

Appropriation Head –265 District Secretariats, Mannar

Report of the Auditor General - Year 2012

1.1 Key Activities of the District Secretariat.

- (i) Bringing District and Divisional administration to the grass root level by providing the following activities.
 - (a) Service related to National Identity Cards.
 - (b) Issuing character certificates and unmarried certificates
 - (c) Activities relating to work plan
 - (d) Facilitate to reconstruct the religious temples with the support of the Ministry of Religious Affairs and Moral conflict.
- (ii) Efficient and effective use of financial activities including accounting, reporting and safeguard of assets.
- (iii) Pension payments activities with efficiency.
- (iv) Coordinating of development activities in Mannar District under the Government fund and foreign fund.
- (v) Paddy advance to purchase the paddy from the farmers.
- (vi) Disaster management activities.
- (vii) Issuing Birth, Death and Marriage Certificate and Land Registry activities.

1.2 Divisional Secretariats under the District Secretariat.

- (a) Mannar
- (b) Nanattan
- (c) Musali
- (d) Manthai west
- (e) Madhu

1.3 Scope of Audit

The Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the District Secretariat Mannar for the year ended 31 December 2012 was audited in pursuance of provisions of 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 30 August 2013. 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.

1.4 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Accounts and the 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 of Articles 148,149,150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka other Statutory Provisions and the Public, Financial 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.

1.5 Audit Observations

According to the Financial Reports and the Books for the year ended 31 December 2012, it was observed that except for the effects of the general observations appearing at (a) to (d) and the other major audit observations appearing in paragraphs 1.6 to 1.13 herein the Appropriation Account and the Reconciliation Statements of the District Secretariat Mannar have been prepared satisfactorily.

(a) Non-maintenance of Books and Records

- (i) It was observed during audit test checks that the District Secretariat had not maintained the following registers while certain other registers had not been properly maintained.

Type of Register	Relevant Regulation
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Register of Fixed Assets	Treasury Circular No. 842 of 19 December 1978.
Register of Fixed Assets on Computers ,Accessories and Soft Ware	Treasury of Circular No.1A1/2002/02 of 28

November 2002.

Register of Losses and Damages

Financial Regulation 110 (1)

- (ii) Eleven transactions of the District Secretariat totalling Rs. 511,244 could not be satisfactorily vouched in audit due to the non-availability of evidences such as bills, works completion report, procurement documents, etc.

(b) Appropriation Account

(i) Total Provisions and Expenditure

The total net provision made for the District Secretariat Mannar and five Divisional Secretariats functioning thereunder amounted to Rs. 152,303,686 and out of that a sum of Rs. 146,849,558 had been utilized by the end of the year under review. Thus the net savings of the District Secretariat amounted to Rs. 5,454,128 representing 3.58 per cent. Details are given below.

Expenditure	Estimated Provision As at 31 December 2012	Net Provision As at 31 December 2012	Utilization As at 31 December 2012	Savings As at 31 December 2012	Saving as a percentage of Total Net Provision As at 31 December 2012
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		Rs.	Rs.	Rs.	
Recurrent	113,700,000	129,453,686	127,661,615	1,792,071	1.38
Capital	22,850,000	22,850,000	19,187,943	3,662,057	16.0
Total	136,550,000	152,303,686	146,849,558	5,454,128	3.58
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(ii) Budgetary Variance

Excess provisions amounting to Rs. 2,167,928 had been obtained for 07 Objects and the saving thereunder ranged between 27 per cent to 88 per cent. Details are as follows.

Object	Net Provision	Net Expenditure	Saving	Saving as a Percentage of Net Provision
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	Rs.	Rs.	Rs.	%
265-1-1-1203	100,000	60,855	39,145	39
265-1-1-1401	10,000	4,800	5,200	52
265-1-1-1404	50,000	5,712	44,288	88

265-1-1-1405	530,000	345,707	184,293	35
265-1-1-2002	750,000	546,943	203,057	27
265-1-1-2003	1,500,000	448,895	1,051,105	70
265-1-1-2103	1,000,000	359,160	640,840	64
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	3,940,000	1,772,072	2,167,928	
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(iii) The Recurrent expenditure amounting Rs. 531,371 had been erroneously classified and brought to account under various object codes of capital expenditure in thirteen instances.

(iv) **Public Expenditure Management**

In terms of National budget Circular No. 155 dated 30 November 2011, 2 per cent of provisions should have been saved from the recurrent expenditure provided in the Annual estimate for the year 2012. However, only 1.38 per cent of recurrent expenditure had been saved by the District Secretariat.

(v) **Management of Fuel and Electricity Expenditure**

Although according to the instructions given in Treasury Circular No. 156 dated 16 February 2012, the fuel and electricity expenditure should be managed within provisions made in the estimate and additional funds should not be obtained from the Treasury while transfer of provisions under FR 66 also should not be approved by the Treasury. However, an additional provision of Rs. 2,900,000 had been obtained from the Treasury for the fuel during the year under review.

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

Provision totalling Rs. 439,994,959 consisting Rs. 146,000,678 and Rs. 293,994,281 had been received by the District Secretariat from 18 Ministries and 09 Departments respectively for various activities. Out of these a sum of Rs. 362,117,002 consisting Rs. 112,513,057 and Rs. 249, 603,945 respectively had been utilized. Accordingly provision of Rs. 77,877,957 had been saved.

(c) **Advances to Public Officers' Account**

Limits Authorized by Parliament

Limits authorized by Parliament relating to Advances to Public Officer's Account No: 26501 and the actual values are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
9,500,000	8,382,608	6,500,000	8,030,902	49,000,000	36,902,576

The following observations are made.

- (i) Although the loan balances totalling Rs. 244,593 due from 04 officers who were transferred out as at 31 December 2012, follow up action relating to recovery of those balances had been at a weak level.
- (ii) The loan balance amounting to Rs. 31,305 due from one officer whose service was terminated remained unrecovered up to 31 December 2012.
- (iii) A sum of Rs. 80,459 being the loan balance as at 31 December 2012 of an officer who had vacated the post remains unrecovered up to the date of this report. The above loan balance had been erroneously disclosed in the Advance to Public Officers' Account as amounts due from officer serving in the Department.
- (iv) The balance of the loan control account of the District Secretariat amounted to Rs.5,062,239 whereas the total of the register of individual balances amounted to Rs.4,982,783 and difference of Rs.79,456 had not been reconciled.

(d) General Deposit Account

The balance of the General Deposit Account of the District Secretariat as at 31 December 2012 amounted to Rs. 62,026,091 and details are given below.

Account No	Balance as at 31 December 2012
Rs.	Rs.
6003/0/0/41	62,026,091

The following observations are made in this regard.

- (i) The balances of UNDP Project fund aggregating to Rs. 835,479 had been kept in the deposit account without remittance to the relevant institution.
- (ii) The Funds given by the Sri Lanka Land Reclamation and Development Corporation amounting to Rs. 2,158,000 had been kept in the Deposit account since 2009 without utilizing for the intended purpose.

1.6 Accountability and Good Governance

1.6.1 Corporate Plan

Even though a Corporate Plan should be prepared by the District Secretariat at the beginning of the year at least for 3 ensuing years from the year 2010 in terms of letter No.PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of the Department of Public Finance addressed to all Secretaries of the Ministries, Chief Secretaries of the Provincial Councils, Heads of the Departments, District Secretaries and Heads of the Local Authorities, the Corporate Plan had not been prepared up to 31 December 2012.

1.6.2 Annual Action Plan

Even though an Annual Action Plan should be prepared by the District Secretariat for the year 2010 and ensuing years in accordance with the Corporate Plan prepared in terms of letter of the Director General of the Department of Public Finance as mentioned in paragraph 1.6.1 above, the Action Plan for the year under review had not been prepared up to 31 December 2012.

1.6.3 Annual Procurement Plan

An Annual Procurement Plan had not been prepared up to 31 December 2012 in terms of National Budget Circular No.128 dated 24 March 2006.

1.6.4 Implementation of the Audit and Management Committee

Meeting of the Audit and Management Committee should be held quarterly in terms of Circular No. IAI/2000/1 dated 12 June 2009 of the Secretary to the Treasury. However, such meetings of the Audit and Management Committee had not been held during the year under review.

1.7 Assets Management

(a) Idle and Underutilized Assets

It was observed during audit test checks that certain assets remained either idle or underutilized as analyzed below.

Category of Assets	Number of Units	Period of Idling or Under utilization
(i) Canteen Building	01	Two Years
(ii) Epson Projector	01	One Year

(b) Conduct of Annual Boards of Survey

The following observations are made.

- (i) Even though the District Secretariat and the Divisional Secretaries should conduct Annual Board of Survey in terms of Financial Regulation 756 and Public Finance Circular No.441 dated 09 December 2009, District Secretariat and the Divisional Secretaries had not rendered the Boards of Survey Report for the year 2012 to the Audit even as at 31 March 2013.
- (ii) Necessary action had not been taken in terms of Public Finance Circular No. 438 dated 13 November 2009 in respect of 33, 12 and 16 categories of unserviceable stores items identified in the board of survey report 2011 at the Divisional Secretariat Mannar, Manthai West and Musali respectively.

(c) Unsettled Liabilities

The unsettled liabilities of the District Secretariat less than one year as at 31 December 2012 amounted to Rs. 515,804.

1.8 Non-compliances

(a) Non-compliance with Laws, Rules and Regulations, etc.

Instances of non-compliance with the provisions of Laws, Rules, and Regulation observed during audit test checks are analyzed below.

**Reference to Laws, Rules
and Regulations**

Non-compliance

- | | |
|--|--|
| <p>(i) Public Administration Circular No 41/90 dated on 10 October 1990.</p> | <p>Fuel consumption of the vehicle should be checked every six months. However fuel consumption had not been checked for more than two years by Divisional Secretariat, Musali.</p> |
| <p>(ii) Ministry of Child Development and Women's Affairs Circular No. 2012/1 of 16 January 2012, Section 5.6.</p> | <p>Divisional Secretary should assign duty to Assistant Divisional Secretary /Assistant Director of Planning for monitoring programme of fresh milk. However, such a monitoring programme had not been prepared.</p> <p>Quality of fresh milk should be checked by the Public Health Inspector and Veterinary Doctor regularly. However this requirement had not been followed by the Divisional Secretariats.</p> |

1.9 Weaknesses in Implementation of Projects

Delays in the Execution of Projects

It was observed that execution of the following project by the District Secretariat had been delayed.

Projects	Estimated Cost	Expenditure up to 31 December 2012 (According to the Records)	Reason for Delay
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	Rs.	Rs.	
Construction of Public shed at Manthai west Divisional Secretariat	400,000	349,277	Heavy rain and flooded situation.

Following observations are made.

- (i) At the Physical verification carried out on 13 March 2013 it was observed that works valued at Rs. 202,618 had not been completed even up to 13 March 2013.
- (ii) Date of agreement, due date of completion and liquidated damages had not been mentioned in the agreement.

1.10 Deficiencies in the Operation of Bank Accounts

Balances for Adjustment

Information revealed at an analysis of the adjustment shown in the Bank Reconciliation Statements prepared for the month of December 2012 by the District Secretariat is given below.

Age Analysis

Particulars of Adjustments	Over 06 Months less than 01 year	Over 01 year less than 03 years	Total
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	Rs.	Rs.	Rs.
Cheques issued but not presented for payment	43,934	13,048	56,982

1.11 Irregular Transaction

According to the paid documents and other connected documents mobile steel temporary sets valued at Rs. 242,500 had been issued to Rural Development Society Naddankandal under the Decentralized Budgetary Provision. However the mobile set had not been received by the Rural Development Society Naddankandal even as at the time of Physical inspection carried out on 13 March 2013.

1.12 Uneconomic Transaction

A sum of Rs. 25,088 had been paid as surcharge to the National Water Supply and Drainage Board due to delay in settlement of water bills for number of years.

1.13 Human Resources Management

Approved Cadre and Vacancies

The position of the cadre as at 31 December 2012 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
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(i)	Senior Level	21	15	06	-
(ii)	Tertiary Level	31	16	15	-
(iii)	Secondary Level	316	211	105	-
(iv)	Primary Level	53	36	17	-
(v)	Others (Casual)	-	04	-	04
	Total	421	282	143	04
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