

Report of the Auditor General on Head 265–District Secretariat/Kachcheri Mannar Year 2016

The audit of the Appropriation Account and the Reconciliation statements including the financial records, books, registers and other records of the Head 265 - District Secretariat, Mannar for the year ended 31 December 2016 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 25 October 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 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 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 Appropriations Account

(a) Total Provision and Expenditure

The total net provisions made for the District Secretariat amounted to Rs.399.00 million. Out of that Rs. 382.72 million had been utilized by the end of the year under review. Accordingly the savings out of the net provisions made available amounted to

Expenditure	As at 31 December 2016			Savings as a percentage of net Provisions
	Net Provisions	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	212.00	198.00	14.00	6.60
Capital	187.00	184.72	2.28	1.22
Total	399.00	382.72	16.28	4.08

Rs. 16.28 million or 4.08 per cent of the net provisions. Details are given below.

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

Provisions totaling Rs. 2,176.13 million had been received from 24 Ministries and 12 Departments respectively for various activities. Out of this, a sum of Rs.2,055.93 million had been utilized. Accordingly, the saving was Rs.120.20 million or equivalent to 5.52 per cent of the total provisions received.

2.2 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account, Item No 26501 relating to the District Secretariat and the actual amounts for the year under review 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
13.00	12.96	7.50	9.82	50.00	42.29

2.3 General Deposit Account

The balances of 07 Deposit Accounts of the District Secretariat as at 31 December 2016 totaled Rs 97.10 million. Details are given below.

Deposit Account Number	Balance as at 31 December 2016
	Rs. Millions
6000/0000/00/0001/0103/000	0.10
6000/0000/00/0017/0028/000	1.94
6000/0000/00/0013/0098/000	28.50
6000/0000/00/0014/0017/000	3.44
6000/0000/00/0016/0089/000	55.58
6000/0000/00/0018/0093/000	0.19
6000/0000/00/0020/0016/000	7.35
Total	97.10

2.4 Audit Observation

The Appropriation Account and the Reconciliation Statements for the year ended 31 December 2016 of the District Secretariat, Mannar 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 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 Books

The following registers had not been maintained and updated.

Type of Registers	Relevant Regulations
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Catalogue of Books	Kachcheri Manual 5:9
Register of Losses	Financial Regulation 110
Register of Liabilities	Financial Regulation 214
Procurement Time Schedule (PTS)	Guideline 4.2.2 of Government Procurement Guidelines -2006
Register of Fixed Assets	Treasury Circular No.842 dated 19 December 1978
Register on Computer, Accessories and Software	Treasury Circular No. 1A1/2002/02 of 28 November 2002

3.2 Appropriation Account

Budgetary Variance

Considerable amount of savings totaled Rs. 8,227,757 and Rs. 2,240,420 or 35 per cent and 75 per cent of the total net provisions made for two recurrent Objects and two capital Objects respectively had been observed. However, explanations given for this savings could not be acceptable in audit, due to preparation of budgeted estimate in ad-hoc basis and without preparing proper procurement plan.

3.3 General Deposit Account

The following observations were made.

- (a) A difference of Rs. 31,375 was observed between the balance of Deposit Account shown in the books of the District Secretariat and Treasury Computer Printout for the year under review. However, neither the difference had been shown in the Appropriation Account for the year under review nor reason for the difference had been explained to audit.

- (b) Action on lapsed deposits of Rs. 3 million remained in the deposit account for the period ranging from one to three years had not been taken in terms of Financial Regulation 571.

3.4 Advances to Public Officers Account

Outstanding advance balances aggregating Rs. 699,540 which retained in the account for over 01 to 17 years had not been recovered from three retired officers, two officers who were vacated their post and an officer who interdicted from service in terms of Section 4.5 of Chapter XXIV of the Establishment Code of the Democratic Socialist Republic of Sri Lanka.

3.5 Assets Management

Idle and Under-Utilized Assets

Meaningful action had not been taken to ensure proper utilization of public resources. As a result 10 motor cycles, 02 buildings belonging to District secretariat were allowed to be idled and underutilized for over 01 to 03 years.

3.6 Non-compliance

Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with provisions in Laws, Rules and Regulations observed during the course of audit test checks are analyzed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
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	Rs.	
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka		
(i) Financial Regulation 396	177,312	Action had not been taken in respect of 53 cheques to the value of Rs. 177,312 issued but not presented to the bank for payment over 06 months.
(ii) Financial Regulation 757	-	Follow up actions in respect of shortfall and excess pointed out and other recommendations made in the Board of Survey Report for the year under review had not been taken by District Secretariat and five Divisional Secretariats.
(b) Public Administration Circular No. 41/90 of 10 October 1990	-	Fuel consumption test with regard to 04 official vehicles assigned to the District Secretariat had not been carried out on time in every six months.

3.7 Contract Administration

The following observations are made.

(a) **Construction of a New Building for District Secretariat, Mannar**

Even though the District Engineer recommended to charge Rs 913,000 as liquidity damage on the Construction of District Secretariat Mannar, it was observed that only Rs 456,500 had been deducted from the payment made to the contractor.

(b) **Construction of a Pre – school at Thirukethishwaram**

Construction work of a Pre - school building at Thirukethishwaram had been offered to a construction company at an estimated cost of Rs. 1.5 million and the work should have been completed on or before 11 December 2016. However, the construction works had not been completed even up to 25 October 2017 and acceptable reasons for the delay had not been presented to audit.

(c) **Construction of tube well at Arippu West**

A tube well had been constructed for the purpose of providing sanitary facilities at a cost of Rs 242,600 at Arippu West even though there was a public open well already being constructed at the same place. Hence, the fund utilized for this purpose had become fruitless. Further, the tube well constructed also had damaged after few months of construction. In this regard no action had been taken by the Divisional Secretariat, Musali.

(d) **Construction of pre-school at Marichchikatti**

A sum of Rs. 989,000 had been utilized to construct the Pre- school building at Marichchikatti and the building had been handed over to the Divisional Secretary on 05 November 2016. Even though the portico of the building and toilet were included in the drawings, the plan had not been constructed. As a result, the building could not be utilized for intended purpose even up to 25 October 2017.

(e) **Construction of Common Hall at Devanpitty**

The following observation is made.

A sum of Rs.1,000,000 had been allocated for the construction of common hall at Devanpitty by Rural Infrastructure Development Project under the Ministry of National Policies and Economic Affairs. The contract had been awarded to a Rural Development Society on 5 September 2016. It was observed in audit that the

construction work had not been completed even up to 06 July 2017. However, based on the fake report furnished by the Technical Officer, the entire payment had been made to the Contractor.

(f) **Over payments**

An overpayment of Rs.177,572 had been made to the contractors for the construction of following works. Details of works are given below.

Name of the Contract -----	Value of works done according to the Bills ----- Rs.	Value of works done according to Actual works done ----- Rs.	Overpayments ----- Rs.
Internal Road of Vidathaltivu	639,268	616,042	23,226
Internal Road of Vidathaltivu West	670,394	597,556	72,838
Common Hall of Thevanpidy	57,200	45,920	11,280
Internal Road of Paniya Malar Madha	70,228	Nil	70,228
Total	1,437,090 =====	1,259,518 =====	177,572 =====

3.8 Accountability and Good Governance

Internal Audit

- (a) Even though an Internal Audit Unit had been established, meaningful actions on the recommendations of the Audit and Management Committee were not implemented during the year under review.
- (b) Monthly internal audit program had not been prepared by the Internal Audit Unit of the District Secretariat for the year under review. Further, the copies of internal audit reports had not been submitted to Auditor General.

3.9 Human Resources Management

Approved Cadre and Actual Cadre

The cadre position as at 31 December 2016 is as follows.

	Category	Number of Approved Cadre	Number of Actual Cadre	Number of Vacancies
(i)	Senior Level	22	20	02
(ii)	Tertiary Level	17	01	16
(iii)	Secondary Level	350	257	93
(iv)	Primary Level	55	37	18
	Total	444	315	129

Action had not been taken to fill 129 vacancies for various posts or amend the approved cadre after review the actual requirement of human resources.