

## **Head 264 - Report of the Auditor General of the District Secretariat, Jaffna – Year 2017**

---

The Appropriation Account and the Reconciliation Statement under Head and Item Number stated in the First Schedule and Second Schedule of the Appropriation Act No. 24 of 2016 as amended by the Appropriation (Amendment) Act No. 32 of 2017 were presented to audit by the District Secretariat, Jaffna. The financial and physical performance reflected from the account and the reconciliation statement was audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

### **1.2 Responsibility on the Financial Management and Accountability of the Chief Accounting Officer and the Accounting Officer**

---

The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124. The Minister of Finance appoints the Chief Accounting Officers to discharge above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all financial transactions of his Department in terms of Financial Regulation 125(1)(a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament in accordance with the provisions in Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Government Financial Regulations and Administrative Regulations.

### **1.3 Scope of Audit**

---

The audit of the District Secretariat, Jaffna – Head 264 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources, applying of internal control systems, compliance with laws, rules and regulations and maintenance of updated books, registers, records and reconciliation statements, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The Management Audit Report for the year under review was issued to the District Secretary on 18 July 2018. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports 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.

## 1.4 Audit Observations

The audit observations of the District Secretariat, Jaffna for the year ended 31 December 2017 revealed in audit appear in Management Audit Report mentioned in paragraph 1.3 above. The material and significant audit observations out of the audit observations included in the Management Audit Report appear in paragraph 2.1 to 2.16 of this report. The audit observations revealed in the execution of accountability as the Accounting Officer in accordance with provisions of the Financial Regulation 128 of the Democratic Socialist Republic of Sri Lanka, to ensure the adequacy of the financial administration are summarized and shown in the undermentioned table.

<b>Accountability of the Accounting Officer in terms of Financial Regulation 128 (1)</b>	<b>Non-compliance with that Provision by the Accounting Officer</b>	<b>Reference to the Paragraph included Observation</b>
-----	-----	-----
Financial Regulation -----		
128(1)(a)	The work of his Department is planned and carried out with due despatch, having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provision for the activities authorized and that an endeavour is made, to complete the programme of work laid down for the year and/ or to attain the targets specified.	1. Non planning receipts of activities adequately 2.4 2. Non-preparation of Budget Estimate properly. 2.9 3. Non-maintain register and books 2.12 4. Projects without progress despite the release of Money 2.3.1(b)
128(1)(b)	the organization for financial control and accounting in his department is effective, and provides adequately for the correct ascertainment, where	1 Delay in implementation of the Projects 2.3.1(b) 2 Deficiencies in implementation of public service 2.13.1(c), (e) and (f)

necessary, of dues to Government, the systematic, complete and prompt collection of dues, and bringing to account of monies received, the authorization of commitments on behalf of the Government, the supervision and examination of services and supplies rendered, and the prompt and correct payment therefore from public funds;

128 (1)(c)	The Financial Regulations and other Supplementary instructions of the Government are adhered to in his Department and that they are supplemented by Departmental instructions where necessary.	Non-compliances	2.13
128(1)(e)	Adequate and proper arrangements are made for the safe custody and preservation of money, stores, equipment and other assets belonging to the Government, or is in its custody, and that these are verified from time to time and where they are disposed of such disposal is according to prescribed Regulations and instructions.	1 Deficiencies in Assets management	2.5
128(1)(h)	Special arrangements are made to recover outstanding dues and that the officers assigned that task report to him at least once a quarter or as otherwise directed regarding arrears and action pursued to expedite their money.	Failure to recover outstanding loan balances under Advances to Public Officers Account.	2.10 (a)

128 (1)(i)	The activities of his Department are under taken with due regard to economy, efficiency, propriety and integrity expected in the transaction of public business.	Work commenced the Projects after the delay	203.1 (c)
128 (1)(j)	Officers liable to provide security do so in terms of the law and instructions in force;	Deficiencies in obtain the security from specific officer	2.16
28 (1)(o)	The procedure laid down in Financial Regulations 103 to 108 is adhered to in case of losses to Government by the delays, negligence's, faults or frauds on the part of officers/employees and surcharges are imposed on officers / employees responsible for such losses in terms of F.R. 156(1).	1 Loess and damages 2 Loess relating responsibility	2.7 2.6

**2. Material and Significant Audit Observation**

-----  
**Key Activities of the District Secretariat**  
-----

- (a) Providing computer net-work for District Secretariat and Divisional Secretariats, Introduction of internal and external net-work.
- (b) Midterm training for Government officers, depending on their position
- (c) The produces in Jaffna District may be given sufficient physical and financial provision to plan and implement the development project.
- (d) Providing education, health to poor people who comes under poverty line and granting assistance or livelihood assistance to raise their education standard.
- (e) Ensuring to provide pure public goods and services at village, division and district level such as birth, marriage and death registration without delay.

- (f) Appointment of committees on village level by disaster management service unit and rendering immediate relief assistance on the spot.
- (g) Preserve or protection of traditional cultural values or movements by conducting cultural festivals in appropriate time.
- (h) Coordination of elections activities.

**2.2. Institutions under the District Secretariat and Activities carried out**

-----  
 Institutions established under the District Secretariat and the role of those institutions are given below.

<b>Institutions under the District Secretariat</b>	<b>Authority for the Establishment</b>	<b>Role of the Institution</b>
-----	-----	-----
Delft Divisional Secretariat	Act No.58 of 1992 of the Establishment of the Divisional Secretariats.	Implementation of administration and development activities assigned by the Central Government and Provincial Councils at regional level.
Island South Divisional Secretariat		
Karainagar Divisional Secretariat		
Island North Divisional Secretariat		
Jaffna Divisional Secretariat		
Nallur Divisional Secretariat		
Valikamam South West Divisional Secretariat		
Valikamam West Divisional Secretariat		
Valikamam South Divisional Secretariat		
Valikamam North Divisional Secretariat		
Valikamam East Divisional Secretariat		
Thenmarachchi Divisional Secretariat		
Vadamarachchy South West Divisional Secretariat		
Vadamarachchy North Divisional Secretariat		
Vadamaradchy East Divisional Secretariat		

## 2.3 Performance

### 2.3.1 Non-execution of Activities

The following observations are made.

#### (a) Delays in implementation of the Projects

The delays had been observed in implementation following project.

<b>Project</b>	<b>Estimated Cost</b>	<b>Commencement date</b>	<b>To be complete date</b>	<b>Completed date</b>	<b>Expenditure as at 31 December 2017</b>	<b>Reason for delay</b>
-----	-----	-----	-----	-----	-----	-----
	Rs. million				Rs. million	
Construction of Ganasothi community Centre	1.5	13.11.2017	31.12.2017	30.04.2018	1.2	Bad weather, short of material
Construction of Mahathmagi community Centre	1.5	14.12.2017	31.12.2017	30.04.2018	0.97	Bad weather, short of material
Construction of Uyarappulam Ammpal community Centre	1.5	13.11.2017	31.12.2017	30.04.2018	0.92	Lack of imprest
Rehabilitation of Nallur Sangilyan Library	1.0	13.11.2017	31.12.2017	30.04.2018	0.87	Bad weather, short of material
Rehabilitation of Valigamam South M.P.C.S rice mills	4.95	25.11.2017	31.12.2017	19.06.2018	4.9	Lack of imprest
Construction of three story building for administration of Divisional Secretariat, Nallur, Stage I	16.54	02.11.2017	30.04.2018	Not completed	3.93	Bad weather, short of material

**(b) Projects without progress despite the release of Money**  
-----

Although money to the construction of lift for old building of District Secretariat as at 31 December 2017 totalling to Rs. 4.815 million had been paid to Department of Building, only 50 per cent had been completed up to 31 July 2018

**(c) The Projects Commenced after Delays**  
-----

The Projects commenced after delays had been shown below.

- (i) The rehabilitation work of Eluvaithivu MPCs in the Island North Divisional Secretariat area had commenced after 06 months delay.
- (ii) The rehabilitation work of Acca thangai Kulam in the Island North Divisional Secretariat area had commenced after 06 months delay.

**2.4 Goods and Services Purchased Procurement Procedure**  
-----

**2.4.1 Procurement Plan**  
-----

The goods and services for purchase to District Secretariat amounting to Rs. 120.8 million had been allocated during the year under review and out of that, sum of Rs. 120.8 had been used. The following observations are made relating provision of funds to Procurement Planning.

**(a) Procurement Plan and Preliminary Stage**  
-----

The following needed plans and documents had not been prepared under this stage.

- (i) Main Procurement Plan
- (ii) Summary of procurement package
- (iii) Preliminary Procurement Plan
- (iv) Needed document to special approval relating with identified procurement
- (v) Development of recommendation, planning, portfolio and constructions, etc.

**(b) Country to contract stage**  
-----

The following needed documents and plans had not been prepared under this level

- (i) Every contract group and sub tables of procurement period
- (ii) Details procurement plan relevant works, material and service
- (iii) Details procurement plan to consultancy service

(b) Post stage Contracts (Contract administration)

-----  
The following needed documents and plans had not been prepared under this level

- (i) Contacts administration plan
- (ii) Cash flow plan along with contract administration plan

**2.5 Assets Management**

-----  
The following deficiencies are revealed the course of audit test checks of the assets of the District Secretariat.

(a) Utilization of Vehicle

-----  
Forty one motor vehicles had existed in the District Secretariat and 15 Divisional Secretariats by the end of the under review and 645,850 kilometres had been run from those vehicles. Sums totalling Rs. 21.275 million had been spent thereon comprising Rs. 8.131 million, Rs. 2.443 million, Rs. 8.616 million and Rs. 2.084 million for fuel and lubricants, vehicle services, vehicle repairs and vehicle insurance respectively. Accordingly, the District Secretariat 15 Divisional Secretariats had spent a sum of Rs. 23.62 per kilometre for running of the vehicles as salaries and allowances of drivers.

(b) Idle or Under-utilized Assets

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

<b>Category of Assets</b>	<b>Number of Units</b>	<b>Value Rs. million</b>	<b>Idle or Underutilized Period (Years)</b>
(i) Building	02	08.50	1-5
(ii) Motor vehicles	11	8.69	1-7
(iii) Plant and Machines	06	1.24	1-3
(iv) Office Equipment and Furniture	150	0.44	1
		----- 18.87 -----	

(c) **Use of Assets which have not been vested**

-----  
The following matters observed relating constructions which not vested properly by the District Secretariat.

Even though the office building for Nallur and Karainagar Divisional Secretariats valued at Rs. 36,470 and Rs. 58,144 respectively had been constructed in the private land, the ownership of that land had not been taking over by the Secretariat even by 31 July 2018.

**2.6 Commitments and Liabilities**

-----  
Even though unsettled liabilities by the District secretariat as at 31 December 2017 amounting to Rs. 0.923 million had remained as. This balance had not been forwarded to appropriation account during the year under review.

**2.7 Losses and Damage**

-----  
Losses aggregating Rs. 2,403 million due to various reasons from the period ranging from 16 years to 30 years had been shown in the Appropriation Account without being taken necessary action to rectify and clear this amount from the Account.

**2.8 Unresolved Audit Paragraphs**

-----  
Reference to the audit paragraphs on which the District Secretariat had not rectified the deficiencies out of those pointed out in the paragraphs in the reports of the Auditor General for preceding years on the Secretariat is given below.

<b>Reference to Report of Auditor General</b>		<b>Subject under reference</b>
<b>Year</b>	<b>Paragraph Number</b>	
-----	-----	-----
2016	3.5	During the course of audit test checks of the Reconciliation Statement as at 31 December 2016 relating to the Advances to Public Officers Account No. 26401, actions had not been taken either to recover the outstanding balance amounting Rs. 0.246 million due from the officers who were vacated their post and regulated to disciplinary actions or to make necessary adjustments in terms of the Section 4 of the Chapter XXIV of the Establishment Code.

2016	3.6 a	Even though the office building for the Divisional Secretariat, Karainagar had been constructed in a private land during the year 2013, the ownership of that land had not been taken over by the Secretariat even by 30 September 2017. Further, correspondence file was not made available for audit to determine the value of the building as at 31 December 2016.
2016	3.6 b	Four motor vehicles had been either idle or underutilized between 02 to 06 years. Further, 24 motor cycles had been either idle or underutilized for over 06 years.
2016	3.10	Value Added Tax (VAT) of Rs. 0.416 million had been paid to reconstruction of Analaitivu Settlement Road. But the above VAT had been remitted to Department of Inland Revenue by the contractor. a contractor for payment had not Subsequently, the department of Inland Revenue had informed, that the VAT registration of the particular contractor is inactive. However, the retention money of the above work amounting to Rs. 0.194 million had been charged to Revenue Account in order to set off the part of the VAT payment and action had not been taken to recover the remaining balance of Rs. 0.222 million from the contractor or the person responsible even up to 31 August 2017.
2016	3.11	Losses aggregating Rs. 2.4 million due to various reasons from the period ranging from 15 years to 29 years had been shown in the Appropriation Account without being taken necessary action to rectify and clear this amount from the Account.
2016	3.13 a	According to the Ceylon Petroleum Co-operation, the price of Bitumen (Tar) per litre was Rs. 60. However, the Divisional Secretariats had been made payments to the contractors at the rate of Rs. 70 per litre relating to the works carried out. As a result, a sum of Rs. 2.442 million had been overpaid to the contractors in 146 instances.

## 2.9 Utilization of Provisions made by Parliament to execute Activities

The particulars relating to the provisions made to the District Secretariat and budget provision, utilisation and savings for the 05 years period ended 31 December 2017 are given below.

Year	Category of Expenditure	Net Provision	Utilization	Savings	Savings as a Percentage of Net Provision
		Rs. Million	Rs. Million	Rs. Million	
2013	Recurrent	563.944	563.517	0.427	0.076
	Capital	44.850	44.617	0.233	0.520
	<b>Total</b>	<b>608.794</b>	<b>608.134</b>	<b>0.660</b>	<b>0.108</b>
2014	Recurrent	517.650	515.013	2.637	0.509
	Capital	33.000	32.879	0.121	0.366
	<b>Total</b>	<b>550.650</b>	<b>547.892</b>	<b>2.758</b>	<b>0.501</b>
2015	Recurrent	653.990	649.340	4.650	0.711
	Capital	77.650	77.649	0.001	0.001
	<b>Total</b>	<b>731.640</b>	<b>726.989</b>	<b>4.651</b>	<b>0.636</b>
2016	Recurrent	688,866	686.019	2.847	0.413
	Capital	108.034	108.034	0.000	0.000
	<b>Total</b>	<b>796.900</b>	<b>794.053</b>	<b>2.847</b>	<b>0.357</b>
2017	Recurrent	687.984	686.897	1.087	0.158
	Capital	120.787	120.786	0.001	0.000
	<b>Total</b>	<b>808.771</b>	<b>807.683</b>	<b>1.088</b>	<b>0.134</b>

The following observations are made in this connection.

(a) Appropriation Account

(I) Execs of fund provision

Execs provision of Rs. 17.09 million had been made under 18 recurrent Objects and out of that, only Rs. 68 million had been used and savings ranging from 12 per cent to 84 per cent that Objects. While, other 07 recurrent provisions and 04 capital provisions had been increased by 32 per cent to 127 per cent. Hence, it was revealed that the expenditure estimate had been prepared without proper financial plan.

**(II) Utilization of Provisions made available by other Ministries and Departments to District Secretariat**

Provisions totalling Rs. 5,495.508 million had been made for the District Secretariat by 33 Ministries and 21 Departments for various activities and out of that, sums Rs. 4,751.583 million including of Rs. 4,684.028 and Rs. 67.555 million respectively had been utilized. Accordingly, the savings out of the provisions made amounted to sums Rs. 743.925 million including of Rs. 738.383 and Rs. 5.542 million respectively or between ranging 13.62 Per cent and 7.58 per cent of allocated provisions.

- (a) Explanations relating 25 savings to totalling Rs. 738.287 million for over 5 per cent savings had not been furnished to audit.
- (b) It was observed that reasons for explanations of savings totalling of Rs. 320,956 from seven (7) objects ranged between 41 per cent to 100 per cent due the expenditure estimate had been prepared without proper financial plan had not been submitted to audit.
- (c) It was observed during the audit that overpayment amounting of Rs. 507,256 had been made due to error calculation relating the work of construction of building at Manarkadu fishing market under Economic Participation Programme (ONUR) .

**2.10 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, Item No. 26401 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>
Rs. 65,000	Rs. 64,983	Rs. 46,000	Rs. 46,734	Rs. 200,000	Rs. 139,816

The following observations are made in this connection.

(a) Non-recovery of Outstanding Loan Balances

-----  
According to the Reconciliation Statement as at 31 December 2017 presented to audit, the balances that remained outstanding as at that date totalled Rs. 0.246 million except the loan balances of the officers transferred out. Even though, those outstanding balances remained over periods ranging from 02 year to 27 years, the follow-up action on the recovery of outstanding balances had been at a weak level.

**2.11 General Deposit Accounts**

-----  
The balances of General Deposit Accounts of the District Secretariat as at 31 December 2017 totalled Rs. 249.567 million. The following observations are made in this connection.

- (a) Action in terms of Financial Regulation 571 had not been taken on 37 security deposits lapsed 2 years totalling Rs. 1.722 million.
- (b) Money amounting of Rs. 1.631 million provided to 06 Divisional Secretariat by Department of Northern Province Cultural for cultural function and repairs of temples had been retained in the General Deposit Accounts without execution of the respective works.

**2.12 Non-maintenance of Registers and Books**

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

	<b>Type of Register</b>	<b>Relevant Regulation</b>	<b>Observations</b>
	-----	-----	-----
(a)	Register of Security	Financial Regulation 891 (1)	Last 05 years had not been maintained.
(b)	Register of Electrical Equipment	Financial Regulation 454 (2)	Last 05 years had not been maintained.
(c)	Register of liabilities	Financial Regulation 214	Had not updated during the year under review.
(d)	Register of Listing of Motor Vehicles	Financial Regulation 1647 (e)	Last five years had not updated.

- (vi) Register of Attendance of Procurement Committee and Technical Evaluation Committee. Guideline 2.11.2 of the Government Procurement Guidelines Last five years had not updated.
- (e) Register of bidding Guideline 5.2.1 of the Government Procurement Guidelines Last five years had not updated.

## 2.13 Non-compliances

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

Instances of Non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analysed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
-----	-----	-----
	Rs.	
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka		
----- Financial Regulation 371.(2)	550,000	The imprest had been released 02 licenced society before receive goods and services.
Financial Regulation 137 and 138	64,639,266	It was observed that 225 cheque had been written by the District Secretariat and 07 Divisional Secretariats before receive goods and services. That cheque had added in the unrealized lists due to had not been realized up to 31 March 2018.
(b) <b>Treasury Circulars</b>		
----- No. 0112004 dated 24 February 2004		Performance Report for the year under review had not been tabled in Parliament as requested by the Circular.

- (c) Circular of Department of Sumudhy Development  
-----  
Circular No. community based/02 /2017/03 May 2017- Paragraph 2(v)
- The beneficiaries should be put in the conditions in the tile minimum amount Rs. 500 per person when they buy a flack and stickers and they was collect Rs. 500 per person from every beneficiary. It was observed that this is wrong processer.
- (d) Circular No.2016/06 of the Secretary of the Women and Child Affairs dated 11 April 2016- Paragraph 2 374,000
- It was observed that the stamp had been cut off accordance cancelled circular, and country that instructions, had cut off nutrition stamp to 187 beneficiaries by Nallur and Island South the Divisional Secretariats due action had not been taken for continue delayed
- (e) **District Secretariat, Jaffna**  
-----  
LetterNo. JF/MRS/RES/01/Gen/2016 dated 16 February 2016 2,242,800
- Even though the maximum only amount of Rs. 100,000 livelihood assistance payments should be made. Country that instructions, livelihood assistance amounting of Rs. 18,900 per to 28 beneficiaries Karainagar Divisional Secretariats had been paid.
- (f) **National Budget circular**  
-----  
Letter of the Director of National Budget No. BD/GPS/130/9/14/MC-II of 07 July 2015- Guideline relating to provide the motor cycle to field officer – paragraph - 02 1,001,640
- The respective sums had not been updated loan on motor cycles issued to 07 officers of by the Island South and Valikammam North Divisional Secretariat who had gone on transfers had not been entailed

## 2.14 Human Resources Management

### 2.14.1 Approved Cadre, Actual Cadre and Expenditure for Personal Emoluments

The particulars on approved cadre, actual cadre, vacancies and the excess cadre as at 31 December 2017 to execute the functions as mentioned in paragraph 2.1 above are given below. The District Secretariat had incurred a sum of Rs. 602.74 million for Personal Emoluments Expenditure Category for the year under review. Accordingly, the capital expenditure for single person amounted to Rs. 328,113.

	<b>Category of Employees</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>Number of Vacancies</b>	<b>Excess Cadre</b>
(i)	Senior Level	77	63	14	-
(ii)	Tertiary Level	63	20	43	-
(iii)	Secondary Level	1,722	1,554	180	12
(iv)	Primary Level	211	200	22	11
	<b>Total</b>	<b>2,073</b>	<b>1,837</b>	<b>259</b>	<b>23</b>

The following observations are made in this connection.

- (a) It had not been taken action to fill 259 vacancies or to revise the approved cadre appropriately by the end of the year under review.
- (b) Action had not been taken on officers of the Primary Level and Secondary Level had been which attached to the District Secretariat in excess of the approved cadre during the year under review to transfer respective place.

## 2.15 Delegations the work relating financial control

The following observations are made.

- (a) There had not been maintained the work assignment of accounting officer when delegation of authority of one or more duty handed over the work mentioned officer name or post or particular officer.
- (b) Above register had not been incorporated by the District Secretariat.

## 2.16 Security Bond from Government Officer

As per Financial Regulation 880, the Security Bond should be obtained from respective officer. However, District Secretariat had failed to secure fund misuse obtained bond from the respective officer,