

**Report of the Auditor General on Head 264 – District Secretariat / Kachcheri, Jaffna  
Year 2016**

The audit of the Appropriation Account and the Reconciliation Statements including the financial reports, books, registers and other records of the Head 264 - District Secretariat, Jaffna 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 21 August 2017. 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.796.90 million and out of that Rs. 794.05 million had been utilized by the end of the year under review. Accordingly the savings out of the net provisions of the District Secretariat amounted to Rs.2.85 million or 0.36 per cent. Details appear

Expenditure	As at 31 December 2016			Savings as a Percentage of Net Provisions
	Net Provision	Utilization	Savings	
	Rs. Million	Rs. Million	Rs. Million	
Recurrent	688.87	686.02	2.85	0.41
Capital	108.03	108.03	-	-
<b>Total</b>	<b>796.90</b>	<b>794.05</b>	<b>2.85</b>	<b>0.36</b>

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

Provisions totaling Rs. 6,603.94 million had been made for the District Secretariat by 25 Ministries and 19 Departments respectively for various activities and out of that a sum of Rs. 6,321.62 million had been utilized. Accordingly, the savings out of the provisions made amounted to Rs.282.32 million or 4.28 per cent.

**2.2 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 under the Item No.26401 and the 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.Million</b>	<b>Rs.Million</b>	<b>Rs.Million</b>	<b>Rs.Million</b>	<b>Rs.Million</b>	<b>Rs.Million</b>
52.00	51.73	40.00	43.70	200.00	121.57

**2.3 General Deposit Account**

The balances of 08 Deposit Accounts under the District Secretariat as at 31 December 2016 totalled Rs. 176.18 million. Details are given below.

<b>Deposit Account No.</b>	<b>Balance as at 31 December 2016</b>
	<b>Rs.Million</b>
6000/0000/00/0002/0090/000	0.24
6000/0000/00/0013/0059/000	14.44
6000/0000/00/0014/0006/000	23.14
6000/0000/00/0016/0041/000	117.29
6000/0000/00/0017/0012/000	1.49
6000/0000/00/0018/0053/000	5.95
6000/0000/00/0019/0008/000	0.09
6000/0000/00/0020/0002/000	13.54
<b>Total</b>	<b>176.18</b>

## 2.4 Audit Observation

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The Appropriation Account and Reconciliation Statements of the District Secretariat Jaffna 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

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### 3.1 Non-maintenance of Registers and Books

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It was observed during audit test checks that the District Secretariat had not updated the following registers.

<b>Type of Registers</b>	<b>Relevant Regulation</b>
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(a) Register of Fixed Assets	Treasury Circular No.842 of 19 December 1978.
(b) Register of Fixed Assets on Computers, Accessories and Software	Treasury Circular No. IAI/2002/02 of 28 November 2002
(c) Supplementary Ledger	Financial Regulation 533
(d) Register of Telephone	Financial Regulation 845(1), 846 (3)
(e) Register of Counter foil Books	Kachcheri Manual 5:10

### 3.2 Appropriation Account

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#### 3.2.1 Budgetary Variance

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Following observations are made.

- (a) Original provision of Rs. 55,403,617 made under eight recurrent Objects had been reduced by 12 per cent to 71 per cent in thirteen instances, while other four recurrent provisions had been increased by 15 per cent to 73 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.2,099,246 ranging from 15 per cent to 71 per cent between nine recurrent Objects.

### 3.3 Provision made available by other Ministries and Departments

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#### Lively hood Assistant Programme – Head No. 145

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At a test check of physical inspection carried out in respect of the activities of lively hood assistance project revealed the following deficiencies.

##### (a) Failure of Livelihood Assistance Project

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The lively hood assistance payments made to the following Divisional Secretariats had not been achieved the expected target. Details are given below.

Name of Divisional Secretariat	Number of beneficiaries	Reason for failure
Jaffna	09	Death of live stock
Valikamam West	06	Death of live stock
Valikamam West	04	Unsuitable cattle were distributed.
Vadamaradchy East	06	Death of live stock

##### (b) Providing Livelihood Assistance less than Allocated Amount

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The livelihood assistance payment had been made between Rs 10,000 to Rs.40,000 by the following Divisional Secretariats instead of Rs 99,000 which had been allocated for one beneficiary according to the Circular No JF/MRS/RES/01/Gen/2016 dated 16 February 2016. As a result the target of lively hood assistance payments had not been achieved. Details are given below.

Name of Divisional Secretariat	Number of beneficiaries	Amount allocated Based on Circular	Amount given to Beneficiaries	Balance
		Rs.	Rs.	Rs.
Jaffna	88	8,712,000	2,470,619	6,238,377
Vadamaradchy South West	05	495,000	334,000	161,000

##### (c) Delay in providing Lively hood Assistance

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The following Divisional Secretariats had delayed in providing lively hood assistance to the beneficiaries. Details are given below.

Name of Divisional Secretariat	Number of Items	Amount	Period of Delay
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		Rs	(Months)
Jaffna	46	796,050	04
Vadamaradchy East	13	1,299,867	02
Thenmaradchy	02	159,445	03 to 06

### 3.4 General Deposit Account

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Following observations are made.

- (a) Temporary retained deposits Rs. 1,055,964 which is payable to third parties had been kept in the general deposit account over 09 months without being taken action.
- (b) Reimbursement of expenditure made by 09 institutions amounting to Rs.4,351,713 had been kept in the general deposit account without set off/charged them to the relevant Object Codes.

### 3.5 Advances to Public Officers Account

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During the course of audit test checks of the Reconciliation Statement as at 31 December 2016 relating to the Advances to Public Officers Account No. 26401, actions had not been taken either to recover the outstanding balance amounting Rs.331,925 due from the officers who were vacated their post and regulated to disciplinary actions or to make necessary adjustments in terms of the Section 4 of the Chapter XXIV of the Establishment Code.

### 3.6 Assets Management

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

#### (a) Use of Assets which have not been vested

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Following observation is made.

Even though the office building for the Divisional Secretariat, Karainagar had been constructed in a private land during the year 2013, the ownership of that land had not been taking over by the Secretariat even by 30 September 2017. Further, correspondence file was not made available for audit to determine the value of the building as at 31 December 2016.

**(b) Idle and Underutilized Assets**  
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Following observation is made.

Four motor vehicles had been either idle or underutilized between 02 to 06 years.  
Further, 24 motor cycles had been either idle or underutilized for over 06 years.

**3.7 Non-compliance**  
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**Non-compliance with Laws, Rules and Regulations**  
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Instances of non-compliances with the provisions in Laws, Rules and Regulations observed during the course of audit are analyzed and shown below.

<b>References to Laws, Rules and Regulations</b> -----	<b>Value</b> ----- <b>Rs.</b>	<b>Non-compliance</b> -----
<b>(a) Financial Regulations of the Government of Democratic Socialist Republic of Sri Lanka</b> -----		
Financial Regulation 94	2,443,148	Independent confirmations had not been obtained for liabilities.
<b>Establishment Code of the Government of Democratic Socialist Republic of Sri Lanka</b> -----		
<b>(b) Establishment Code Section 3.19 of Chapter XXIV</b>	458,870	Even though the Head of the Department should certify that the officer's work and conduct have been satisfactory and that there is no reason to expect that he will not be confirmed in service, nevertheless two Divisional Secretariats had paid distress loan to the 03 officers who were not confirmed in service.
<b>(c) Treasury Circulars</b> -----		
No. 01/2004 of 24 February 2004		Performance Report for the year under review had not been tabled in Parliament as requested by the Circular.

### **3.8 Implementation of Projects under Domestic Financing**

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#### **Delays in the Execution of Projects**

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##### **Systemize collection and Segregation of Solid Waste in Jaffna Municipal Area**

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A sum of Rs. 12,105,000 had been paid to the Commissioner, Municipal Council, Jaffna for the works of making & supplying (900mm x 900 mm size) 4 Nos. collection bin set, trailer mounted mobile waste collection box and hand carts. However the work had not been completed even by the date of 15 October 2017.

### **3.9 Transactions of Contentious Nature**

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The following observation is made.

It had been allowed unauthenticated persons whom appointed by the Staff Welfare Societies for over last 02 years to recover the parking charges at a rate of Rs. 2 per bicycle and Rs.10 per which motor cycle parking in the office premises by the public visited to the District Secretariat and Divisional Secretariat, Valikamam South. Actions had not been taken by the relevant authorities to regularize the system.

### **3.10 Irregular Transactions**

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Value Added Tax (VAT) of Rs. 415,900 had been paid to a contractor for reconstruction of Analaitivu Settlement Road. But the above VAT payment had not been remitted to Department of Inland Revenue by the contractor. Subsequently, the department of Inland Revenue had informed, that the VAT registration of the particular contractor is inactive. However, the retention money of the above work amounting to Rs. 194,087 had been charged to Revenue Account in order to set off the part of the VAT payment and action had not been taken to recover the remaining balance of Rs. 221,813 from the contractor or the person responsible even up to 31 August 2017.

### **3.11 Losses and Damages**

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Losses aggregating Rs. 2,403,388 due to various reasons from the period ranging from 15 years to 29 years had been shown in the Appropriation Account without being taken necessary action to rectify and clear this amount from the Account.

### 3.12 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. 3.42 million had been paid on 02 May 2012 as incentive allowance to 27 officers including then District Secretary as payment relating to the work of private passenger 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. 3.20 million only had been recovered from those officers up to 30 September 2017.

### 3.13 Over payments

- (a) According to the Ceylon Petroleum Co-operation, the price of Bitumen (Tar) per litre was Rs.60. However, the Divisional Secretariats had been made payments to the contractors at the rate of Rs.70 per litre relating to the works carried out. As a result, a sum of Rs. 2,442,341 had been overpaid to the contractors in 146 instances.
- (b) The standard rates determined for tarring of 1<sup>st</sup> and 2<sup>nd</sup> coat were Rs. 54 and Rs. 33 respectively. However, the Divisional Secretariats under the District Secretariat Jaffna had used different rates exceeding the standard rates. Hence, an over payment of Rs. 2,296,636 had been made in the year 2015 to the respective contractors. Details are given below.

Name of Divisional Secretariat	Number of instances	Amount Rs
Vadamaradchy South west	25	792,244
Thenmaradchy	33	135,450
Valikamam west	21	284,499



Nallur	21	348,439
Island South	06	56,985
Valikamam South	20	97,885
Jaffna	21	280,125
Valikamam East	10	135,696
Vadamaradchy North	07	165,313
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	<b>164</b>	<b>2,296,636</b>
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### 3.14 Human Resources Management

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

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

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	68	49	19
(ii)	Tertiary Level	59	25	34
(iii)	Secondary Level	1260	1003	257
(iv)	Primary Level	279	188	91
	Total	<b>1,666</b>	<b>1,265</b>	<b>401</b>
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The following observations are made in this connection.

- (i) It had not been taken action to fill 401 vacancies or to revise the approved cadre appropriately by the end of the year under review.
- (ii) An officer of the Sri Lanka Administrative Service (SLAS) Class - 1 had been attached to the District Secretariat in excess of the approved cadre during the year under review. A sum of Rs. 1,290,016 had been paid to this officer for the period from 01 April 2016 to 31 July 2017 without being assigned any duties.