30 years lease agreement on 27 September 1969 for the construction of an Arabic college, construction a school along with 18 shops had been constructed contrary to the said agreement. Even after the termination of the agreement period, action had not been taken to re - acquire this land on the ground of not using for the said purpose.

3.10 Unresolved Audit Paragraphs

According to the paragraph 3.5 (b) of the 154(6) report for the year 2015, Government Quarters belonging to the Vavuniya District Secretariat 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 the rental income of those quarters also had been devoid.

3.11 Deficiencies in Operating bank Accounts

The value of money orders deposited but not realized, lapsed of one year had been Rs.104,000 in accordance with the bank reconciliation as at 31 December 2016 of the Sinhala Divisional Secretariat. Action had not been taken to find out the reason for the unrealized.

3.12 Human Resources Management

Approved Cadre and Actual Cadre

Position of the cadre as at 31 December 2016 had been as follows.

| | Type of Employee | Approved Cadre | Actual Cadre | Vacancies | Excess |
|-------|------------------|----------------|--------------|------------|-----------|
| | ----- | ----- | ----- | ----- | ----- |
| (i) | Senior Level | 20 | 19 | 03 | 02 |
| (ii) | Tertiary Level | 15 | 06 | 09 | - |
| (iii) | Secondary Level | 350 | 229 | 121 | - |
| (iv) | Primary Level | 64 | 52 | 12 | 01 |
| (v) | Others | 02 | 03 | - | 01 |
| | Total | 451 | 309 | 145 | 04 |
| | | ===== | ===== | ===== | ===== |