

Head 267 - Report of the Auditor General of the District Secretariat, Mullaitivu – Year 2017

The Appropriation Account and the Reconciliation Statement under Head and Item Number stated in the First Schedule and the Third Schedule of the Appropriation Act No. 24 of 2016 as amended by the Appropriation (Amendment) Act, No.32 of 2017 had been presented to audit by the District Secretariat, Mullaitivu. The financial and physical performance reflected in those accounts and the reconciliation statements were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

1.2 Responsibility of the Chief Accounting Officer and the Accounting Officer on the Financial Management and the Accountability

The Minister of Finance is charged with the raising of revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulations 124. The Minister of Finance appoints the Chief Accounting Officers to discharge above responsibility in terms of Financial Regulations 124(2). The Head of the Department will be the Accounting Officer in respect of all financial transactions of his Department in terms of Financial Regulations 125(1)(a). This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament in accordance with the provisions in Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Government Financial Regulations and Administrative Regulations.

1.3 Scope of Audit

The audit of the District Secretariat, Mullaitivu – Head 267 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, management of Government expenditure, Government revenue, human and physical resources, application of internal control systems, compliance with laws, rules and regulations and maintenance of updated books, registers, records and reconciliation statements, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The Management Audit Report for the year under review was issued to the District Secretary on 12 October 2018. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports 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 audit coverage as possible within the limitations of staff, other resources and time available to me.

1.4 Audit Observation

The audit observations of the District Secretariat, Mullaitivu for the year ended 31 December 2017 revealed in the cause of audit, appear in detail in the Management Audit Report mentioned in paragraph 1.3 above. The material and significant audit observations out of the audit observations included in the Management Audit Report appear in paragraph 2.1 to 2.11 of this report. It was observed that the accountability as the Accounting Officer has been executed satisfactorily to ensure the adequacy of the financial administration, subject to the following summarized audit observations revealed in the performance of the provisions of the Financial Regulation 128 of the Democratic Socialist Republic of Sri Lanka.

Responsibilities of Accounting Officer in terms of Financial Regulation 128 (1)	Accounting Officer not conformed to that provision	Reference to the Paragraph of the report included the observation
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Financial Regulation		

128(1)(a)	<p>The works of his Department is planned and carried out with due despatch, having regard to the policy laid down by the Government and intentions of Parliament in granting him financial provision for the activities authorized, and that an endeavor is made to complete the programme of work laid down for the year and /or to attain the targets specified.</p>	<p>1. Action Plan had not been prepared. 2.3.1</p> <p>2. Not maintained/ not updated the books and Registers. 2.9</p>
128 (1)(c)	<p>The Financial Regulations and other Supplementary instructions of the Government are adhered to in his department and that they are supplemented by departmental instructions where necessary.</p>	<p>1. Non maintenance of books and registers. 2.9</p> <p>2. Non compliances. 2.10</p>

128(1)(d)	An adequate system of internal check for receipts, payments and issues is maintained and tested from time to time.	Deficiencies in Advance to Public officers Account. 2.7
128(1)(e)	Adequate and proper arrangements are made for the safe custody and preservation of money, stores, equipment and other assets belonging to the Government, or is in its custody, and that these are verified from time to time and where they are disposed of, such disposal is according to prescribed Regulations and instructions.	Deficiencies in assets management 2.4
128(1)(f)	Such information, statements and returns as are called for by the chief Accounting Officer or the Treasury, are rendered correctly and promptly.	<ol style="list-style-type: none"> <li data-bbox="794 904 1275 976">1. Action Plan had not been prepared 2.3.1 <li data-bbox="794 1048 1275 1115">2. Not maintained/ not updated the books and Registers. 2.9
128(1)(h)	Special arrangements are made to recover outstanding dues and that the officers assigned that task, report to him at least once a quarter or as otherwise directed regarding arrears and action pursued to expedite their recovery.	Failure to recover outstanding loan balances. 2.7

2. Material and Significant Audit Observations

2.1 Key Functions of the District Secretariat

- (a) To implement the citizens charter fully in best way in the district and divisions.
- (b) To be a leader in coordinating the administration and development in the district
- (c) To implement government policies and the administration structures in a better way to enhance the productivity and quality in the public service at the district level.
- (d) To establish transparent, impartial and accountable public service.
- (e) To strengthen the capacity of the staff.
- (f) To improve financial management system in the District Secretariat and Divisional secretariats.
- (g) To enhance an efficient and effective district and Divisional public administration system.
- (h) To provide efficient service delivery to satisfy the needs of the public in the district.
- (i) Introduce entire services with modern IT to improve productivity and quality government services.
- (j) To measure key financial indicators.
- (k) To perform functions delegated by the ministries.
- (l) To conduct state ceremonies in the district and divisions.
- (m) To coordinate, monitor and review the progress of the foreign funded Projects at the district level.
- (n) To prepare preplanning activities to meet the risk management and disasters.
- (o) To ensure proper utilization of resources

2.2 Functions to be performed by the institutions under the District Secretariat

The functions performed by the Divisional Secretariats under the purview of District Secretariat are given below.

	Divisional Secretariats	Authority for the establishment	Activities
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(i)	Divisional Secretariat, Maritimé pattu		Administrative and Development activities
(ii)	Divisional Secretariat, Puthukkudiyiruppu	Establishment of Divisional Secretariat	vested by the Central Government and Provincial Councils
(iii)	Divisional Secretariat, Oddusuddan	Act, No.58 of 1992.	are implemented by the Divisional Secretariats.
(iv)	Divisional Secretariat, Thunukkai		
(v)	Divisional Secretariat, Manthai		

East

(vi) Divisional Secretariat, Welioya

2.3 Performances

2.3.1 Planning

The District Secretariat had not prepared the annual action plan for the year under review in terms of Public Finance circular No.01/2014 of 17 February 2014.

2.4 Assets Management

2.4.1 Utilization of Vehicles

In terms of Public Administration circular No.30/2016 of 29 December 2016, fuel consumption of vehicles to be checked at least once in a year. However, fuel consumption had not been checked relating to 19 vehicles belonging to District Secretariat and 06 Divisional Secretariats.

2.5 Un-resolved audit paragraphs

Deficiency such as non- submission of agreement, tender documents, Bill of Quantities and payment vouchers for the construction of office building of District Secretariat, pointed out in the audit report of the District Secretariat for the year 2016 had not been rectified up to now.

2.6 Utilization of provisions made by Parliament for the accomplishments of functions

Information in respect of provisions made to the District Secretariat during the 5 years ended 31 December 2017, utilization, savings, audit observations thereon are given below.

Year	Expenditure type	Net Provision	Utilization	Savings	Savings as a Percentage of Net Provision
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		Rs.Millions	Rs.Millions	Rs.Millions	
2013	Recurrent	137.007	125.939	11.068	8.08
	Capital	118.795	117.418	1.377	1.16
	Total	255.802	243.357	12.445	4.86
2014	Recurrent	144.725	136.521	8.204	5.67
	Capital	70.050	69.782	0.268	0.38
	Total	214.775	206.303	8.472	3.94
2015	Recurrent	188.626	177.970	10.656	5.65
	Capital	73.474	73.418	0.056	0.03
	Total	262.100	251.388	10.712	4.09

2016	Recurrent	180.633	177.070	3.563	1.97
	Capital	91.000	90.954	0.046	0.05
	Total	271.633	268.024	3.609	1.33
2017	Recurrent	187.440	180.644	6.796	3.62
	Capital	120.000	119.353	0.647	0.54
	Total	307.440	299.997	7.443	2.42

The following observations are made.

- (a) In terms of the letter No. PFD/PMD/Clari/11/02 of 27 September 2011 issued by Secretary of Treasury, works should be awarded to the Community Based Organizations such as Community Development Centers, Rural Development Societies and Women Development Societies. However, the Divisional Secretariat, Thunukkai had awarded two contracts for the construction of conference hall and renovation of hospital to the society established for the welfare of staff of the Divisional Secretariat.
- (b) Even though a sum of Rs. 194,000 had been paid for the works of fixing of 04 doors and wall plastering pertaining to the above mentioned contracts, those works had not been completed by the contractor up to now.
- (c) The above mentioned conference hall had remained idle for over 01 year without being utilized for the intended purposes.

(a) Utilization of Provisions allocated by other Ministries and Departments

A total provision of Rs.2,164 million, comprising of Rs.13 million , Rs.2,132 million and Rs. 19 million had been allocated by 02 Secretariats, 23 other ministries and 15 Departments respectively for various activities. Of that provision, only a sum of Rs.1,729 million had been utilized by the end of the year under review. Accordingly, a sum of Rs.435 million or 20 per cent of the total provisions had been saved. In this regard the following observation is made.

A Protection Centre for unsafe and abused children constructed at Selvapuram at a total cost of 24.19 million from the funds of the National Children Protection Authority and handed over to the District Secretary in 2014, had remained idle for more than 03 years.

2.7 Advances to Public Officers Account

Limits Authorized by Parliament

Limits authorized by Parliament in respect of Advances to Public Officers Account bearing item No.26701 relating to the District Secretariat and the actual values 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
18.00	12.96	11.00	14.39	54.00	41.98

The following observation is made.

Outstanding staff loan balances aggregating Rs. 507,310 receivable from 04 officers who had been interdicted and left the services had remained unrecovered for more than 05 years. However, no action had been taken in this regard.

2.8 General Deposit Accounts

The General deposit balances as at 31 December 2017, aggregating Rs. 1.35 million relating to 78 deposits had remained for over 02 years without action being taken in terms of Financial Regulations 571.

2.9 Maintenance of Books and Registers

It was observed at the audit test check that the District Secretariat had not maintained 03 Registers whereas 02 Registers had not been maintained in an updated manner. Details are given below.

Type of Register	Relevant Regulations	Observations
Fixed Assets Register	Treasury Circular No.842 of 19 December 1978	Not maintained
Computers, accessories and software Register	Treasury Circular No.1A1/2002/02 of 28 November 2002.	Not maintained
Register of Losses	Financial Regulations 110	Not updated
Official Telephone Register	Financial Regulations 854(1)	Not maintained

Leave Register	Section 1.7 of Chapter XII of Establishments Code of the Democratic Socialist Republic of Sri Lanka.	Not updated
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2.10 Non-compliances

Non-compliance with Laws, Rules and Regulations

Even though 07 vehicles of the District Secretariat and 02 Divisional Secretariat had met with accidents during the year under review, a Board of Inquiry had not been appointed in order to ascertain the extent and causes of the loss and to fix the responsibility in terms of Financial Regulations 104.

2.11 Human Resources Management

Approved Cadre and Actual Cadre

Particulars of approved, actual cadre and the number of vacancies as at 31 December 2017 are given below.

Category of Employees	Approved Cadre as per Annual Budget Estimate	Actual Cadre	Number of Vacancies
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Senior Level	26	23	03
Tertiary Level	13	02	11
Secondary Level	362	195	167
Primary Level	48	40	08
Total	449 -----	260 -----	189 -----
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