

Appropriation Head – 267

District Secretariat Mullaitivu

Auditor General's Report - 2011

1.1 Key Objectives of the District Secretariat

- i. To implement the citizens charter fully in best way in the district and divisions
- ii. To be a leader in coordinating the administration and development in the district
- iii. To implement government policies and the administration structures in a better way to enhance the productivity and quality in the public service at the district level.
- iv. To establish transparent, impartial and accountable public service.
- v. To strengthen the capacity of the staff.
- vi. To improve financial management system in the District Secretariat and Divisional Secretariats.
- vii. To enhance an efficient and effective district & divisional public administration system.
- viii. To provide efficient service delivery to satisfy the needs of the public in the district.
- ix. Introduce entire services with modern IT to improve productivity and quality of the government service.
- x. To Measure key financial indicators.
- xi. To perform functions delegated by the ministries.
- xii. To conduct state ceremonies in the district and divisions.
- xiii. To coordinate, monitor, and review the progress of the foreign funded Projects at the district level.
- xiv. To prepare preplanning activities to meet the risk management and disasters.
- xv. To ensure proper utilization of resources.

1.2 Divisional Secretariats under the District Secretariat

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- (a) Maritimpattu
 - (b) Oddusuddan
 - (c) Manthai East
 - (d) Thunukkai
 - (e) Puthukudiyurpu

1.3 **Audit and Scope of Audit**

The Appropriation Account including the financial records, reconciliation statements, books, registers and other records and the Revenue Account and Accounts of the District Secretariat Mullaitivu for the year ended 31 December 2011 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 to Mullaitivu on 14 May 2012. 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 of Articles 148,149,150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka 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.

2. Accounts

2.1 Appropriation Account

(a) Total Provision and Expenditure

The total net provision made for the District Secretariat Mullaitivu and Divisional Secretariats functioning thereunder amounted to Rs. 136,125,000 and out of that a sum of Rs. 133,507,483 had been utilized by the end of the year under review. Thus the net savings of the District Secretariat amounted to Rs. 2,617,517 or 1.92 per cent. Details appear below.

Expenditure	Estimated Allocation	Net Allocation	Utilization	Savings as at 31 December 2011	Savings as a percentage of Net Provision
	Rs.	Rs.	Rs.	Rs.	%
Recurrent	71,550,000	75,050,000	73,378,694	1,671,306	2.23
Capital	61,075,000	61,075,000	60,128,789	946,211	1.54
Total	132,625,000	136,125,000	133,507,483	2,617,517	1.92

(b) Utilization of Provisions received from other Ministries and Departments

Provisions totalling Rs. 15,534,286 had been given to the District Secretary from other Ministries and Departments for various purposes and the particulars of utilization of such provisions are given below.

<u>Ministry / Department</u>	<u>Received Provision</u>	<u>Expenditure</u>	<u>Savings as at 31.12.2011</u>
	Rs.	Rs.	Rs.
Ministry of Child Development and Women's Affairs	4,122,490	3,045,994	1,076,496
Ministry of Agriculture	106,000	53,428	52,572
Ministry of National Languages & Social Integration	17,030	17,030	-

Ministry of Agrarian Services & Wildlife	102,000	-	102,000
Ministry of Environment	535,000	527,400	7,600
Ministry of Public Management Reforms	1,522,000	1,423,634	98366
Ministry of Public Administration and Home Affairs	1,788,429	1,784,768	3,661
Department of Land Use Policy and Planning	731,263	685,412	45,851
Department of Census and Statistics	4,635,604	2,272,663	2,362,941
Department of Probation and Child Care Services	304,470	295,233	9,237
Department of Register General	1,670,000	1,528,454	141,546
Total	15,534,286	11,634,016	3,900,270

2.2 Advance Accounts

2.2.1 Advance to Public Officers' Accounts

Limits Authorized by Parliament

Limits authorized by Parliament for Advances to Public Officers' Account under the Item No. 26701 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.
10,676,000	10,645,770	2,800,000	7,606,179	38,000,000	26,388,083

2.3 Imprest and General Deposit Accounts

(a) Imprest Accounts

The imprest debit balance of the District Secretariat as at 31 December 2011 amounted to Rs 2,333,661.

(b) The General Deposit Account balance of the District Secretariat as at 31 December 2011 amounted to Rs 17,249,353. Details are given below.

Account Number	Balance as at 31 December 2011
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	Rs.
6003/0/0/43/0	17,249,353

2:4 Audit Observations on the Accounts and Reconciliation Statements

According to the Financial Accounts and the Books of the District Secretariat for the year ended 31 December 2011 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 2.5 to 2.9 herein the Appropriation Account, this Revenue Accounts and the Reconciliation Statements of the District Secretariat Mullaitivu have been prepared satisfactorily.

(a) Non -maintenance of Books and Records

(i) 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 -----	Observation -----
a) Register of Fixed Assets	Treasury Circular No.842 of 19 December 1978	} An action had not been taken to maintain
b) Register of Fixed Assets on Computers, Accessories and Software	Treasury Circular No.1A1/2002/02 of 28 November 2002	
c) Registers of Liabilities	Financial Regulation 214	
d) Register of Losses and Damage	Financial Regulation 110.	

(ii) Eleven Nos of transactions of the District Secretariat totaling Rs. 3,252,816 could not be satisfactorily vouched in audit due to the unavailability of evidence such as Payment Receipts for Rs.36,639 Police Report for Rs.882,516 and Details of Loss and Detailed Schedule for Rs.2,333,661 .

(b) Budgetary Variance

The entire net provisions amounting to Rs. 50,000 made under Object 1-1-0-1404 had been saved.

(c) Annual Action Plan

According to the letter No PF/R/2/2/3/5(4) dated 10 March 2010 issued by the Director General of Public Finance the Action Plan to be forwarded for 2010 and onwards by the District Secretariat to the Line Ministry, had not been furnished up to 31 December 2011.

(d) Annual Procurement Plan

According to the Budget Circular No 128 dated 31 March 2006, the annual Procurement Plan had not been prepared until 31 December 2011.

(e) **General Deposit Account**

- (i) Action in terms of Financial Regulation 571 had not been taken on unclaimed balances of deposits amounting to Rs. 2,344,090 remained for over 02 years.
- (ii) Deposit amounting to Rs 492,419 allocated for President, Women Rural Development Society at Ananthapuram had not been utilized up to 08 May 2012.

(f) **Reconciliation Statement of the Advances to Public Officers' Account.**

According to the Reconciliation Statement of the Advances to Public Officers' Account as at 31 December 2011, the balances that remained outstanding as at 31 December 2011 totalled Rs. 296,963 and the follow up action on the recovery of those outstanding balances had been at a weak level.

2.5 Assets Management

(a) **Conduct of Annual Boards of Survey**

The following observations are made.

- (i) Action in terms of the Financial Regulations No 756 had not been taken on the excesses and shortages reported and other recommendations made in the Board of Survey Reports in respect of the year 2011.
- (ii) The Board of Survey in respect of 102 Grama Seva offices had not been carried out in terms of Financial Regulation No. 756 for the year 2011 and previous years.

2:6 Non-compliances

Non-compliance with Laws, Rules and Regulations, etc.

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

<u>Reference to Laws, Rules and Regulations</u>	<u>Value</u> Rs.	<u>Non-compliance</u>
(a) Financial Regulations ----- Financial Regulation 103(b)	202,618	An accident had not been reported to the police
(b) Circular Provisions -----		
(i) Public Finance Circular No.402 of 12 September 2002.		The Performance Reports for the year 2011 had not been presented on due date.
(ii) National Budget Circular No.28 of 24 March 2006		A Procurement Plan for the year 2011 had not been prepared.
(iii) Treasury Circular No 842 of 19 December 1978		A Register of fixed Assets had not been maintained.
(iv) General Treasury Circular 1/99 of April 1999		Security Deposit had not been obtained from the officers who are dealing with cash

(b) **Non-compliance with Tax Requirements**

Withholding Tax amounting to Rs. 182,091 had not been recovered from purchasing in terms of provision of the Inland Revenue Act No. 10 of 2006.

2:7 Losses and Damage

Losses and damages valued amounting to Rs. 882,516 were revealed at audit checks and from the information maintained at the District Secretariat.

2:8 Human Resources Management

(a) **Approved and Actual Cadre**

The position of the cadre as at 31 December 2011 had been as follows.

<u>Staff</u>	<u>Approved</u> <u>Cadre</u>	<u>Actual</u> <u>Cadre</u>	<u>Vacanci</u> <u>es</u>
Senior Level	06	05	01
Tertiary level	02	Nil	02
Secondary Level	26	18	08
Primary level	12	08	04
Total	46	31	15
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2.9 Internal Control

(a) **Internal Audit**

No internal audit had been carried out by the District Secretariat and Divisional Secretariats.

(b) **Implementation of the Audit and Management Committee**

District Secretariat and four Divisional Secretariats had not conducted any Audit and Management Committee meetings during the year under review.