

**Report of the Auditor General on Head 267 – District Secretariat/Kachcheri Mullaitivu  
– Year 2015**

The audit of the Appropriation Account and the Reconciliation Accounts including the financial records, books, registers and other records of the Head 267- District Secretariat, Mullaitivu, 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 26 April 2017. 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 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 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**

**2.1 Appropriation Account**

**(a) Total Provision and Expenditure**

The total net provision made for the District Secretariat amounted to Rs.262.10 million and out of that Rs. 251.39 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provision amounted to Rs.10.71 million or 4.09 per cent of the net provisions.

Expenditure	As at 31 December 2015			Savings as a Percentage of Net Provisions
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	188.63	177.97	10.66	5.65
Capital	<u>73.47</u>	<u>73.42</u>	<u>0.05</u>	0.07
<b>Total</b>	<b><u>262.10</u></b>	<b><u>251.39</u></b>	<b><u>10.71</u></b>	<b>4.09</b>

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

Provisions totalling Rs.582.09 million had been received from 20 Ministries and 11 Departments for various activities and out of that, sums totalling Rs.545.51 million had been utilized. Accordingly, the savings amounted to Rs.36.58 million or 6.28 per cent of the total provisions received.

**2.2 Advance Account**

**2.2.1 Advances to Public Officers Account**

**Limits Authorized by Parliament**

The limits authorized by Parliament for the Advances to Public Officers Accounts Item No. 26701 of the District Secretariat and the actual amounts are given below.

<b>Expenditure</b>		<b>Receipts</b>		<b>Debit Balance</b>	
<b>Maximum Limit</b>	<b>Actual</b>	<b>Minimum Limit</b>	<b>Actual</b>	<b>Maximum Limit</b>	<b>Actual</b>
<b>Rs.Millions</b>	<b>Rs.Millions</b>	<b>Rs.Millions</b>	<b>Rs.Millions</b>	<b>Rs.Millions</b>	<b>Rs.Millions</b>
18.07	16.94	8.57	10.25	50.00	42.75

**2.3 General Deposit Account**

The total balance of General Deposit Account No. 6003/0000/00/0043/0000/000 as at 31 December 2015 was Rs. 50.10 million.

**2.4 Audit Observation**

The Appropriation Account and the Reconciliation Statements for the year ended 31 December 2015 of the District Secretariat, Mullaitivu had been satisfactorily prepared, subject to the audit observations appearing in the Management Audit Report referred to in Paragraph 1.1 above. The material and significant audit observations out of the observations included in the Management Audit Report appear in Paragraph 3.

### 3. Material and Significant Audit Observations

#### 3.1 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 Registers	Relevant Regulation	Observation
Catalogue of Books	Kachcheri Manual 5:9	Not maintained
Register of Liabilities	Financial Regulation 214	Not maintained
Register of Fixed Assets	Treasury Circular No. 482 dated 1978 December 19	Not maintained
Register on Computer, accessories and software	Treasury Circular No. 1A1/2002/02 dated 28 November 2002	Not maintained
Procurement Time Schedule(PTS)	Guideline 4.2.2 of Government Procurement Procedure-2006	Not maintained
Register of Telephone	Financial Regulations 845(1), 846 (3)	Not updated
Register of Losses	Financial Regulation 110	Not updated

#### 3.2 Appropriation Account

##### 3.2.1 Budgetary Variance

Annual revised budget amounts had not been considered and shown in preparing the Appropriation Account. Thus, the total amount of Recurrent and Capital expenditure respectively Rs.13.00 million and Rs. 3.00 million had been understated in the accounts for the year under review.

#### 3.3 Imprest Account

Even though a total imprest of Rs. 1,019,696,189 had been received by the District Secretariat for the year under review, an Imprest Register and Sub- imprest Register had not been maintained properly and orderly in terms of Financial Regulation 371 over last 02 years. The total amount of imprest received and efficient imprest allocation of imprest between District Secretariat and 06 Divisional Secretariats could not be satisfactorily ascertained in audit.

#### 3.4 General Deposit Account

Following observations are made.

- (a) Age analysis of the General Deposit Account balances totalled Rs. 50.10 million as at 31 December 2015, had not been made available for audit.

- (b) Details of classification of the deposit balances of 06 Divisional Secretariats, totalling Rs. 21.64 million had not been made available for audit over last 02 years.
- (c) Purpose of 244 individual deposits retained in the General Deposits Accounts of 04 Divisional Secretariats aggregating Rs. 4,471,121 was not made available for audit.

### **3.5 Advances to Public Officers Account**

-----

Following deficiencies were observed during the course of audit test checks of the Reconciliation Statement as at 31 December 2015 relating to the Advances to Public Officers Account No. 26701.

- (a) Un-reconciled differences totalling Rs. 59,824 were observed between the amount shown in the Reconciliation of Advances to Public officers Account and Members' Loan Register (CC-10) of the District Secretariat and no action had been taken to reconcile the differences during the year under review.
- (b) Even though Individual loan balances aggregating Rs. 1,567,241 shown in the books of District Secretariat and 03 Divisional Secretariats, it had not been classified as of retired, interdicted, died officers and vacated their post in the Reconciliation Statement of the Advance to Public Officers Account over last 08 years.
- (c) Action had not been taken either to recover the outstanding balance of advances and loans aggregating Rs. 451,583 due from 11 officers vacated their post, retired and subjected to disciplinary actions taken over last 05 years or to make necessary adjustments in terms of the Section 4 of the Chapter XXIV of the Establishment Code.

### **3.6 Accountability and Good Governance**

-----

#### **Annual Action Plan**

-----

District Secretariat had not prepared an Annual Action Plan at the beginning of the year under review in terms of the National Budget Circular No. 128 of 24 March 2006.

### **3.7 Assets Management**

-----

Following deficiencies were observed during the course of audit test checks of the assets of the District Secretariat.

- (a) Even though a generator provided by the Ministry of Disaster Management had made available and allowed to be idled over last 02 years at the District Secretariat, a new generator (502KVA) costs to Rs. 9.80 million had been purchased on 23 December 2015 and received by the District Secretariat in December 2016. However, the purpose of having these two generators, cost of the generator provided by the Ministry of Disaster Management and details of skilled operator of these machines had not made available for audit. Thus, the cost benefits and effective utilization

and maintenance of these generators could not be satisfactorily ascertained in the audit.

- (b) Detail of ownership, existence, value and effective utilization of 17 nos. of motor cycles shown in the accounts and assigned to the District Secretariat had not been made available for audit.
- (c) Even though six nos. of motor cycles had been donated by FAO (Food and Agriculture Organization of United Nations) organization to District Secretariat on 03 September 2012, detail of ownership, registration numbers, existence, value and effective utilization had not made available for audit over last 04 years.

### 3.8 Non-compliances

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

Instances of non-compliances with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed below.

References to Laws, Rules and Regulations -----	Value ----- Rs.	Non-compliance -----
<b>(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka</b> -----		
--		
(i) Financial Regulation 94(2)	380,880	Independent confirmations had not been made available for liabilities of the 28 Objects and total differences in liabilities aggregating of Rs.116,782 observed between the amount shown in the Appropriation Account and Records of the District Secretariat and three Divisional Secretariats for the year under review.
(ii) Financial Regulation 565(3)		Balancing of Account of the General Deposits had not been made by the District Secretariat and six Divisional Secretariats for the year under review.
(iii) Financial Regulation 1646		Twenty Six motor vehicles and 23 Motor cycles assigned and donated to the District Secretariat had not been physically verified by the Board appointed for the verification of stores for the year under review.

(iv) Financial Regulation 757

Action on Report on Annual verification of stores items had not been taken by District Secretariat and six Divisional Secretariats for the year under review.

**(b) Government Procurement  
Procedure - 2006**

-----  
Guide Line 5.4.11

Detail of value Added Tax paid had not been informed to the Commissioner General of Inland Revenue with a copy to Auditor General before 15<sup>th</sup> day of the following month.

**3.9 Implementation of Projects under Domestic Financing**

-----  
Following instances had been observed.

**(a) Projects had not been Utilized for Intended Purposes**

- 
- (i) Even though the Quarters (single story building) had been constructed for the Divisional Secretary, Welioya at a total cost of Rs.7.86 million and handed over to District Secretary, Mullaitivu on 14 December 2012 with 135 nos. of inventory and fittings items, had been allowed to be idled over last 04 years without being utilized for intended purpose by the Divisional Secretary concern.
  - (ii) A Protection Centre for the Unsafe and Abused Children had been constructed at Selvapuram, Mullaitivu by the District Secretariat at a total cost of Rs. 24.19 million from the fund received from National Children Protection Authority. It had been handed over to District Secretary on 26 December 2014 with 481 inventory and fittings items which were allowed to be idled over the last 02 years. However, the feasibility report, detail of unsafe and abused children and action for the effective utilization of the Centre had not made available for audit.

**3.10 Transaction without Authority**

-----  
Following observation is made.

A sum of Rs. 167,534 had been paid to three Officers of the District Secretariat Mullaitivu to performing the duty of the World Food Programme from the imprest received from Ministry of Special Projects. However, the letter of appointment or letter of release from the Secretary of the Ministry concern had not made available for audit in terms of paragraph 3.1 of Department of Management Service Circular No. 33 of 05 April 2007.

### 3.11 Management Weaknesses

-----

The particular of transaction relating to management weakness observed during the course of audit test is given below.

Even though a new building complex Stage-I, had been constructed by a contractor appointed by the Procurement Committee of the Ministry of Public Administration and Home Affairs and handed over to the District Secretary, Mullaitivu District on 29 July 2014. The cost or value of this building and **structures** had not been accounted in the Appropriation Account of the District Secretariat, Mullaitivu over the last 02 years. However soon after taking over the building several cracks had been observed, and repairs and rehabilitation works had been attended from the fund allocated to the District Secretariat Even though the above repairs and rehabilitation works had been attended on this new building except the floor tiles works, the relevant files and document had not been made available to audit to ascertain the cost of the building and tendency period for the contract agreement.

### 3.12 Losses

-----

Following observations are made.

- (a) Even though the Secretary of the Ministry of Public Administration and Home Affairs informed to District Secretary to take action on loss of 35 items aggregating valued to be Rs. 298.9 million on 24 December 2014, action had not been taken in terms of Financial Regulation 109 and had not been informed to the Secretary of the line Ministry over the last 01 year and 10 months. However, value of those loss items neither shown in Statement of Losses and Waivers nor brought to the Statement of Write- off from books during the year under review.
- (b) Value of loss Rs. 227,926 occurred from an accident of official vehicle on 28 November 2014 had not been shown in the Appropriation Account and the action on this loss had not been intimated in terms of Financial Regulation 104(2) over the last 02 years.

### 3.13 Unresolved Audit Paragraphs

-----

Reference to the paragraphs relating to the District Secretariat included in the previous year Report of the Auditor General, follow-up action had not been finalized Detail is given below.

**Reference to 154(6) Audit  
Report**

**Subject under Reference**

**Year      Paragraph Number**

2014                      3.12

I

Internal Audit Investigations reported that a fraudulent nature of transactions aggregating Rs. 2.71 million occurred in connection with construction of toilet facilities for the public in the area under the Divisional Secretariat Oddusuddan, since July 2013 to February 2014, funded by the UNICEF and implemented as per the agreement entered with Rural Development Society Pandarawanniyan. In this connection, the copy of the agreement and reason to hand over at the total cost of works Rs.10.57 million exceeding the limits prescribed in Treasury circular No. 01/2012 and progress of the works, detail of bank Accounts and periodical Supervision and monitoring reports had not been made available for audit and action had not been taken over the last 04 years.

**3.14 Human Resources Management**

**Approved Cadre and Actual Cadre**

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

	<b>Category of Employees</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>Number of Vacancies</b>
(i)	Senior Level	26	19	07
(ii)	Tertiary Level	18	02	16
(iii)	Secondary Level	345	210	135
(iv)	Primary Level	46	42	04
	<b>Total</b>	<b>435</b>	<b>273</b>	<b>162</b>

Action had not been taken to fill 162 vacancies even by the end of the year under review.