

**Report of the Auditor General on Head 266 – Vavuniya District Secretariat/ Kachcheri  
Year 2014**

---

Paragraphs 1 to 2 of this report contain the general information on the Accounts of the District Secretariat and audit observations on the Head appear in paragraph 3 onward.

**1 Divisional Secretariats under the District Secretariat**

---

- (i) Vavuniya
- (ii) Vengalaveddikulama
- (iii) Vavuniya South
- (iv) Vavuniya North

**1.1 Scope of Audit**

---

The audit of the Appropriation Account including the financial records, reconciliation statements books, registers and other records, of the District Secretariat Vavuniya for the year ended 31 December 2014 were carried out in pursuance of provisions in Article 154 (1) of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the District Secretary on 28 July 2015. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and 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.

**1.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation statements**

---

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Accounts and the Reconciliation Statements in accordance with the provisions in Articles 148,149,150 and

152 of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliations Statements that are free from material misstatements whether due to fraud or error.

## 2 Accounts

### 2.1 Appropriation Account

#### (a) Total Provision and Expenditure

While the total net provision made for the District Secretariat amounted to Rs.303.5 million, a sum of Rs.298.3 million had been utilized as at the end of the year under review. Accordingly, savings of the District Secretariat out of the net provision had been Rs.5.2 million or 1.7 per cent of the net provision. Details are shown below.

Expenditure	As at 31 December 2014			Savings as a Percentage of Net Provisions
	Net Provision	Utilization	Savings	
	Rs.Million	Rs.Millions	Rs.Millions	
Recurrent	155.4	150.5	4.9	3.2
Capital	148.1	147.8	0.3	0.2
<b>Total</b>	<b>303.5</b>	<b>298.3</b>	<b>5.2</b>	<b>1.7</b>

#### (b) Utilization of Provisions Made Available by Other Ministries and Departments

While provisions totalling Rs.1,739.73 million as Rs.747.30 million and Rs.992.43 million had been provided by 22 Other Ministries and by 18 Departments respectively for various activities, a totalled sum of

Rs.1,481.68 million as Rs.697.80 million and Rs.783.88 million had been utilized. Accordingly, a totalled sum of Rs.258.05 million as Rs.49.50 million and Rs.208.55 million had been saved.

## 2.2 Advance Account

### 2.2.1 Advances to Public Officers Accounts

#### Limits Authorised by Parliament

The limits authorised by Parliament for the Advances to Public Officers Account of the Vavuniya District Secretariat and actual amounts are given below.

Item Number	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
26601	11	10.9	7	8.7	40	35.2

## 2.3 General Deposit Account

The balance of Deposit Account of the District Secretariat as at 31 December 2014 was Rs. 96.91 million. Details are given below.

## 2.4 Audit Observation

According to the Financial Records and books for the year ended 31 December 2014, it was observed that subject to the audit observations appearing in the management audit Report referred to in Paragraph 1.1, the Appropriation Account and the reconciliation statements of the Vavuniya District Secretariat had been prepared satisfactorily. The material and important observations out of those observations included in the management report, are appearing in paragraphs 3.1 to 3.13 herein.

### **3 Head 266 –District Secretariat Vavuniya**

#### **3.1 Non -maintenance of Registers and Books**

It was observed in audit sample checks that the Vavuniya District Secretariat had not maintained certain registers, while certain registers had not been maintained properly and updated as shown below.

<u>Category of Registers</u>	<u>Relevant Regulation</u>	<u>Observations</u>
(a) Registers of Fixed Assets	Treasury Circular No.842 dated 19 December 1978.	Not updated.
(b) Registers of Fixed Assets relating to Computers Accessories and Software	Treasury Circular No. IAI/2002/02 dated 28 November 2002.	Not maintained.
(c) Register of Electrical Equipment	Financial Regulation 454(2)	Not maintained.
(d) Register of Losses and Damages	Financial Regulation 110	Not updated.

#### **3.2 Appropriation Account**

##### **3.2.1 Budgetary Variance**

Saving after utilization of the net provision were in a range between 15.8 to 28.77 per cent due to excessive provision made for 3 Objects.

##### **3.2.2 Utilization of Provisions Made Available by Other Ministries and Departments**

Following lapses were observed in audit sample checks carried out with regard to utilization of provisions made available by Other Ministries and Departments.

- (a) Payments totalling Rs.490,000 at the rate of Rs.9,000 for 52 beneficiaries, and Rs.4,400 for 05 beneficiaries identified as members of the Divineguma

Development Society in Manipuram Village had been made. Disparities were observed in the signatures placed in the register submitted with the voucher in acknowledgment of payments and signatures placed in acknowledgment of payments from the Samurdhi Bank.

- (b) According to the letter No. MED/RD/DEV/2014 dated 07 November 2014 of the Secretary to the Ministry of Economic Development, the primary concentration criteria should be the low income recipient, in implementation of Projects for Improvement of Living Standards. However, a sum of Rs. 100,000 had been paid as benefits to high income group families (having an employment) and single individuals, contrary to the instructions.
- (c) According to the letter No. DDD/Z6/MF/2014 dated 15 October 2014 of the Additional Director General of the Divineguma Department addressed to the Regional Divineguma Development Officers, it had been stipulated that the Development Projects should be implemented from door to door and from village to village through the Divineguma Development Societies. However, a sum of Rs. 3,430,000 had been paid to 4 different organizations on the instructions and guidance of the Director Planning in the District Secretariat contrary to the instructions. Accordingly, monies had been paid to beneficiaries who were not low income persons. In addition to that, an amount higher than the amount paid to beneficiaries of other Divineguma Societies had been paid to members of two organizations mentioned here.
- (d) According to the letter No. DDD/Z6/MF/2014 dated 15 October 2014 of the Additional Director General of the Divineguma Department addressed to the Regional Divineguma Development Officers, it had been stipulated that the members of the Divineguma Development Societies established in the Gama Niladhari Divisions should be the beneficiaries. However, payments had been made to individuals in other areas who are not living in the Grama Niladhari Division, resulting in deviation from proper management of public funds. For example, a sum

of Rs.457,500 had been paid to 61 individuals who are not residing in the Maharambakulama Grama Niladhari Division.

### **3.3 General Deposits Account**

-----

Following observations are made.

- (a) Action in terms of Financial Regulation 371 had not been taken with regard to Deposits amounting to Rs.997,959 that had remained for more than two years.
- (b) A sum of Rs. 400,000 provided to the Vavuniya District Secretariat for various activities by other Ministries and Departments (Hindu Religious and Cultural Affairs) had been kept in the Deposits Account without performing the relevant works.

### **3.4 Advances to Public Officers Account**

-----

According to the Reconciliation Statement relating to Item 26601 - Advances to Public Officers Account as at 31 December 2014, recovery of balances in arrears as at that date totalled to Rs. 2,174,681. Although those balances in arrears had been outstanding over a period ranging from 1 to 5 years, the District Secretariat had failed to recover those balances.

### **3.5 Non-compliance**

-----

#### **Non-compliance with Laws, Rules, and Regulations**

-----

Instance of non-compliance with the provisions of Laws, Rules and Regulations observed in audit sample checks are analyzed below.

<b>Reference to Laws, Rules and Regulations</b>	<b>Value</b>	<b>Non – compliance</b>
-----	-----	-----
	Rs.	
<b>(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka</b>		
-----		
(i) Financial Regulations 108 and 109	54,005	Action had not been taken to write-off damages from the books which had been old more than 25 years.
(ii) Financial Regulation 94(1)	3,526,163	(i) Value of Bills Payable to various individuals and institutions as at 31 December 2014 on account of restoration of tanks of resettlement of families in the Various South Divisional Secretariat had not been shown in DGSA 8 – Statement of Liabilities in the Appropriation Account.  (ii) Values payable on account of various repairs and purchases during the year 2014 had not been included as liabilities.
<b>(b) Public Finance Circulars</b>		
-----		
Circular No.441 dated 09 December 2009.  Paragraph 3:5		Although the works relating to destruction, repairs and auction of goods according to Board of Survey Reports should be finalized before 26 February of each year, works relating to disposal of 61 categories of goods for the year 2013 in the Vauniya South Divisional Secretariat had not been finalized before 26 February 2014. However, the Board had been appointed to do that work only on 10 July 2014.
<b>(c) State Accounts Circulars</b>		
-----		
Circular No.239/2014 dated 01 December 2014	3,010,908	All losses and damage occurred at the District Secretariat had not been included in the Form DGSA 7 of the Appropriation Account.

### **3.6 Implementation of Projects out of Domestic Financing**

-----

A totalled sum of Rs.47.728 million as Rs.7.732 million and Rs.39,996 million had been provided under Head 281 – Department of Agrarian Development and Head 266 Vavuniya District Secretariat respectively for restoration of tanks during the years 2013 and 2014. Work of 16 tanks had been commenced as at the end of the year under review having made commitments in excess of the provisions amounting to Rs. 3.526 million. Out of those 16 tanks, work of 09 tanks had been completed as at the end of the year under review. While one place of the tank bund of the Kambiliyawa Tank restored having spent a sum of Rs. 15.5 million during the year under review had been broken, it had not been completed. Feasibility Study Reports and Project Reports relevant to the Tank Restoration Project had not been furnished to audit.

### **3.7 Performance**

-----

A memorandum of understanding had been entered into with the Vanni Defense Head Quarters on 03 December 2014 for construction 100 wells to meet the requirements of drinking water and water requirements for agriculture works for re-settled families in the Southern Divisional Secretariat of the Vavuniya District. Accordingly, a sum of Rs. 20 million had been paid to the Vanni Defense Head Quarters by the District Secretariat. Those wells had not been constructed even as at 12 March 2015. It had been reported that work of 34 wells were completed, that construction works of 43 wells is in progress and that construction works of 23 wells were not commenced as at 10 September 2015.

### **3.8 Transactions of Financial Irregular Nature**

-----

Details relating to Transactions of fraudulent Nature observed in audit sample checks are shown below.

- (a) A sum of Rs.42.135 million had been provided to Vavuniya and Settikulam Divisional Secretaries to implement Projects for Development of Living Standards. Instructions had been given to the Samurdhi Banks belong to the area of authority of the Divisional Secretariats to make payments after identification of the beneficiary (According to the List of Names of the Beneficiaries). Contrary to



those instructions, payments had been made direct to the societies and organizations on the verbal instructions of the Director Planning in the District Secretariat. It was observed in audit that due to payment made in this manner, opportunities had been made to commit financial irregularities.

- (b) It had been decided to make payments as Rs.49,000, Rs.10,000, Rs.9,000 Rs.7,800 Rs.6,500 and Rs.2,500 for each beneficiary family by the District Planning Unit to implement Living Standards Developing Projects and when making payment to the relevant beneficiaries through the Ministry of Economic Development. The amounts so decided had been paid to the beneficiaries after obtaining signatures on Form General 36 (a). Instances of making payments less than the amount signed in the Form General 36 (a) and non-payment of a sum of Rs. 60,000 to 06 individuals in the Kathersinna Kulam Village were observed in audit sample checks carried out, revealing that financial irregularities had been committed.

### **3.9 Losses and Damages**

-----  
Observations relating to losses and damages revealed in audit sample checks are shown below.

- (a) Action in terms of financial Regulations had not been taken with regard to 4 various losses and damages including 2 vehicle accidents for which approval had been obtained to write-off from books from the Ministry of Public Administration and Home Affairs.
- (b) Action in terms of financial Regulations had not been taken with regard to shortage of 22 Categories of good including a Floor Polisher, a Camera, Chairs and Tables in the Official Quarters of the Vavuniya South Divisional Secretariat and 20 Grama Niladhari Offices.

### **3.10 Un-economic Transactions**

-----

Out of the Gates and Accessories valued at Rs. 1,045,031 purchased for the Project relating to Modification of Damaged Tanks, Accessories valued at Rs. 406,258 had not been utilized for that Project and had not been taken charge of the Divisional Secretariat even as at 30 April 2015. Among those equipments, equipment valued at Rs.194,880 such as Guide Brackets not relevant to the Project too had been purchased.

### **3.11 Transactions of Contentious Nature**

-----

Forty-nine Weaving Training Centers had been commenced out of the provisions made available through the Ministry of Industries and Commerce. Watchers for the security of sewing machines and accessories provided to those training centers and officers for supervision of works had been engaged. While those watchers were not involved in service, it had been mentioned that it was not necessary to engage watchers in the Centers located in private houses. Under these circumstances the sum of money amounting to Rs.1,245,567 spent had become a transaction of contentious nature.

### **3.12 Un-resolved Audit Paragraphs**

-----

Reference to paragraphs not rectified by the District Secretariat with regard to the deficiencies pointed out in the Auditor General's Report relevant to the District Secretariat is shown below.

<b>Reference to Audit Report</b>		<b>Subject Referred</b>
<b>Year</b>	<b>Paragraph No.</b>	
2005 – 2013	2.2 (d)	General Deposits Account
2013	1.5 (a)	Not up-dating books and registers.

### 3.13 Human Resources Management

#### Approved and Actual Cadre

Cadre position as at 31 December 2014 was as follows.

	<b>Category of Employees</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>Number of Vacancies</b>	<b>Excess</b>
(i)	Senior Level	20	17	03	-
(ii)	Tertiary Level	15	07	08	-
(iii)	Secondary Level	324	224	100	-
(iv)	Preliminary Level	66	55	13	02
	Total	425	303	124	02

Following observations are made.

- (a) District Secretariat had failed to fill 124 vacant posts as at the end of the year under review.
- (b) District Secretariat had not taken action to get a proper approval for the surplus number of employees.