

Head 265 - Report of the Auditor General of the District Secretariat, Mannar - Year 2017

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

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

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 Regulation 124. The Minister of Finance appoints the Chief Accounting Officers to discharge above responsibility in terms of Financial Regulation 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 Regulation 125 (1) (a) and the Revenue Accounting Officer has been appointed by the Treasury. 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, Mannar - Head 265 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, Government expenditure, Government revenue, management of human and physical resources, applying 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 19 September 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 an 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, Mannar for the year ended 31 December 2017 revealed in audit appear in Management Audit Report mentioned in Paragraph 1.3 above in detail. 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 Accounting Officer had executed his accountability on a satisfactory manner subject to audit observations as summarized in the undermentioned table revealed while performing the Financial Regulations 128 of the Financial Regulation of Democratic Socialist Republic of Sri Lanka to ensure the adequacy of the financial administration.

Accountability of the Accounting Officer in terms of Financial Regulation 128 (1)	Non - compliance with those provisions by Accounting Officer	Reference to the Paragraph of the report which included the Observation	
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Financial Regulation			

128 (1) (a)	The work of his Department is planned and carried out with due dispatch, having regard to the policy laid down by the Government and the 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.	01. Not carrying out the functions included in the Action Plan. 02. Delays in performing of Projects. 03. Implementation of Procurement Procedure.	2.3.1 (a) 2.3.1 (b) 2.3.2
128 (1) (c)	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.	01. Deficiencies in General Deposit Account 02. Non- maintenance of Books and Registers	2.7 2.8

		03. Weaknesses in Human Resources Management	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.	Failing to recover the arrears loan balances of Public Officers' Advance Account	2.6
128 (1) (o)	The procedure laid down in Financial Regulations 103 to 108 is adhered to in case of losses to Government by the delays, negligence's, faults or frauds on the part of officers/ employees and surcharges are imposed on officers/employees responsible for such losses in terms of Financial Regulations 156 (1) .	Not obtaining of Security Deposits from the officers dealing with money	2.11

2. Material and Significant Audit Observations

2.1 Key Functions of the District Secretariat

- (a) Formulate plans to utilize resources available in the District efficiently.
- (b) Achieving goals by uplifting financial activities and exchange methodologies.
- (c) Organize activities to promote artistic culture and morals.
- (d) Sustainable Development at Regional Level in the District.
- (e) Protecting the public from disasters.

2.2 Institutions Established under the District Secretariat and the Functions to be Performed by it.

Institutions established under the District Secretariat and their functions are as follows.

Institutions Established under the District Secretariat	Authority of Establishment	Function
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Divisional Secretariat Mannar Divisional Secretariat Nanattan Divisional Secretariat Manthei Divisional Secretariat Musali Divisional Secretariat Madu	} Establishment of Divisional Secretariats Act No. 58 of 1992	Implementation of Administrative and Development functions assigned by the Central Government and Provincial Councils through Divisional Secretariats.

2.3 Performance

2.3.1 Non- fulfillment of Functions

The following observations are made.

(a) Non- fulfillment of Functions consisted in Action Plan

Even though 22 main tasks had to be accomplished by the District Secretariat as per the Annual Action Plan and though the 02 major projects which had made available a sum of Rs. 1.25 million were commenced in the year under review had not been completed.

(b) Delays in Performing of Projects

Even though the works of 04 projects such as the Maligeyiththidal Pre-School, Sornapury Women's Rural Development Societies, Paleyiyadi pudukkulam and Karunkandal Community Hall, valued at Rs. 1.73 million whereas the agreements signed in the year

under review had been commenced, could not be able to complete during the expected time period due to the bad weather.

2.3.2 Implementation of the Procurement Procedure

The following observations are made.

(a) Planning Procurement and the Initial Phase

The Master Procurement Plan, the Annual Proposed Procurement Plan, Summary of Procurement Package, Initial Procurement Plan, Registers, Recommendations, Plans, Notes, and Construction etc. required to obtain the special approval in respect of the identified procurement had not been prepared under this Plan.

- (b) The goods valued at Rs. 1.59 million had been obtained without following the Procurement Decision on the approval of procurement committee consisted of three members whilst obtaining the supplying of goods and services.

2.4 Utilization of Provision made by Parliament for the Execution of Activities

The particulars relating to the provision made available, utilization and savings for the 05 years period ended 31 December 2017 are appear below.

Year	Category of Expenditure	Net Provision	Utilization	Savings	Savings as a percentage of Net Provision
		Rs. Million	Rs. Million	Rs. Million	Percentage
2013	Recurrent	145.25	144.98	0.28	0.18
	Capital	22.70	22.30	0.39	1.74
	Total	167.95	167.28	0.67	0.40
2014	Recurrent	170.60	158.76	11.84	6.94
	Capital	120.95	99.12	21.83	18.05
	Total	291.55	257.88	33.67	11.55

2015	Recurrent	195.22	193.40	1.82	0.93
	Capital	194.10	118.30	75.80	39.05
	Total	389.32	311.70	77.62	19.94
2016	Recurrent	212.00	198.00	14.00	6.60
	Capital	187.00	184.72	2.27	1.22
	Total	399.00	382.73	16.27	4.08
2017	Recurrent	200.79	195.10	5.69	2.84
	Capital	120.00	110.33	9.66	8.05
	Total	320.79	305.43	15.35	4.79

The following observations are made in this regard.

- (a) It was observed that the allocation for the capital expenditure from the year 2013 to the end of the year under review had been increased by 427 per cent.
- (b) A sum of Rs. 17.35 million made available for the 10 recurrent expenditure Objects was reduced from 14 per cent to 69 per cent at 10 instances and the allocations made available for 10 other recurrent expenditure Objects had been increased from 08 per cent to 520 per cent in terms of Financial Regulation 69 .
- (c) Out of the provisions made available for the Capital Objects the net provision totalled to Rs. 9.64 million had been left over. As a result of over provisions made available for Capital Objects the savings after utilization of those Capital Objects had ranged from 8 per cent to 91 per cent out of the net provision of those expenditure Objects.

2.5 Utilization of Provisions made by the Other Ministries and Departments

The provision totalled to Rs. 2,315.12 million had been made available to the District Secretariat for the various activities by the 27 other Ministries, 17 Departments, President's and Prime Minister's Offices. Only a sum of Rs. 2,057.70 million out of that had been utilized by the end of the year under review. Accordingly, the provision amounted to Rs. 257.42 million or 11.12 per cent had been left over. The following shortcomings were revealed at the audit test checks carried out in that regard.

- (a) The total of savings of 29 Objects for more than 5 per cent was Rs. 59.65 million and this had ranged from 40 per cent to 100 per cent . However, the explanations in this regard had not been submitted to audit.
- (b) The confirmation Bills that had been prepared and submitted for final payments indicating as the constructions had been completed as 1050 meters in length and a width of 3.6 meters

according to the Estimation Sheet for the reconstruction works of Malaittan Kamam Agricultural Road under "Program for the Long-Term Displaced Persons - 2017" . However, it was observed that only a road measuring 950 meters in length and a width of 2.7 meters had been constructed as per the physical audit examination. Accordingly, the overpayment amounted to Rs. 624,172 had been made .

- (c) The required confirmation Bills that had been prepared and submitted for final payments indicating as the constructions had been completed as 2000 meters in length and a width of 3 meters according to the Estimation for the reconstruction works of Razool Puduveli Wewa site road under "Program for the Long-Term Displaced Persons - 2017" . Because of a road measuring 1,500 meters in length and a width of 3 meters had been constructed as per the physical audit examination, the payment had been made over calculating by payable value as Rs. 483,750 .
- (d) An overpayment amounted to Rs. 50,640 had been made due to the fact that certain specific activities mentioned in the estimate more than the actual amount made whilst reconstruction of buildings of the Madukkareyi Tamil Mixed School by the Nanattan Divisional Secretariat Office under Education Improvement Project - 2017 . Further, the tiles and tie-bands that were removed at certain works had not been seen in the school. The additional works pertaining to Rs. 24,784 which were not included in the estimate had been carried out without obtaining proper approval.
- (e) Even though the measurements of the certain specific activities mentioned in the building construction of Man/ Marudamadu Government Tamil Mixed School by the Musali Divisional Secretariat under the Education Improvement Project - 2017 had been seen in less at the physical audit examination, because it had been mentioned more than the estimate the overpayment amounted to Rs. 93,830 had been made to the contractor.
- (f) A sum of Rs. 57,000 had been overpaid in respect of planting fort sods to site preparation and dressing of surface mentioning more than 570 square meters without obtaining approval for destroying jungle for cultivation or removing soil or digging for soil in terms of Paragraph 7 (i) of Section (K) of the Ordinance of Department of Wildlife Conservation for the construction of Chandrakasan Tank by the plan implemented with the financial assistance of the Office of National Integration and Reconciliation (ONUR) for the year 2017 .
- (g) Despite the 05 months had elapsed after payments amounted to Rs. 2,512,542 made to the National Water Supply Board for the Water Project worth of Rs. 21.51 million for the village of Pumalardan in the year 2017 using the provision of the Office of National Integration and Reconciliation (ONUR) through the Divisional Secretariat Madu , the relevant Project had not been implemented.
- (h) It had been mentioned that 10 equipment were procured at a value of a unit price of Rs.76,600 as per the Bill of Quantities submitted whilst the physical audit examination

carried out in respect of the matters such as the estimate for the procurement of drying of dried fish equipment for the beneficiaries, the bidding institution selected by the Procurement Committee Decision and payment vouchers of the year under review. Nevertheless, although a unit could be able to make at a price of Rs. 56,518 whilst physically measuring the quantities of the basic materials used for them and since the quantity was available as it was mentioned in the attachment, due to higher prices appeared, an overpayment amounted to Rs. 200,820 had occurred for 10 equipment with a cost of Rs. 20,082 per each due to a higher price was shown.

- (i) Even though it was mentioned as a sum of Rs. 533,872 had been provided for the planting of a lawn in both sides of the tank for 2,188 square meters as per the payment vouchers whilst reconstruction of the Soleiyayan Tank by the Projects implemented under the financial assistance of the Office of National Integration and Reconciliation (ONUR) for the year 2017, a sum of Rs. 24,400 had been overpaid due to planting of grass in 2,088 square meters (100 x1.5 x 1.5) whilst the physical audit examination.

2.6 Advances to Public Officers' Account

The limits authorized by the Parliament for the Advances to Public Officers' Account of the District Secretariat Item No. 26501 and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
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Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
17.00	15.52	10.00	10.94	50.00	46.87

The following observation is made in this regard.

The total of the balances of the Advances to Public Officers Account remained in arrears as at 31 December 2017 was Rs. 2.06 million. Although these balances had been remaining for a period from 01 to 05 years, the follow up actions for recovering of those outstanding balances were at a weak level.

2.7 General Deposit Account

The total of 07 General Deposit Accounts remained under the District Secretariat as at 31 December 2017 was Rs. 151.15 million. The following observations are made in this regard.

- (a) Actions had not been taken in respect of the 157 Deposits which had elapsed 02 years totalling to Rs. 12.70 million in terms of Financial Regulation 571 .
- (b) The allocation provided for the various purposes to the District Secretariat by the other Ministries and Departments totalled to Rs. 1.50 million had been retained in the Deposit Account without utilizing for specific purposes.

2.8 Non - maintenance of Registers and Books

It was observed in audit test checks that the District Secretariat had not maintained the below mentioned Registers and certain registers had not been maintained in proper manner. Details appear below.

Type of Register -----	Relevant Regulation -----
(a) Register of Fixed Assets	Treasury Circular No. 842 of 19 December 1978 / Annexure II as per the Financial Regulation 502 (2)
(b) Register of Fixed Assets on Computer, Software and Accessories	Treasury Circular No. IAI/2002/02 of 28 November 2002
(c) Register of Cheques and Money Orders	Financial Regulation 451
(d) Register of Official Telephone Calls	Financial Regulation 854(1)

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| (e) | Register of Security | Financial Regulation 891(1) |
| (f) | Register of Electrical Equipment | Financial Regulation 454(2) |
| (g) | Register of Liabilities | Financial Regulation 214 |
| (h) | Register of Receipt Books | Financial Regulation 341 |
| (i) | Register of Vehicle List | Financial Regulation 1647 (e) |
| (j) | Stock Register of Fuel and Lubricants | Financial Regulation 1647 (d) |
| (k) | Register of Attendance of Procurement Committees and Technical Evaluation Committees
Procurement Committee Records | Guideline 2.11.2 of Government Procurement Guideline |
| (l) | Register of Calling Bids | Complying with the Formats appeared in 2.11.3 of Procurement Hand Book in terms of Guideline 2.11.3 (a) of Government Procurement Guideline |
| (j) | | Complying with the Formats appeared in 5.2.1 of Procurement Hand Book in terms of Guideline 5.2.1 of Government Procurement Guideline. |

2.9 Human Resources Management

2.9.1 Approved Cadre and Actual Cadre

The details of existing cadre as at 31 December 2017 are shown below.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Number of Excess
(i) Senior Level	34	24	10	-
(ii) Tertiary Level	19	01	18	-
(iii) Secondary Level	543	380	171	08
(iv) Primary Level	68	48	20	-
Total	664	453	219	08

The following observations are made.

- (a) Proper actions had not been taken to fill 219 vacancies exists at the end of the year under review.
- (b) Actions had not been taken to obtain a proper approval in respect of 08 excess employees enrolled.

2.10 Assigning of Tasks related to Monetary Control

The following observations are made.

- (a) A Register showing the duties assigned to the each officer mentioning by the name or the position of the assigned officer had not been prepared whilst delegating the powers of monetary control of one or more scheduled tasks to the Accounting Officer.
- (b) The above mentioned Register had not been not generally circulated in the District Secretariat.

2.11 Government Officers Required to give Security

As a result of the securities were not kept by the officers who should keep security in terms of Financial Regulations 880, the necessary actions to be pre-prepared the way to be able to set off the losses which could be able to occurred from their shortcomings had not taken by the District Secretariat.