

## **Report of the Auditor General of Head 265 – District Secretariat, Mannar – Year 2015**

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The audit of the Appropriation Account and the Reconciliation Statements including the financial records, reconciliation statements, books, registers and other records of the District Secretariat, Mannar for the year ended 31 December 2015 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 District Secretary on 22 September 2016. 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**

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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 in Articles 148, 149, 150 and 152 of the Constitution 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 Reconciliation Statements that are free from material misstatements whether due to fraud or error.

## **2. Accounts**

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### **2.1 Appropriation Account**

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#### **(a) Total Provision and Expenditure**

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The total net provision made for the District Secretariat amounted to Rs.389.22 million of which Rs.311.90 million had been utilized by end of the year under review. Accordingly, savings out of the total net provision of the Secretariat amounted to Rs.77.62 million or 20 per cent. Details appear below.

Expenditure	As at 31 December 2015			Savings, as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Million	Rs. Million	Rs. Million	
Recurrent	195.22	193.40	1.82	01
Capital	194.10	118.30	75.80	39
<b>Total</b>	<b>389.32</b>	<b>311.70</b>	<b>77.62</b>	<b>20</b>

**(b) Utilization of Provision made by other Ministries and Departments**

The provision made to the Secretariat by 15 other ministries and 08 departments aggregated Rs.2740.75 million of which a sum of Rs.1572.73 million had been utilized. Accordingly, a sum of Rs.1168.03 million had been saved.

**2.2 Advance Accounts**

**2.2.1 Advances to Public Officers Account**

**Limits Authorized by Parliament**

The limits authorized by Parliament for Item No.26501, Advances to Public Officers Accounts of the District Secretariat and the actual amount are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
12.5	11.5	7.5	10.5	4.5	39.2

**2.3 General Deposit Account**

The balances of the General Deposit Account of the District Secretariat bearing No.6003/0000/00/0041/0000/00 amounted to Rs.15.56 million as at 31 December 2015.

## 2.4 Audit Observations

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It was observed that subject to the audit observations appearing in the Management Audit Report referred to in paragraph 1.1 above, the Appropriation Account, Advances to Public Officers Account and the Reconciliation Statements of the District Secretariat, Mannar as at 31 December 2015 had been prepared satisfactorily. The material and significant observations out of the observations included in the Management Audit Report appear in paragraph 3.

## 3. Material and Significant Audit Observations

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### 3.1 Non – maintenance of Registers and Books

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It was observed at audit test checks that the District Secretariat, Mannar had not maintained the following registers in the proper and updated manner.

Type of Register	Relevant Regulation	Observation
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Register of Securities	Financial Regulation 891	Not maintained
Register of Short Leave and Register of Late Attendance	Public Administration Circular No.06/94 of 21 January 1994	Not maintained

### 3.2 Appropriation Account

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#### 3.2.1 Budgetary Variance

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Savings ranging from 12 per cent to 73 per cent aggregating Rs.2,414,585 was observed in 3 recurrent and 3 capital items of expenditure of the District Secretariat showing that the budget for the year had not been properly prepared.

### 3.3 Advances to Public Officers

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Audit test checks relating to the Reconciliation Statements of the Advances to Public officers Account, No. 26501 as at December 2015 revealed the following deficiency.

Action had not been taken to recover or to make suitable adjustments for arrears of Rs.486,681 receivable from 05 offices who had vacated service or retired from service in terms of Section 4 of Chapter XXIV of the Establishments Code.

### 3.4 Accountability and Good Governance

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#### 3.4.1 Audit and Management Committees

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The Audit and Management Committees should conduct at least 04 meetings per year in order to strengthen the internal control in terms of the Circular No. DMA/2009(1) of 09 June 2009 of the Department of Audit and Management. However, the District Secretariat, Mannar had conducted 03 meetings only.

### 3.5 Assets Management

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#### 3.5.1 Idle or Under Utilized Assets

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Audit test checks revealed that the following assets of the District Secretariat had not been used.

<u>Category of Asset</u>	<u>No of Units</u>	<u>Value</u> Rs.	<u>Idle Period</u> Years
Land	02	1,100,000	-
Buildings	17	Not obtained	04 – 50
Motor Vehicles	03	-do-	05
Motor Cycles	07	-do-	02
Water Filters	05	-do-	01
Water purifying machine	04	312,800	02
Almyrah (with Glass)	01	Not obtained	-
Water Tanks	06	-do-	06 months

### 3.6 Non-Compliance

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

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Non compliances observed during test checks are analyzed below.

<b>Reference to Laws, Rules and Regulations</b>	<b>Value</b>	<b>Non-compliance</b>
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	<b>Rs.</b>	
<b>(a) Financial Regulations of the Republic of Sri Lanka</b>		
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(i) Financial Regulations 136, 137, 138, 139 and 257	18,767,780	Payments for three paid vouchers of the Manthai West Divisional Secretariat amounting to Rs.1,876,780 had been made without proper approval and authorization.
(ii) Financial Regulations 139(2), (3) and (4)	162,000	Acknowledgments for payments amounting to Rs.162,000 had not been obtained by the Manthai West Divisional Secretariat.
(iii) Financial Regulations 880 and 881		Action had not been taken to obtain security deposits from 43 officers and 03 drivers of the District Secretariat and 05 Divisional Secretariats.
<b>(b) Public Administration Circulars</b>		
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(i) Circular No.41/90 of 10 October 1990		Consumption of fuel had not been tested once in 06 months for 10 vehicles of the District Secretariat and 05 Divisional Secretariats.
(ii) Circular No. 09/2009 of 16 April 2009	9,189	Payments for holiday pay should be confirmed by checking the time appearing in the finger print machines. However, holiday pay amounting to Rs.9,189 had been paid at the District Secretariat, Mannar without considering the time marked in the finger print machines.
(iii) Circular No.06/94 of 21 January 1994		Audit checks revealed late attendance of 45 officers in December 2015. The District Secretariat had not taken action with regard to this.

### 3.7 Weaknesses in Implementation of Projects

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The following observations were made at test checks carried out regarding projects implemented by the District Secretariat.

#### (a) Delay in implementation of Projects

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It was observed in audit that the construction work (Stage 1) Building Complex of the District Secretariat expected to be completed on 31 December 2015 had not been completed even after spending Rs.82.7 million.

#### (b) Projects not properly completed

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The following observations are made.

##### Construction of Ahaththi Murippu Pre School

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- (i) Differences amounting to Rs.241,106 were observed between the value of items in the bill of quantities (Item No.05, 07, 08, 09, 11, 14, 15, 17) and the value of work carried out by the contractor for which necessary approval had not been obtained.
- (ii) The pre-school could not be fully utilized as the inner and outer walls of the building had not been painted. The amount required for painting as per item No.16 of the bill of quantities was Rs.55,390.

##### Construction of the Sinna Pullachci Potkerney Community Centre

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- (i) Necessary approval had not been obtained for the variance of Rs.235,267 between the estimated items No.07, 09, 11, 14, 15, 18 and 21 of the bill of quantities and the work done by the contractor with regard to the community centre.
- (ii) The community centre could not be completely used as the contractor had not painted the inner and outer walls of the building and had not fixed the door lock. The amount required for painting as per bill of quantities No.16 and No.22 was Rs.55,390 and Rs.8,500 respectively.

##### Repairs to the Thalaimannar Housing Scheme Road

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A road roller had not been used to compact the road after spreading gravel on the road while renovating it. As a result, the gravel had been washed away by rain and there were pot holes on the road. The road becomes muddy during rainy season so that the users are unable to use the road. Therefore, the sum of Rs.851,630 spent on this work had become fruitless.

### **Repairs to Errukkalampiti Kalladi Road**

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- (i) A sum of Rs.976,930 had been spent to renovate 950 metres of the road concerned. However, 615 metres of the road alone had been repaired, made up of 500 metres of the main road and 115 metres of the sub way.
- (ii) About 500 metres of the renovated road had been washed away by rainy water making pot holes. The width of the 135 metres long road which should be 3.5 metres, appeared to be 2.5 metres.
- (iii) The actual amount of gravel used for the renovation of the road was 318.45 m<sup>3</sup>, But, It had been shown as 399 m<sup>3</sup> in the measurement sheet resulting in an overpayment of Rs.140,455 for the gravel.

### **Construction of the Aatkaativeli Community Centre**

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- (i) The difference between the value appearing in the bill of quantities of the Public Hall (No. 16, 21, 22) and the value of work completed by the contractor amounted to Rs. 190,330 for which necessary approval had not been obtained.
- (ii) The quantity of work performed with regard to Item No.21 of the bill of quantities of the community centre work had been shown in excess in the measurement sheet. As a result, a sum of Rs.84,312 had been overpaid.
- (iii) Although the construction work of the Centre had been completed on 14 October 2015, the doors to be fixed to the windows had not been fixed and they were lying at the centre. A sum of Rs.63,000 had been paid for this.

## **3.8 Deficiencies in operating Bank Account**

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### **Uncashed Cheques**

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Action had not been taken in terms of the Financial Regulation No.396 with regard to 48 cheques valued at Rs.221,757 remaining uncashed for over 6 months since their dates of issues.

### 3.9 Human Resources Management

#### Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2015 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	01	01	01
(ii) Tertiary Level	32	20	12
(iii) Secondary Level	362	270	92
(iv) Primary Level	56	38	18
(v) Others (Casual)	-	01	-
<b>Total</b>	<b>451</b>	<b>330</b>	<b>122</b>

The following observations are made in this regard.

- (a) Action had not been taken to fill 122 vacancies of the District Secretariat as at end of the year under review.
- (b) The posts of Technical Officer and the Draughtsman had been included in the approved cadre. But, suitable persons had not been appointed for these posts up to now. As a result, work relating to constructions and contracts had not been efficiently performed.
- (c) The approved cadre for the post of Management Assistant Grade 1 was 04 for which 10 persons had been appointed resulting in an excess of 06 officers.