Appropriation Head – 264 District Secretariat, Jaffna

Auditor General's Report on the Accounts of the District Secretariat Jaffna and the Divisional Secretariats functioning thereunder.-2010

1.0 Key Activities of the District Secretariat.

- (i) Co-ordinate and guide the activities of District Secretariats and Divisional Secretariats. Improve the performance of district and divisional levels.
- (ii) Perform the functions delegated by law through offices and organizations at village and divisional levels. Act as an agent of the other Ministries and Department to collect revenue. Implement the Decentralized Budget Programme. Assist the Provincial Council in their activities. Develop and improve human resources at the Provincial Councils and the Local Authorities for the Improvement of the quality of governance at the local level.
- (iii) Carry out the functions relating to Provincial Councils and Local Government within the national policy framework. Ensure the implementation of foreign funded projects by the Provincial Councils through the provision of necessary guidance and supervision.
- (iv) Assist the Provincial Councils and Local Authorities.

2.0 Divisional Secretaries under the District Secretariat.

- (i) Divisional Secretariats.
 - (a) Jaffna
 - (b) Velanai
 - (c) Valikamam East
 - (d) Valikamam North
 - (e) Valikamam West
 - (f) Valikamam South
 - (g) Vadamaradchchi South West
 - (h) Vadamaradchchi North
 - (i) Thenmaradchi
 - (j) Nallur
 - (k) Valikamam South West.

4.2 Utilization of Provisions made available by other Ministries and Departments.

Provisions totaling Rs. 3,917,884,336 had been made available as shown below by other Ministries and Departments for various purposes and the particulars of utilization of such provisions are given below.

<u>Head</u>	Ministry / Department	Total Allocation	<u>Total</u> <u>Expenditure</u>	Savings/ (Excess) as at 31 December 2010
017	Department of Elections	Rs. 60,701,350	Rs. 55,039,434	Rs. 5,661,916
103	Ministry of Defense Public, Security, Law and Order	221,490	217,413	4,077
105	Ministry of Economic Development	415,107,570	261,648,730	153,458,840
106	Ministry of Disaster Management	15,869,047	9,550,704	6,318,343
110	Ministry of Justice	1,242,785	1,008,707	234,078
118	Ministry of Agricultural	40,000	34,900	5,100
120	Ministry of Child Development and women Empowerment	46,815,125	45,460,966	1,354,159
121	Ministry of Public Administration and Home Affairs	4,833,469	4,709,998	123,471
124	Ministry of Social Service	14,875,067	14,725,806	149,261
127	Ministry of Labour Relation and Productivity promotion	104,228	83,058	21,170
128	Ministry of Traditional Industries and Small Enterprise Development	1,035,300	790,729	244,571
133	Ministry of Technology and Research	12,435,855	8,352,201	4,083,654
134	Ministry of National Languages and Social Integration	372,500	370,505	1,995
139	Ministry of Fisheries and Aquatic Resources Development	12,902,675	10,652,486	2,250,189
140	Ministry of Livestock rural Community Development.	500,000	297,822	202,178
142	Ministry of cultural Affairs and National Heritage	1,000,000	996,006	3,994

(i) Department of Commisioner General of Samurti

- (a) Samurdhi beneficiaries payment had been made without survey report over the last five years
- (b) Even though some of the beneficiaries had died. But the compulsory savings had not been refunded to relevant families.
- (c) Board of survey of the used Samurdhi Stamps with Divisional Secretariats had not been conducted during the 2009 and 2010.

(ii) **Department of Motor Traffic**

A sum of Rs. 437,211 had been incurred for recurrent expenditure during the year under review Out of 14,440 received Driving Licence applications only 5,646 Temporary Licences were issued during the year under review due to the following reasons.

- i. Only one Motor Vehicle Examiner had been attached to the District. Therefore, unable to carry out driving tests and examinations on the due dates.
- ii. As most of Learner applicants did not posses competence in driving motor vehicles only 25 per cent of applicants the examination and test.

(iii) **Department of Registration of Persons**

Totally 30,037 applications had been received during the year under review and 27,107 National identity Cards had been issued. Out of the balance 1,244 applications had been returned while the balances 1,686 applications had been sent to the Department of Registration of persons.

a) Gamaneguma and Decentralized Budget Project

The full cost of the project amounting Rs.3,512,140 had been paid to Department of Road Development thorough the work on the Reclamation Road, Karaiyoor had not been completed.

4.3 Audit and Scope of Audit

The Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the District Secretariat, Jaffna for the year ended 31 December 2010 were 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 18 August 2011. 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 as audit coverage as possible within the limitations of staff, other resources and time available to me.

4.4 Responsibility 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 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.

4.5 Audit Observation on the Accounts and Reconciliation Statements

According to the Financial Accounts and the Books for the year ended 31 December 2010 it was observed that except for the effects of the general observations appearing at (a) to (e) and the other major audit observations appearing in paragraphs 4.6 to 4.16 herein the Appropriation Account and the Reconciliation Statements of the District Secretariat, Jaffna have been prepared satisfactorily.

(c) General Deposit Account

- (i) Action in terms of Financial Regulation 571 had not been taken on 05 balances of deposits amounting to Rs. 882,315 older than 02 years.
- (ii) A sum of Rs.43,402,801 made available by other Ministries and Department for various purposes had been retained in the General Deposit Account without carrying out the respective activities.
- (iii) A sum of Rs.1,988,316 out of the collections made on Sand Permits remains in the Deposit Account since 2009. Authority from the Department of Fiscal Policy had not been obtained for the collection of such fees. Out of the recoveries made on sand permits a sum of Rs. 71,956,818 had been spent by the District Secretariat without the approval of the Ministry of Public Administration and the General Treasury.
- (iv) An age analysis of the Deposit Account was not made available to audit.

(v) **Project Funds of Rs. 5,400,000**

Foreign aid grant of Rs. 5,400,000 for a project receive in the year 2008 had been retained in the General Deposit Account by the District secretary, Jaffna and credited to revenue later without being used for the purpose. Thus it was observed that the District Secretariat had not paid attention to the needs of the general public.

(d) Reconciliation Statement of the Advances to Public Officers.

(i) According to the Reconciliation Statement of the Advances to Public Officers Account Item No. 26401 as at 31 December 2010 the balances that remained outstanding as at 31 December 2010 totalled Rs. 77,227,119 and the follow up action on the recovery of those outstanding balances had been at a weak level.

	Reference to Laws, Rules and Regulations	<u>Value</u> <u>Rs.</u>	Non - Compliances
i.	Financial Regulations (b) No. 69		An expenditure of Rs. 20,491,322 had been incurred in April and July 2010.under Head 264 without obtaining additional provision by transfer of funds or by supplementary estimate
	(c) No. 74	9,041	Supplementary estimates had been presented to General Treasury after incurring additional expenditure.
	(c) No. 756 and 1647 (b)	-	Although an annual verification of Motor Vehicles should be carried out, such verification had not been carried out for the year under review and the preceding years by the District Secretarat and Divisional Secretariats.
(ii)) Public Finance Circulars		
	(a) No. 353(5) of 31 August 2004	Value not available	Eight Motor Vehicles, 73 Computer accessories 6 Generators, 1 Water pump, 2 Air-conditioner, 01 Photocopy Machine and 2297 Tools and Equipment had been lying idle from the year 1997 to 2010.
	(b) No.438 of 13 November 2009	278,975	Office equipment and other items had been auctioned by the District Secretariat contrary to Circular provision.
(iii	Public Administration Circular 41/90	1,828,152	A sum of 1,828,152 had been paid for repair of 17 Vehicles without obtaining a certificate form a Government Recognized Mechanical Engineer as required by the circular.

4.10 Human Resources Management

(a) Approved Cadre and Vacancies

The position of the cadre as at 31 December 2010 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i)	Senior Level	06	05	01
(ii)	Tertiary Level	06	04	02
(iii)	Secondary Level	49	45	04
(iv)	Primary Level	39	25	14
	Total	100	79	21
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4.11 Transaction not supported by adequate authority

The Following observations are made.

- i. A sum Rs.175,490 had been spend for the purchase of Nescafe without financial provision in the estimates. Therefore the above payment had been charged incorrectly the welfare programme.
- ii. Course fees Rs. 450,000 of the Diploma in procurement and public contracts Administration fees and official Transport facilities had been given to six Accountants of the Divisional Secretariats without obtaining approval from the Secretary, Ministry of Public Administration and Home Affairs.

4.12 Contract Administration

The following observations are made.

- (a) Annual procurement plan for the year 2010 had not been prepared in the beginning of the year in terms of the National Budget Circular No. 28 of 24 March 2006.
- (b) Bid documents and pre qualification of Bidders documents had not been approved by Technical Evaluation committee.

- b) The officers of the under mentioned Divisional Secretariats who had travelled distance 24,656 km had not been signed and the place visited were not given in 293 instances.
- (a) Fuel consumption of the motor vehicle, six Divisional Secretariats was checked in audit and the following variances were observed.

<u>Institution</u>	<u>Vehicle</u> <u>Number</u>	Accepted Fuel Consumption	Actual Consumption	Variance
		per Liter.		
Valikamam South West	WPPA 3870	10	8 ½	1 ½
Nallur	WPPA 3651	10	9	1
Vadamarachchi South West	WPPA 6998	10	7	3
Kayts	WPPA 3864	10	10	-
Jaffna	WPPA 7009	10	9	1
Valikamam North	WPPA 7003	10	8 ½	1 ½

4.15 Internal Control

(a) Internal Audit

Strength of the staff and extent of internal audit had not been adequate to cover the activities of all the Divisional Secretariats and District Secretariat. The internal Audit programmes had not been prepared and furnished to audit.

(b) Implementation of the Audit and Management Committee.

Four Audit and Management Committee meetings should be held in a year in terms of Treasury Circular No. IAI/2000/I dated 12 June 2000. However, only one Audit and Management Committee meeting had been held during the year under review.