

**1.1 Key Functions of the District Secretariat**

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- (i) Providing following services to general public or coordinating to get these services from the respective Institutions.
  - ✓ Issuing passports, national identity cards, business registration certificates, birth, death and married certificates, motor traffic revenue licenses.
  - ✓ Maintaining and providing the voters register.
  - ✓ Make arrangement for providing permits, deeds for land and resolving land issues.
  - ✓ Providing monthly contribution for the elders and vulnerable people of the District.
  - ✓ Arranging activities for improving the mental health of the people (counseling).
  - ✓ Motivate and training the unemployed groups and families which have woman as head.
- (ii) Implementing and maintaining the sound financial transaction system to achieve the overall objectives.
- (iii) Organizing activities for encouraging and inducing the art, culture and values of the societies of the District.
- (iv) Designing the plan for efficient utilization of the District resources.
- (v) Safeguarding general public from the disaster.
- (vi) Collecting and maintaining basic statistic of the District.
- (vii) Strengthening the divisional sustainable development.

**1.2 Divisional Secretariats under the Purview of the District Secretariat.**

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

### **1.3 Scope of Audit**

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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 2013 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 16 September 2014. 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.**

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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 other Statutory Provisions, 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**

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According to the Financial Records and the Books for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing at (a) to (f) and the other major audit observations appearing in paragraphs 1.6 to 1.12 herein the Appropriation Account and the Reconciliation Statements of the District Secretariat Mannar had been prepared satisfactorily.

**(a) Non - maintenance of Registers and Books**

It was observed during audit test checks that the District Secretariat had not maintained the following registers while certain other registers had not been maintained in the proper and updated manner.

Type of Register	Relevant Regulation	Observation
Register of Counterfoil Books	F.R 341	Not maintained
Register of Posting of Cheques	F.R 388	- do -
Catalogue of Books	F.R 445	- do -
Register of Fixed Assets	Treasury Circular No. 842 of 1978 December 19	- do -

**(b) Lack of Evidence for Audit**

According to the information made available for audit 372 vouchers valued at Rs.147,253,054 of the District Secretariat on which action in terms of Financial Regulation 272(2) had not taken, had been misplaced.

**(c) Appropriation Accounts**

**(i) Total Provision and Expenditure**

The total net provision made for the District Secretariat amounted to Rs. 167,953,792 and out of that a sum of Rs. 167,283,653 had been utilized by the end of the year under review. Thus the net savings of the District Secretariat amounted to Rs. 670,139 representing 0.4 per cent of the total net provision. Details are given below.

**As at 31 December 2013**

Expenditure	Net Provision	Utilization	Savings	Saving as a Percentage of Total Net Provision
	Rs.	Rs.	Rs.	
Recurrent	145,253,792	144,978,611	275,181	0.2
Capital	22,700,000	22,305,042	394,958	1.7
<b>Total</b>	<b>167,953,792</b>	<b>167,283,653</b>	<b>670,139</b>	<b>0.4</b>

**(ii) Budgetary Variance**

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In terms of Financial Regulation 94, expenditure or commitment should not be incurred unless financial provisions exist thereof in the Annual Estimates. However, commitment of Rs. 1,593,836 in respect of 08 liabilities had been incurred exceeding the financial provision in the Annual Estimate.

**(iii) Utilization of Provisions made available by Other Ministries and Departments**

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Provision totalling to Rs.677,688,724 consisting Rs. 223,124,234 and Rs.454,564,490 had been received by the District Secretariat from 17 Ministries and 14 Departments respectively for various activities. Out of these a sum of Rs. 646,945,666 consisting Rs. 212,071,126 and Rs. 434,874,540 respectively had been utilized. Accordingly, provision of Rs. 30,743,058 consisting Rs. 11,053,108 and Rs. 19,689,950 or 5 per cent and 4.3 per cent respectively had been saved.

**(iv) Advances to Public Officers Account**

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**Limits Authorized by Parliament**  
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Limits authorized by Parliament relating to Advances to Public Officer's Account of the District Secretariat and the actual values are given below.

Item No	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
26501	12,000,000	7,630,897	6,000,000	7,846,179	50,000,000	36,160,294

The following observation is made.

The outstanding loan balances remained unrecovered as at the end of the year 2013 totalled Rs.295,926. That balance included an amounting to Rs.71,303 recoverable from 03 officers who had vacated their posts in the years 1992, 1996 and 2001 respectively, a loan balances of Rs.31,305 recoverable from an officer interdicted in the year 2008, a sum of Rs.56,408 recoverable from an officer retired in the year 1999 and balances totalling Rs.136,910 relating to 02 officers who had died in the years 1998 and 2010.

**(v) Imprest Account**  
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Credit balance of the Imprest Account No. 7002/0/0/283/13 of the District Secretariat as at 31 December 2013 amounted to Rs. 79,500. However, according to the Treasury books this balance was Rs. 15,420,500. The reasons for the difference had not been explained to audit.

The following observations are made in this regard.

- (i) Even though in terms of Financial Regulation 371 the “ad hock” advances should be settled immediately after the completion of the purposes which it was given, the advances amounting to Rs. 527,450 had been settled after delays of period ranging 26 to 161 days.
- (ii) In six instances, the advances amounting to Rs.84,000 had been given without evaluating the actual expenditure of particular purpose. As a result, a sum of Rs. 45,918 ranging 46 per cent to 73 per cent of the advances had been settled by cash with a long delay.
- (iii) According to the Financial Regulation 371, no new advances should be given before the settlement of previous advances. However, The District Secretariat had been continuously granted the advances of Rs. 114,000 in 13 instances without being settled the previous advances in contrary to the provision in the Financial Regulation.
- (iv) According to the Treasury Operation Circular No. 5/2012 dated 20 November 2012, action had not been taken to appoint a responsible staff officer for closing the accounts of the District Secretariat and the Divisional Secretariats as at 31 December 2013.

**(vi) General Deposit Account**  
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The balance of the General Deposit Account of the District Secretariat as at 31 December 2013 amounted to Rs. 52,679,435. Details are given below.

Account No -----	Balance as at 31 December 2013 -----
6003/0/0/41	Rs. 52,679,436

The following observations are made in this regard.

- (i) Action in terms of Financial Regulation 571 had not been taken on lapsed deposits amounting to Rs. 6,482,792 older than Two years.

(ii) A sum of Rs. 18,126,213 deposited for various purposes during the year 2012 and 2013 had not been utilized for the intended purposes even by 31 July 2014.

(iii) A sum of Rs.1,766,601 had been received on issue of rout permit licenses during the period from 2011 to 2013 had been remained in the deposit account even by 31 July 2014 without being remitted to relevant institutions.

## **1.6 Accountability and Good Governance**

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### **1.6.1 Annual Action Plan**

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Even though the District Secretariat should have prepared an Annual Action Plan in terms of letter No.PF/R/2/2/3/5(4) of 10 March 2010 of the Director General of the Department of Public Finance, the Action Plan for the year under review had not been prepared even by 31 July 2014.

### **1.6.2 Annual Procurement Plan**

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An Annual Procurement Plan in terms of National Budget Circular No.128 of 24 March 2006 had not been prepared even by 31 July 2014.

### **1.6.3 Internal Audit**

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An internal audit programme and audit plan had not been prepared for the year 2013 and the copies of internal audit reports for the year 2013 were not furnished to audit.

### **1.6.4 Implementation of the Audit and Management Committee**

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Meeting of the Audit and Management Committee should be held quarterly in terms of Treasury Circular No. IAI/2000/1 of 12 June 2000. However, only one meeting of the Audit and Management Committee had been held during the year under review.

## **1.7 Assets Management**

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### **(a) Idle and Underutilized Assets**

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

<b>Category of Assets</b>	<b>Number of Units</b>	<b>Idle or Underutilized Period</b>
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Motor Vehicles	06	02 Years
Motor Cycle	01	02 Years

Air conditioners	02	02 Years
Televisions	02	02 Years
Laptop computers	02	02 Years
Vacuum cleaner	01	02 Years
Water pump	01	02 Years

**(b) Conduct of Annual Boards of Survey**

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The following observations are made.

The District Secretariat and 05 Divisional Secretariats had conducted the Boards of Survey for the year 2013 and reports thereon had been submitted to audit. The Board of Survey for the previous year had been submitted to audit only on 26 July 2013. The following matters were revealed at the examination of those reports and the inventory registers.

- (i) According to the Financial Regulation 758(2), the stock-taker should have been select a number of articles found in the building and satisfy himself that they are duly entered in the inventory register. However, this had not been done accordingly.
- (ii) Necessary action had not been taken in terms of Public Finance Circular No. 438 of 13 November 2009 in respect of 173, 91, 231 and 122 categories of unserviceable stores items identified in the Boards of Survey report of the Divisional Secretariat Mannar, Musali, Madhu and Manthai West respectively.

**(c) Assets Given to External Parties**

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- (i) The official quarters of the Additional District Secretary had been given to the Divisional Forest Officer since January 2013 contrary to Section 6.2 of Chapter XIX of the Establishments Code and rentals had been improperly recovered from that date on the basis of salary of the Divisional Forest Officer without getting back the possession in terms of Section 5.7 of Chapter XIX of the Establishments Code. Further, rents amounting to Rs. 34,702 had to be recovered as at August 2014.
- (ii) The District Secretariat had been irregularly released six vehicles to the External Parties. Details are given below.

<b>Registration Number</b>	<b>Type of Vehicle</b>	<b>Name of the Party</b>
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53-5435	PICK-UP	Urban council, Mannar

52-5084	PICK-UP	Youth Council, Mannar
WP-JQ-1512	TOYOTA- Hilux	Industrial Development Board, Mannar
WP-JQ-1477	TOYOTA- Hilux	Agriculture Department
WP-HM-6896	ISUZU-TFSS4H	Agrarian Development, Mannar
NP-MV-0560	MOTOR BIKE	Pradeshiya Sabha, Mannar

## 1.8 Non-compliance

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

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

Reference to Laws, Rules and Regulations, etc.	Value Rs.	Non-compliance
(i) Financial Regulations 139(1) and 257	773,634	Even though the payments should be made only through the payment vouchers certified by an authorized officer, payments amounting to Rs.773,634 had been made by 14 uncertified payment vouchers.
(i) Financial Regulations 206 (1), (4)	197,768	Even though every payments voucher which the payment made from the deposit account should be certified by two officers, contrary to this provision, payments of Rs. 197,768 had been made by 07 payment vouchers.
(ii) Financial Regulations 237(b)	100,090	The stores certificates was not made available to prove whether the goods purchased in 09 instances have been received by the three Divisional Secretariats. Nevertheless, the payments of Rs. 100,090 had been made thereon.
(iii) Financial Regulation 880 and 881	428,500	Action had not been taken to obtain sureties from 43 officers and 03 drivers in the service at the District Secretariat and 05 Divisional Secretariats.



(iv) Public Administration Circular No.41/90 of 10 October 1990.	-	Although the fuel consumption tests should be done once in 06 months, fuel consumption of several vehicles belonging to the District Secretariat and 05 Divisional Secretariats had not been tested.
(v) Paragraph 8 Public Administration of Circular No. 13/2008 of 26 June 2008	61,113	Monthly summaries of a vehicle belonging to the District Secretariat for the Month of July to December 2013 had not been presented.
(vii) Management Services Circular No. 28 of 10 April 2006 and the letter of the Secretary to the Ministry of Public Administration No. HA/ADD/SEC/17/ General of 24 January 2011.	-	The prior approval of the Ministry of Public Administration is needed for recruitments on casual or substitute basis. However, the Divisional Secretary, Madhu had recruited a substitute labourer on 18 February 2009 and continued to pay salaries to date of audit on 31 July 2014 contrary to this regulation.

## 1.9 Contract Administration

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Thirty two open dug wells had been constructed by spending a sum of Rs. 3,200,000 during the year under review. The following observations are made in this connection.

- (i) The entire construction works of 32 wells had been divided into two parts and awarded the contracts to two Rural Development Societies in order to avoid obtaining the approval from the Departmental Procurement Committee.
- (ii) The responsible officer had prepared the estimates for construction of open dug wells without carrying out the feasibility studies. As a result, the public could not utilize those wells due to non-availability of water in those wells. Therefore, a sum of Rs. 3,200,000 spent for the construction of those wells had become a fruitless expenditure.

## 1.10 Irregular Transactions

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### Deviation from the Procurement Guidelines

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- (i) The District Secretariat had purchased 21,650 fruit plants during the year under review by spending Rs.2,030,000 under Divineguma Programme without being followed the open competitive bidding procedures in terms of Paragraph 3.2 of the

Procurement Guidelines and without establishing a suitable Procurement Committee and a Technical Evaluation Committee in terms of Sections 2.7.7 and 2.8.5 of the Procurement Guidelines. The payments of Rs. 2,030,000 had been made thereon even though a certificate was not made available to prove whether the goods have been received in terms of Financial Regulation 237 (b).

- (ii) The Divisional Secretariat, Mannar had purchased the sports items to the National Youth Service Center amounting to Rs. 970, 000 based on three quotations instead of five sealed quotations contrary to provision in Section 2.14.1 of the Procurement Guideline 2006.

### 1.11 Losses and Damage

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According to the Appropriation Account of the District Secretariat, the losses and damages relating to 04 incidents amounting to Rs. 2,760,000 had remained over 10 years and no action had been taken in terms of provisions in the Financial Regulation 104 and 113 in this regard.

### 1.12 Human Resources Management

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Approved Cadre and Vacancies

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The position of the cadre as at 31 December 2013 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
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(i) Senior Level	21	16	05	-
(ii) Tertiary Level	35	11	24	-
(iii) Secondary Level	317	224	93	-
(iv) Primary Level	53	35	18	-
(v) Others (casual and temporary)	-	20	-	<b>20</b>
<b>Total</b>	<b>426</b>	<b>306</b>	<b>140</b>	<b>20</b>
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The following observations are made in this connection.

- (i) The District Secretariat had failed to take action to fill 140 vacancies by the end of the year under review
- (ii) The District Secretariat had not taken action to obtain the formal approval for the casual and temporary cadre recruited.