

**Appropriation Head-269 District Secretariat, Batticaloa.**  
**Report of the Auditor General - Year 2012**

**1.1 Key Activities of the District Secretariat.**

-----

- (i) Distribution and management of poverty reduction initiatives.
- (ii) Administration of disaster relief and rehabilitation projects.
- (iii) Planning and oversight of development projects
- (iv) Coordination of election.
- (v) District project administration and direction
- (vi) Making pension payments.
- (vii) Registration of birth, marriages and death.
- (viii) Acceptance of National identity cards and passport applications.
- (ix) Work connected with lands.
- (x) Revenue collection.
- (xi) Flood relief Activities.
- (xii) Human resource development

**1.2 Divisional Secretariats under the District Secretariat.**

-----

- (a) Koralaipattu North
- (b) Koralaipattu West
- (c) Koralaipattu Central
- (d) Koralaipattu
- (e) Koralaipattu South
- (f) Eravurpattu
- (g) Eravur Town
- (h) Manmunai North
- (i) Kattankudy
- (j) Manmunai pattu
- (k) Manmunai South and Eruvilpattu
- (l) Porativupattu
- (m) Manmunai South West
- (n) Manmunai West

### **1.3 Scope of Audit**

-----

The Appropriation Account including the financial records, reconciliation statements, books, registers and other records and the Revenue Account of the District Secretariat, Batticaloa 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 03 July, 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 an 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 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: 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**

-----

According to the financial records and books for the year ended 31 December 2012, it was observed that except for the effects of the general observations appearing in paragraphs (a) to (d) and other major audit observations appearing in paragraphs 1.6 to 1.11 herein, the Appropriation Account and the Reconciliation Statements of the District Secretariat, Batticaloa have been prepared satisfactorily.

**(a) Appropriation Accounts****(i) Total Provision and Expenditure**

The total net provision made for the District Secretariat, Batticaloa and the Divisional Secretaries functioning thereunder for the year under review amounted to Rs.462, 255,066 and out of that, a sum of Rs.432, 947,429 had been utilized by the end of the year under review. Accordingly, the net savings amounted to Rs.29,307,637 and it represented 6.3 percent of the total net provision. Details are given below.

<b>Expenditure</b>	<b>Estimated Provision As at 31 December 2012</b>	<b>Net Provision As at 31 December 2012</b>	<b>Utilization As at 31 December 2012</b>	<b>Savings As at 31 December 2012</b>	<b>Saving as a percentage of total Net Provision</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>%</b>
Recurrent	290,450,000	404,805,066	398,477,963	6,327,103	1.6
Capital	32,450,000	57,450,000	34,469,466	22,980,534	40
<b>Total</b>	<b><u>322,900,000</u></b>	<b><u>462,255,066</u></b>	<b><u>432,947,429</u></b>	<b><u>29,307,637</u></b>	<b>6.3</b>

**(ii) UnExplained Differences**

A difference of Rs 1,105,352 had been observed between the losses shown in the Appropriation Accounts and the statements of losses furnished to audit

**(iii) Utilization of Provisions made available by other Ministries and Departments.**

Provision totalling Rs.2,763,720,078 comprising Rs.1,021,038,129 and Rs.1,742,681,949 had been received from 21 Ministries and 17 Departments respectively for various activities out of them a sum of Rs.2,682,709,023 comprising Rs.951,925,349 and Rs.1,730,783,674 respectively had been utilized. Accordingly provision of Rs.81,011,055 had been saved.

**(b) Revenue Account****Estimated and Actual Revenue**

Revenue amounting to Rs.65.92 million had been estimated for 16 Revenue Codes during the year 2012 by the District Secretariat and Divisional Secretariats, while revenue amounting to Rs.68.68 million had been collected. Out of the estimated revenue, the revenue ranged between 0.56 percent and 3139 percent had been collected. Details are given below.

<u>Revenue Code</u>	<u>Estimated Revenue</u> Rs	<u>Actual Revenue Collection</u> Rs	<u>(Under Collection) Over Collection</u> Rs	<u>Percentage</u> %
10-03-07-02	5,490	5,490	0	100
10-03-07-03	9,549	9,550	0	100
10-03-07-05	11,500	10,250	(1,250)	89
10-03-07-99	860,000	1,037,486	177,485	121
20-02-01-01	1,750,000	1,550,685	(199,315)	89
20-02-02-99	3,720,000	3,158,060	(561,940)	85
20-03-01-00	65,000	137,855	72,855	212
20-02-01-03	32,000	32,000	0	100
20-03-02-07	6,965,900	6,965,900	0	100
20-03-02-09	400	400	0	100
20-03-02-13	3,388,475	3,388,475	0	100
20-03-02-14	35,274,830	35,274,830	0	100
20-03-02-99	93,730	93,730	0	100
20-03-99-00	165,000	5,180,364	5,015,364	3139
20-04-01-00	11,830,002	11,830,003	0	100
20-06-02-00	1,750,000	9,725	(1,740,275)	0.56
<b>TOTAL</b>	<b><u>65,921,876</u></b>	<b><u>68,684,803</u></b>		

**(c). Reconciliation Statement of the Advances to Public Officers.****Limits Authorized by Parliament**

Limits authorized by Parliament relating to Advances to Public Officers Account No. 269011 and the actual values are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limits	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
36,500,000	28,101,337	20,000,000	33,782,187	87,000,000	78,967,907

The following observations are made

- (i) According to the Reconciliation Statement of the Advances to Public officers Account as at 31 December 2012 the balances totalling Rs.3,729,627 remained outstanding as 31 December 2012 and the follow up action on the recovery of these balances had been at a weak level.
- (ii) Outstanding loan balances ranging from 01 to 07 years amounted to Rs. 2,253,676 from 26 officers transferred from District Secretariat, Batticaloa to Provincial Council, remained unsettled as at 31 December 2012.

#### (d) General Deposit Account

-----

The balance in the General Deposit Account as at 31 December 2012 amounted to Rs.106, 351,526 and details are given bellow.

<u>Account Number.</u>	<u>Balance as at 31 December 2012</u>
	Rs
6003/0/045/0	105,787,688
6003/0/015/0	563,838
Total	<u><u>106,351,526</u></u>

- (i) General deposit account balance as per treasury book as at 31 December 2012 was shown in the account as Rs.563,838. Whereas balance of General Deposit accounts as per District Secretariat shown in the account as nil. Although the reason for this difference was reported that losses incurred prior to 1983 due to some fraud, action had not been taken to clear this difference for over 28 years.
- (ii) A sum of Rs.40,000 had been received from Department of social Services, Eastern Province on 16 March 2011 for self-employment relief payment. However, this amount had not been paid to particular beneficiaries and kept in the deposit account nearly for two years by the Divisional Secretary Kattankudy.

## 1.6. Good Governance and Accountability

-----

### Corporate Plan

-----

According to the 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 the Secretaries of Ministries, Chief Secretaries of the Provincial Council, Head of Department, District Secretaries and Head of Local Authorities, a Corporate Plan should be prepared by the District Secretariat at the beginning of the year at least for three ensuing years from the year 2010 onward. However, such a plan had not been prepared up to 31 December 2012.

## 1.7. Assets Management

-----

### (a) Idle and Underutilized Assets

-----

It was observed during audit test checks that certain assets remained either idle or underutilized as analyzed below.

Category of Asset	Number of Units	Period of Idling or Under utilization
-----	-----	-----
(i) Buildings	06	09 Months
(ii) Motor Vehicles	04	Over 03 years
(iii) Photo Copy Machine	04	Over 01 years
(iv) Other Assets	32	Over 03 years

### (b) Conduct of Annual Boards of Survey.

-----

In terms of letter No.PF/Board of Survey/01 dated 17 December 2010 of Director General of Public Finance, action had not been taken to conduct Boards of Survey for the years 2011 and 2012.

## 1.8. Non-compliances

-----

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

-----

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> <u>Rs</u>	<u>Non-compliance</u>
<b>(i) <u>Financial Regulations</u></b>		
FR. 109	10,556,370	Losses aggregating to Rs.9,033,110 and 1,523,260 remained outstanding for more than 5 years and 10 years respectively. While the necessary action had not been taken to recovered or write off these losses .
FR. 138	217, 550	Four paid vouchers totaling Rs.217, 550 had not been certified by the certifying officer of Divisional Secretariat, Kattankudy.
<b>FR. 571</b>	973,364	Necessary action had not been taken regarding two balance of retention money amounting to Rs.973,364 remained for more than 2 years.
<b>(ii) <u>Public Administration Circulars</u></b>		
Circular No. HA/DA/12/27 dated 21 March 2006 and 12 June 2009	104,357,414	Although 14 Government Quarters had been constructed for the Divisional Secretaries during the years 2007 to 2011, 11 quarters had not been occupied by the respective Divisional Secretaries.

## 1.9. Weaknesses in the Implementation of Project

-----  
 The following observations are made at the test check carried out in respect of Projects implemented by the Divisional Secretariats.

### (a) Bee Keeping Project

-----  
 A sum of Rs.511,560 had been incurred in implementing the bee keeping project in 11 Divisional Secretariats under the Divineguma Project during the year under review .Although apiaries had been provided with 261beneficiaries under this Project , only 11 beneficiaries commenced the Project works

(b) Mushroom Cultivation Project

-----  
 A sum of Rs.921,200 had been incurred in implementing the Mushroom cultivation Project in 7 Divisional Secretariats under the DiviNeguma Project during the year under review. However, out of 94beneficiaries 88 beneficiaries had abandoned their activities due to non-availability of marketing opportunities.

**1.10. Internal Control**

-----  
**Weakness in Financial Control**  
 -----

Two paid vouchers amounting to Rs.294,605 had been approved, certified and entered in to the cash book and votes ledger on 31 December2012.Cheque Nos. also included in the cash book as well as in the related vouchers. However, it was observed in audit that no cheques had been written even up to the 4 March 2013 in favour of the payments at the Divisional Secretariat Kattankudy

**1.11. Human Resources Management**

-----  
**Approved and Actual Cadre**  
 -----

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

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
	-----	-----	-----	-----
(i)	Senior Level	1	1	-
(ii)	Tertiary Level	62	52	10
(iii)	Secondary Level	718	588	130
(iv)	Primary Level	146	123	23
(v)	Casual/ Temporary	<u>18</u>	<u>16</u>	<u>2</u>
	Total	<b><u>945</u></b>	<b><u>780</u></b>	<b><u>165</u></b>