

Report of the Auditor General on Head 265 - District Secretariat / Kachcheri Mannar Year 2014

Paragraphs 1 and 2 of this report contain the general information on the Accounts of the District Secretariat/ Kachcheri, Mannar and the audit observations appears in paragraph 3 onwards.

1. Divisional Secretariats under the District Secretariat

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

1.1 Scope of Audit

The audit of the Appropriation Account and the Reconciliation Statement including the financial records, books, registers and other records of the District Secretariat, Mannar for the year ended 31 December 2014 was carried out in pursuance of provisions in 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 Accounting officer on 25 August 2015. 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.

1.2 Responsibilities 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 Account and the Reconciliation Statements in accordance with the provisions in Articles 148,149,150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Public Finance 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.

2. Accounts

2.1 Appropriation Account

(a) Total Provision and Expenditure

The total net provision made for the District Secretariat amounted to Rs. 291.55 million and out of that Rs. 257.88 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provision amounted to Rs. 33.67 million 12 per cent of the total net provision. Details are given below.

Details of Expenditure	As at 31 December 2014			Saving as a Percentage of Total Net Provisions
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	170.60	158.76	11.84	7
Capital	120.95	99.12	21.83	18
Total	291.55	257.88	33.67	12

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

Provision totalling Rs.1,360.6 million had been received from 19 Ministries and 16 Departments respectively for various activities and out of this sums totalling Rs.1,119.7 million had been utilized. Accordingly the saving was Rs.240.9 million and it was 18 per cent of the total provisions received.

2.2 Advance Account

Advances to Public Officers Account

Limits Authorized by Parliament

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

Item No	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
26501	12.00	11.30	6.00	8.61	50.00	38.10

2.3 Impress Account

The balance of the Impress Account No. 7002/0000/00/0283/0014/000 of the District Secretariat as at 31 December 2014 amounted to Rs. 24.98 million.

2.4 General Deposit Account

The balance of the General Deposit Account No. 6003/0000/00/0041/0000/000 of the District Secretariat as at 31 December 2014 amounted to Rs. 98.73 million.

2.5 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 reference to the paragraph 1:1, the Appropriation Account the Reconciliation Statements of the District Secretariat, Mannar have been prepared satisfactorily. The material and important observations out of the observations included in the Management Audit Report appear in paragraph 3.1 to 3.10 herein.

3. Head 265-District Secretariat/Kachcheri Mannar

3.1 Non-maintenance of Registers and Books

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

Type of Register	Relevant Regulation	Observations
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Register of Losses	Financial Regulation 110	Not maintained
Register of Liabilities	Financial Regulation 214	Not maintained
Register of Counterfoil Books	Financial Regulation 341	Not properly maintained
Register of Inventory for Electrical Fittings	Financial Regulation 454(2)	Not maintained
Security Register	Financial Regulation 891	Not properly maintained

3:2 Appropriation Account

3.2.1 Budgetary Variance

Following observations are made.

- (a) Excess provisions had been made for 03 Objects and as such the savings after the utilization of the provisions ranged between 37 per cent to 62 per cent of the net provisions relating to the respective Objects.
- (b) Entire net provision of Rs. 100,000 made under Object 1401 had been fully saved without being utilized.

3.3 Impress Accounts

According to the Impress Account No.7002/000/00/0283/0014/000 of the District Secretariat the credit balance as at 31 December 2014 was zero. However, according to the Treasury book credit balance was shown as Rs. 24,976,009 and the reason for the difference had not been explained to audit.

3.4 General Deposit Account

In terms of Financial Regulation 571, action had not been taken in respects of 22 lapsed deposits amounting to Rs. 2,839,458 exists for more than two years.

3.5 Advances to Public Officers Account

Action had not been taken either to recover or to make adjustments in terms of Section 4 of the Chapter XXIV of the Establishment Code in respect of the outstanding balance of Rs.1,088,069 due from the year 1998 to be recovered from 12 officers who were dead, retired, vacated their post and interdicted.

3.6 Good Governance and Accountability

Audit and Management Committee

Even though the Audit and Management Committee meeting should be conducted at least once in three months in terms of Treasury Circular No. IAI/2000/1 of 12 June 2000, Only three meetings had been held during the year under review.

3:7 Assets Management

(a) Idle and Under-utilized Assets

It was observed during the audit test checks that certain assets had remained either idle or under-utilized as analyzed below.

Category of Asset	Number of Units	Idle or Under-utilized Period
Motor Vehicles	09	03 years
Motor Cycle	02	03 years
Air Conditioners	03	03 years

(b) Assets given to External Parties

The District Secretariat had irregularly released two vehicles to the external parties. Details are given below.

Type of Vehicle	Assets Given to	Period
Pick-up Vehicle	Urban Council, Mannar	07 years
Pick-up Vehicle	Provincial National Youth Service Council, Mannar	04 years

3.8 Non-compliances

Non-compliance with Laws, Rules and Regulations

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	Value	Non-compliance
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.	Rs.	
(i) Financial Regulation 94	512,177	Commitment for liabilities had been incurred exceeding the financial provision.
(ii) Financial Regulations 136,137,138 and 139	3,037,422	Twenty Three transactions had been paid without being having the authorization, approval and certification.
(iii) Financial Regulation 371	65,000	Four advances given for various jobs had been settle in full after a delay of period of 58 days to 94 days without been utilized for respective jobs.
	421,260	The “ad – hoc” advances had been settle by after a delay of period 25 days to 111 days.
	618,000	Advanced had been given in 57 instances to 8 officers without been settle the previous advances given for them.
(iv) Financial Regulations 880 and 881	428,500	Action had not been taken to obtain securities from 46 officers in the service at the District Secretariat and 05 Divisional Secretariats.

3.9 Management Weaknesses

Action had not been taken by the District Secretariat to recover liquidity damages regarding 03 constructions work carried out in the years 2013 and 2014.

Name of the Construction	Estimated Amount	Due Date of Completion	Delay	Amount to be Recovered for Delays
	Rs.			Rs.
Internal road at Marichchikaddi	7,587,132	2013.12.31	08 months and 10 days	758,713
Internal road at Karadikkuli	7,544,611	2013.12.31	08 months and 10 days	754,461
Internal road at Palakkuli	7,625,729	2013.12.31	11 months and 20 days	762,573

3.10 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2014 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess Cadre
(i) Senior Level	22	18	04	-
(ii) Tertiary Level	17	01	16	-
(iii) Secondary Level	349	264	85	-
(iv) Primary Level	56	37	19	-
(v) Others (casual and temporary)	-	19	-	19
Total	444	339	124	19

- (a) The District Secretariat had not taken action to fill 124 vacancies of the approval cadres by the end of the year under review.
- (b) The District Secretariat had not taken action to obtain the formal approval for the casual and temporary cadre recruited.