

APPROPRIATION HEAD – 264 - DISTRICT SECRETARIAT, JAFFNA
REPORT OF THE AUDITOR GENERAL – YEAR 2012

1.1 Key Activities of the District Secretariat.

- (i) To co-ordinate and guide the activities of District Secretariat and Divisional Secretariats.
- (ii) To improve the performance of district and divisional levels.
- (iii) To perform the functions delegated by law through officers and organizations at village and divisional levels.
- (iv) To act as an agent of the other Ministries and Departments to collect revenue.
- (v) To implement the Decentralized Budget Programme.
- (vi) To assist the Provincial Council in their activities.
- (vii) To develop and improve human resources at the Provincial Councils and the Local Authorities for the improvement of the quality of governance at the local level.
- (viii) To carry out the functions relating to Provincial Councils and Local Government within the National Policy Framework.
- (ix) To ensure the implementation of foreign funded projects by the Provincial Councils through the provision of necessary guidance and supervision.
- (x) To assist the Provincial Councils and Local Government Authorities.

1.2 Divisional Secretariats under the District Secretariat.

- (a) Jaffna
- (b) Velanai
- (c) Valikamam East
- (d) Valikamam North
- (e) Valikamam West
- (f) Valikamam South
- (g) Vadamaradchy South West
- (h) Vadamaradchy North
- (i) Thenmaradchi
- (j) Nallur

- (k) Valikamam South West.
- (l) Vadamaradchy East
- (m) Delft
- (n) Karainagar
- (o) Kayts

1.3 Scope of Audit

The Appropriation Account including the financial records, reconciliation statements, books, registers and other records and the Revenue Accounts of the District Secretariat, Jaffna for the year ended 31 December 2012 were 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 on 15 August 2013. 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 as audit coverage as possible within the limitations of staff, other resources and time available to me.

1.4 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and the Reconciliation Statements.

The Chief Accounting Officer and Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account, Revenue 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 the Public Financial 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.

1.5 Audit Observations on the Accounts and Reconciliation Statement

According to the Financial Accounts and the Books of the District Secretariat for the year ended 31 December 2012, it was observed that except for the effects of the general observations appearing at (a) to (f) and the other major audit observations appearing in paragraphs 1.6 to 1.13 herein the Appropriation Account and the Reconciliation Statements of the District Secretariat Jaffna have been prepared satisfactorily.

(a) Non-maintenance of Registers, Books and Records

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 Register	Relevant Regulation	Observations
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Register of Fixed Assets	Treasury Circular No. 842 of 19 December 1978	Not maintained
Register of Liabilities	Financial Regulation 214	Not maintained
Register of Losses and Damage	Financial Regulations 110, 104(3) and (4)	Not properly maintained.
Appropriation (Votes) Ledger	Financial Regulation 447	Not properly maintained.

(b) Appropriation Account

(i) Total Provision and Expenditure

The total provision made for the District Secretariat, Jaffna and the Divisional Secretariats functioning thereunder amounted to Rs. 530,504,383 and out of that a sum of Rs. 525,187,938 had been utilized by the end of the year under review. Thus the net savings of the District Secretariat and the Offices of Divisional Secretariats ranged between Rs. 1,234,231 to Rs.4,082,214 or 0.25 per cent to 9.41 per cent. Details appear below.

Expenditure	Estimated Provision As at 31 December 2012	Net Provision As at 31 December 2012	Utilization As at 31 December 2012	Savings As at 31 December 2012	Savings as a Percentage of total Net Provision As at 31 December 2012
-----	----- Rs.	----- Rs.	----- Rs.	----- Rs.	-----
Recurrent	365,660,000	487,141,735	485,907,504	1,234,231	0.25
Capital	43,200,000	43,362,648	39,280,434	4,082,214	9.41
Total	408,860,000	530,504,383	525,187,938	5,316,445	1.00
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(ii) Utilization of Provisions made available by Other Ministries and Departments.

Provisions totalling Rs. 3,717.6 million comprising of Rs. 371.6 million and Rs. 3,346 had been received from 19 Ministries and 10 Departments respectively for various activities. Out of this a sum of Rs. 3671.7 million comprising Rs. 332 million and Rs. 3,339.7 million respectively had been utilized. Accordingly provisions of Rs. 46 million had been saved.

(iii) Public Expenditure Management

Although 2 per cent of provision should have been save from the recurrent expenditure provided in the annual budget estimate for the year 2012 in terms of National Budget Circular No. 155 dated 30 December 2011, only 0.25 per cent had been saved by the District Secretariat.

(c) Revenue Account

Estimated and Actual Revenue

Revenue amounting to Rs. 27.45 million had been estimated for 6 Revenue Codes and estimates had not been made for 11 Revenue Codes during the year 2012 by the District Secretariat and the Divisional Secretariats while revenue amounting to Rs. 135.13 million had been collected. Out of the estimated revenue, the revenue ranging between 93.29 per cent and 252.50 per cent had been collected. Details are given below.

Revenue Code	Estimated Revenue	Actual Revenue	(Shortfall)/ Excess	Percentage
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	Rs.	Rs.	Rs.	
2006.02.00	600,000	1,515,000	915,000	252.50
2003.99.00	16,000,000	27,696,987	11,696,987	173.11
2003.02.99	7,000,000	6,530,396	(469,604)	93.29
2002.02.99	3,500,000	4,036,198	536,198	115.32
2002.01.01	Not Estimated	4,900	4,900	-
1003.06.00	Not Estimated	-	-	-
1003.07.05	4,200	5,770	1,570	137.38
1002.07.00	Not Estimated	-	-	-
1003.07.02	Not Estimated	90,900	90,900	-
1003.07.03	Not Estimated	417,933	417,933	-
1003.07.04	Not Estimated	-	-	-
1003.07.99	350,000	399,760	49,760	114.22
2002.01.02	Not Estimated	103,225	103,225	-
2003.02.07	Not Estimated	12,809,600	12,809,600	-
2003.02.13	Not Estimated	5,822,125	5,822,125	-
2003.02.14	Not Estimated	60,802,843	60,802,843	-
2004.01.00	Not Estimated	14,897,085	14,897,085	-
	27,454,200	135,132,722		
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(d) Reconciliation Statement of the Advances to Public Officers Account.

Limits Authorized by Parliament

Limits authorized by Parliament relating to Advances to Public Officers Account Item No. 26401 and the actual values are given below.

Expenditure		Receipts		Debit balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
-----	-----	-----	-----	-----	-----
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
43,000,000	34,481,817	23,000,000	30,268,234	120,000,000	94,228,535

The following observations are made

- (i) Proper action had not been taken to recover the sum of Rs. 277,697 due from 07 deceased, retired and vacated post officers.
 - (ii) No action had been taken to rectify the differences of Rs. 86,246 between an amount shown in the Departmental Books and Treasury Computer Printout of the reconciliation statement relating to the years 1994 to 1996.
 - (iii) The District Secretariat and Divisional Secretariats had paid one year/ two years loans aggregating to Rs. 2,945,112 contrary to Public Administration Circular No. 29/88 of 30 August 1988. In this connection approval from the Secretary to the Ministry of Defence had not been obtained for the payment of one year / two year loans.
- (e) **Imprest Account**

- (i) Contrary to the provisions in Financial Regulation 371 sub - imprests totalling Rs. 3,987,974 had been granted in 52 instances and those had been settled after one month to eleven months after the completion of the purposes.
 - (ii) In terms of Financial Regulation 371 (2) (b), subimprests not exceeding Rs. 20,000 at a time can be granted to a staff officer. However contrary to the regulation sub - imprests exceeding Rs. 20,000 to amounting to Rs. 5,083,236 had been paid to 92 officers in 48 instances.
 - (iii) Even though the issue of petty cash imprests is limited to Rs. 7,500, a petty cash imprest of Rs. 10,000 had been issued without obtaining the approval of the Treasury.

(f) General Deposit Account

The balance of the General Deposit Account of District Secretariat as at 31 December 2012 amounted to Rs. 66,075,068 and the details are given below.

Account Number	Balance as at 01 January 2012	Debits	Credits	Balance as at 31 December 2012
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	Rs.	Rs.	Rs.	Rs.
6003/0/0/40/0	112,741,312	408,216,701	361,550,457	66,075,068

The following observations are made.

- (i) Differences amounting Rs. 22,046,383 in the closing balances were observed between the District Secretariat books and the General Treasury computer printouts.
- (ii) Action had not been taken to identify and settle the unidentified balance of Rs.3,030,586 in the Deposit Account.
- (iii) An age analysis of Deposit Account balances as at 31 December 2012 had not been furnished to Audit.
- (iv) Action in terms of Financial Regulation 571(2) had not been taken on 06 lapsed deposits aggregating to Rs. 1,305,584.
- (v) Nine project funds aggregating to Rs. 7,577,117 had been kept in the Deposit Account without utilizing them for the intended purposes.
- (vi) Collections from the route permits amounting to Rs. 21,793,511 had been kept in the Deposit Account after incurring expenditure of Rs. 4,237,327 without being remitted to Revenue Account in terms of National Transport Commission Letter No. NTC/POL/98/22 dated 07 May 2003.

- (vii) Sand permit collections of Rs. 12,013,518 remained in Deposit Account since the year 2009. Out of this deposit, a sum of Rs. 2,047,410 had been spent for various capital works and payment of salaries without estimate/ provision during the year under review without obtaining the approval from the General Treasury.
- (viii) The incentive allowance amounting to Rs. 3.425 million had been paid to the 24 officers including then District Secretary without an approved scheme for the payment of incentive .These payments were made out of the various collections kept in the Deposit Account without budgetary allocation in the annual budget estimate for the year under review, as payment relating to the work of private passengers shipping services. However, the passenger ship services were ceased in March 2009 and payment relating to those works was already made at the rate of Rs. 500 per day to staff in addition to the salaries and overtime payments and other allowances though no special works relating to private passenger ships during the year 2012 had been carried out by any of the officers.

1.6 Accountability and Good Governance

1.6.1 Corporate Plan

Even though a Corporate Plan should be prepared by the District Secretariat at the beginning of the year at least for 3 ensuing years from the year 2010 in terms of letter No. PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of the Department of Public Finance addressed to all Secretaries of the Ministries, Chief Secretaries of the Provincial Councils, Heads of Departments, District Secretaries and Heads of the Local Authorities, the above plan had not been prepared up to 31 December 2012

1.6.2 Annual Performance Report

Even though an Annual Performance Report should be prepared by the District Secretariat within 150 days after the end of the financial year and tabled in Parliament along with the copy to the Auditor General in terms of letter of the Director General of the Department of Public Finance mentioned in paragraph (1.6.1) above and the Public Finance Circular No. 402 and 402(1), dated 12 September 2002 and 20 February 2004 respectively the Performance Report for the year under review had not been tabled in Parliament up to 30 September 2013.

1.6.3 Annual Procurement Plan

- (i) Annual Procurement Plan for the year 2012 had not been prepared at the beginning of the year in terms of the National Budget Circular No. 128 dated 24 March 2006.
- (ii) Bid documents and prequalification of Bidders documents had not been approved by the Technical Evaluation Committee.
- (iii) Bid Opening Committee, Procurement Committee and Technical Evaluation Committee had not recorded the proceedings of the meetings of the Committees in the specified format given in on Procurement Guideline Reference 2:11:3 of the Procurement Manual.
- (iv) Bid documents had not been prepared by the District Secretary in terms of Section 5:3:20(9) of the Procurement Guidelines.
- (v) The performance guarantees had not been obtained from the suppliers by the District Secretary in terms of Section 5:4:10 of the Procurement Guidelines.

1.6.4 Internal Audit

Staff strength of Internal Audit Division is not adequate to cover the activities of all the Divisional Secretariats and District Secretariat. Internal Audit Programmes had not been prepared and furnished for audit.

1.6.5 Implementation of the Audit and Management Committee

District Secretariat Jaffna had conducted only two meetings of the Audit and Management Committee during the year under review instead of four meetings in terms of Treasury Circular No. IAI/2000/01 dated 12 June 2000.

1.7 Assets Management

(a) Idle and Underutilized Assets

It was observed during audit checks that 04 motor cycles and 99 items of other assets remained either idle or underutilized at the District Secretariat Jaffna for over one year to eight years.

(b) Conduct of Annual Board of Survey

Even though the District Secretariat and the Divisional Secretaries should conduct Annual Board of Survey in terms of Financial Regulation 756 and Public Finance Circular No. 441 dated 09 December 2009, Boards of Survey reports for the year 2012 had not been furnished to audit after the lapse of four months.

(c) Unsettled Liabilities

The unsettled liabilities of the District Secretariat less than 01 year old as at 31 December 2012 amounted to Rs.1,215,477.

1.8 Non-compliance

(a) **Non-compliance with Laws, Rules and Regulations, etc.**

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

Reference to Laws, Rules and Regulations

Non-compliance

(i) Financial Regulations

134

An internal audit programme had not been prepared with the concurrence of the Auditor General.

237(a)

A sum of Rs. 13,676,130 had been paid by the District Secretariat as part payment for construction works during the year without obtaining the special certificate for satisfactory completion of works.

756 and 1647 (b)

Although an annual verification should be carried out in respect of motor vehicles, such verification had not been carried out for the year under review and the preceding years by the District Secretariat and Divisional Secretariats.

1645

Log Books had not been properly maintained by the Divisional Secretariats.

1647

Although a register containing all details of motor vehicles should be maintained, the Divisional Secretariats had not maintained the register in respect of motor vehicles and details of Motor vehicles were also not available in the files.

(ii) Public Administration

Circulars

No. 26/92 dated of 19 August 1992

Government motor vehicles should exhibit the Government Emblem on the body of such motor vehicles. However necessary action had not been taken to enforce this requirement in respect of all motor vehicles of the District Secretariat and Divisional Secretariat.

1.9 Performance

The observation on the performance of the Department of Registration of Person are given below.

Even though 29,521 of applications had been received during the year under review, 979 applications had been returned. Details of the National Identity Cards issued to the applicants out of 28,542 completed applications were not made available by the District Secretariat.

1.10 Irregular Transactions

Transactions without Authority

Divisional Secretariat, Delft had spent a sum of Rs. 316,560 for the purchase of milk powder to supply of 150 ml cup of milk to preschool children instead of fresh milk contrary to the Circular No 2012/01 dated 16 January 2012 of the Ministry of Child Development and Women's Affairs.

1.11 Losses and Damage

Losses amounting to Rs. 4,522,321 had been disclosed in the Appropriation Account without giving the details.

1.12 Auction Sales

Although a condemned motor vehicle had been auctioned with the approval of Secretary of the Ministry that motor vehicle had been auctioned for Rs. 1,515,000 over the estimated value of Rs. 600,000. In this connection it was observed that valuation had not been done in terms of Public Finance Circular No. 353/5 dated 31 August 2004.

1.13 Utilization of Motor Vehicles

The following observations are made.

- (i) Daily Running Charts of motor vehicles of the District Secretariat and Divisional Secretariats had not been properly maintained.
- (ii) The officers who had used 15 official motor vehicles for travelling 2,657 kilometers had not signed the respective daily running charts.

1.14 Human Resources Management

(a) Approved Cadre and Vacancies

The position of the cadre as at 31 December 2012 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Vacancies
	-----	-----	-----	-----
(i)	Senior Level	63	45	18
(ii)	Tertiary Level	59	19	40
(iii)	Secondary Level	1,115	740	375
(iv)	Primary Level	279	193	86
	Total	1,516	997	519
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