

Report of the Auditor General on Head 271, District Secretariat, Trincomalee – Year 2015

The Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the District Secretariat, Trincomalee Head - 271 for the year ended 31 December 2015 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, District Secretariat, Trincomalee, on 19 August 2016. 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 the 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 of Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and the Public, Financial and Administrative Regulations. This responsibility includes the planning, 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 Provisions and Expenditure

The total net provision made for the District Secretariat, Trincomalee amounted to Rs. 406.22 Mn and out of that a sum of Rs. 396.44 Mn had been utilized by the end of the year under review. Accordingly, Rs. Mn 9.78 or 2.41 per cent of the net provisions had been saved. Details are given below.

Expenditure	As at 31 December 2015			Saving as a percentage of total Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
Recurrent	352.92	344.12	8.80	2.49
Capital	53.30	52.32	0.98	1.84
Total	406.22	396.44	9.78	2.41

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

Provision totaling Rs. 961.25 Mn had been allocated to the District Secretariat, Trincomalee from 26 Ministries and 15 Departments for various purposes. Out of this a sum of Rs. 1,979.74 Mn had been utilized at the end of the year under review. Accordingly allocations of Rs. Mn. 84.76 or 8.82 per cent had been saved out of the provisions allocated.

2.2 Advance Accounts

2.2.1 Advances to Public Officers' Account

Limits authorized by Parliament

Limits authorized by Parliament for Advances to Public Officers' Account under object No: 27601 relevant to the District Secretariat, and the actual values are given below.

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
25.88	23.29	17.87	19.69	100.00	74.58

2.3 Imprest Account

The balance of imprest account no 7002/0000/00/0289/0015/000 of the District Secretariat as at 31 December, 2015 was Rs 20.71 million.

2.4 General Deposit Account

The total of the balances of the 04 General Deposit Accounts of the District Secretariat as at 31 December 2015 was Rs. 79.22 million. Details are given below.

Account Number -----	Balance as at 31 December 2015 -----
	Rs. Millions
6000/0000/00/0002/0104/000	2.04
6000/0000/00/0013/0070/000	4.43
6000/0000/00/0014/0011/000	5.59
6000/0000/00/0016/0052/000	67.16

Total	79.22
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2.5 Audit Observation

The Appropriation Account and the Reconciliation Statement of the District Secretariat for the year ending 31 December 2015, have been prepared satisfactorily, subject to the observations appearing in the management audit report referred to in paragraph 1.1 above. The material and significant audit observations out of the audit observations included in the management audit report appear in paragraph 3.

3. Material and Significant Audit Observations

3.1 Non-maintenance of Registers and Documents

It was observed during audit test checkss that the following registers had not been updated by the District Secretariat and the Divisional Secretariats.

Type of register -----	Relevant regulation -----
(i) Register of fixed assets	Treasury Circular No 842 of 19 December 1978
(ii) Register of security deposits	Financial Regulation 891 (1)
(iii) Register of losses	Financial Regulation 110
(iv) Liabilities register	Financial Regulation 214

3.2 Appropriation Account

3.2.1 Budgetary Variance

Excess provisioning had been made for 07 Objects, and as such the savings after the utilization of provisions ranged between 27 per cent to 47 per cent of the net provisions relating to the respective Objects.

3.2.2 Utilization of Provisions made available by other Ministries, Departments and Offices

The following observations are made in this regard:

- (a) Even though an allocation of Rs.0.1 million had been given by the Department of Agriculture for a Fruit Village Development Project under an Object, this allocation had not been utilized even by 31 December 2015.
- (b) The programme for the supply of a fresh glass of milk for preschool children, for which allocations had been given by the State Ministry of Children's Affairs, had been implemented from the year 2015. Under this, a sum of Rs.7,338,803 had been spent within 11 Divisional Secretariats in the Trincomalee District. However, in the Town and Four Gravets Divisional Secretariat, where the biggest population in the Trincomalee District live, 96 preschool and early childhood development centers were operating, and even though an allocation of Rs.914,760 had been made for the implementation of the programme for the supply of a glass of milk to only 13 of them, out of this Rs.640,380 or 70 per cent of the allocations had been saved.

3.3 Imprest Account

The balance of imprests not settled by the District Secretariat, Trincomalee was Rs.20,706,344 as at 31 December 2015. A balance totalling Rs.75,000 was being brought forward since the year 2011 in respect of the Divisional Secretariat, Muththur.

3.4 General Deposit Account

Following observations are made:

- (a) Action had not been taken in accordance with Financial Regulation 571 in respect of 120 deposits totalling Rs.7,755,472 exceeding 2 years.

- (b) A provision of Rs.250,000 had been made in the year 2011 for the renovation of the Sri Gangarama Temple, Kantalai. This amount had been retained in the deposit account without the respective work been executed, even by 31 December 2015.
- (c) A provision of Rs.150,000 had been given to the Divisional Secretary, Kanthalai to pay compensation for the acquisition of a land for the construction of a water tower by the National Water Supply and Drainage Board. Out of this, Rs.73,185 had been retained in the general deposit account from the year 2011 even up to 31 December 2015 without been utilized.
- (d) A provision of Rs.250,000 had been made to the Divisional Secretariat, Muththur in the year 2013 for the construction of a new house for the family of Miss Rizana Nafique who tragically lost her life in Saudi Arabia. This entire allocation had been retained in the deposit account from 23 January to 2013 even up to 31 December 2015, without been utilized for the respective purpose.
- (e) An agreement had been entered into with a contractor on 21 October 2014 for Rs.406,686 for the renovation of the Sanghamitta Pilgrims Rest belonging to the District Secretariat. Accordingly, by March 2015, this entire sum had been spent. The income received from the Sanghamitta Pilgrims Rest is retained in the general deposit account and on 29 July 2015, this expenditure had been transferred to an Object by a transfer order.

3.5 Reconciliation Statement of the Advances to Public Officers Account

While according to the Reconciliation Statement as at 31 December 2015 in respect of Item No 27101, being Advances to Public Officers Account, the total of the outstanding balances due to be recovered as at that date was Rs.4,128,089, and even though these outstanding balances had been existing for a period ranging from 01 year to 06 years, follow up action to recover these outstanding balances had been at a weak level.

3.6 Good Governance and Accountability

3.6.1 Annual Procurement Plan

Following observations are made:

- (a) In terms of Guidelines 4.2.1 (a), (b) and (c) of the Government Procurement Guidelines, a master procurement plan should be prepared for 03 years, and even though the District Secretariat had prepared a procurement plan for the year 2015, a detailed procurement plan had not been prepared for the ensuing years even by 30 June 2016.
- (b) Even though according to Guideline 4.2.1.(e) of Government Procurement Guidelines, the master procurement plan should be updated in every 06 months, it had not been so done.

3.6.2 Asset Management

The following deficiencies were observed during the course of audit test checks of the assets of the District Secretariat:

(a) Idling and Under-utilized Assets

It was observed during the course of audit test checks that certain assets categorized below had been either idle or under-utilized

District Secretariat Category of Asset	No of Units	Period Idling or Under- utilized
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Motor vehicles	06	For 01 year
Padavi Sripura Divisional Secretariat		

Water filter	01	From 01 year to 06 years

(b) Conduct of the Annual Board of Survey

Action had not been taken in accordance with Financial Regulations regarding the excesses, deficiencies and other recommendations pointed out by the Annual Board of Survey reports for the year 2015 in respect of the Divisional Secretariats of Padavi Sri Pura, Gomarankadawela, Town and Four Gravets and Morawewa.

(c) Irregular Use of Assets not Vested

The vehicle handed over to the District Secretariat according to the issue order issued by the Project Accountant of the Yali Pubudamu Sri Lanka Project on 05 June 2015, had not been vested in the name of the District Secretary even by the 25 February 2016.

3.7 Implementation of Projects under Domestic Financing

3.7.1 Projects Abandoned without Completing

Even though the Town and Four Gravets Divisional Secretariat had commenced the erection of an elephant fence in the Kappalthurai area, it had been abandoned without completion in August 2014 after spending Rs.1,148,993.

3.8 Performance

The observations on the progress of the District Secretariat according to the annual budget estimate 2015 and action plan are shown below.

Key Functions not Executed Adequately

The following observations are made:

- (a) Even though a sum of Rs.1,960,468 had been spent for the construction of a Maternity Clinic Center for Mahadivulwela Stage 11 under the Gamaneguma Development Programme, class 1 timber had not been used for the windows and doors installed in this Maternity Clinic Center. Even though the construction of this Maternity Clinic Center had been completed by 31 December 2015, as action had not been taken to provide water supply and power supply and hand over to the Director of Health Services, the anticipated aim of the construction of the Maternity Clinic Center had not been achieved.

- (b) Two hundred and fifty eight kidney infected patients had been reported in the area of authority of the Padavi Sripura Divisional Secretariat by 31 December 2015. With the aim of providing water through water filters as a remedy to this, the District Secretariat, Trincomalee had provided a 500 liter water filter in the year 2010 to the Padavi Sripura Divisional Secretariat. Even on the date of audit in June 2016, it had been lying in the Divisional Secretariat stores without being utilized. Accordingly, the relevant aim had not been achieved due to the water filter provided for the kidney patients being unutilized.

3.9 Losses and Damages

Damages amounting to Rs.3,587,096 had been caused due to accidents occurred to 09 vehicles of the District Secretariat and 04 Divisional Secretariats during the period from 2002 to 2015. Inquiries in this regard under Financial Regulations 104 (3) and 104 (4) had not been finalized even by 30 June 2016,

3.10 Unresolved Audit Paragraphs

Out of the deficiencies pointed out through audit paragraphs included in Auditor General's reports in respect of the District Secretariat, and the references to audit paragraphs regarding which no rectifications had been made by the District Secretariat are shown below.

Reference to Auditor General's Report	Auditor	Relevant Subject
Year	Paragraph No	
2014	3.7 (a)	The 372 acre land, including the buildings and houses standing thereon in Fort Frederick, Trincomalee, where the District Secretariat was functioning until October 2011, had been declared an archaeological site. Even though the Director General of Archaeology by his letter No. M/EP/1/7/A dated 04 January 2011 had requested to vest its ownership it had not been lawfully vested even by 30 June 2016,
2014	3.15 (a)	Even though the land located in the District Secretariat, Trincomalee belongs to the State Timber Corporation, no action had been taken to vest its ownership lawfully.
2014	3.11 (c)	Equipment provided for the construction of an elephant fence around an environmental park in the middle of the Wilgama jungle were lying unsafe and idle. Presently, construction work of the relevant environmental park had been stopped.

3.11 Management Weaknesses

The following inefficiencies were observed during audit test checks:

- (a) Five cheques written by the District Secretariat, Trincomalee on 31 December 2015 amounting to Rs.16,381,816, had been retained without being issued to the payees even by 15 February 2016.
- (b) A Livelihood Development Loan of Rs.7,265,000 had been given through various projects to 07 Rural Development Societies operating within the area of authority of the Divisional Secretariat, Muthur. Even though at the end of the projects, the Development Officer of the Divisional Secretariat at Muthur had been assigned the administrative tasks of these loans, that officer had not taken any steps in this regard.
- (c) The Ministry of Rehabilitation and Resettlement had given provisions to the Divisional Secretariat, Muthur for providing sanitary facilities to the rural people. 09 beneficiaries who had obtained high marks in accordance with the procedure for awarding marks in the selection of beneficiaries for it, had not been selected without giving clear reasons.

3.9 Human Resource Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2015 is as shown below:

Staff Category	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	40	35	05
(ii) Tertiary Level	36	14	22
(iii) Secondary Level	804	474	330
(iv) Primary Level	145	120	25
Total	1025	643	382