

Appropriation Head 260 – District Secretariat, Nuwara Eliya
Report of the Auditor General – Year 2012

1:1 Key Activities of the District Secretariat

- (i) Function as the main administrative centre of the district.
- (ii) Action on the protection of the religious and cultural heritage of the district.
- (iii) Direction of the activities for the sustainable development of the district.
- (iv) Carry out development work of the District in accordance with the Government policy.
- (v) Supervision and administration of Divisional Secretariats.
- (vi) Training and development of staff.
- (vii) Direction of the disaster management activities of the district.
- (viii) Direction of the activities of the Ministries and Departments in the district.
- (ix) Issue of firearms and explosives licenses.
- (x) Financial management of the Divisional Secretariats and the District Secretariat.
- (xi) Ensure the custody and control of assets.
- (xii) Organization of national level festivals.

1:2 Divisional Secretariats under the District Secretariat

- (a) Nuwara Eliya
- (b) Ambagamuwa
- (c) Walapane
- (d) Kotmale
- (e) Hanguranketha

1:3 Scope of Audit

The Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the District Secretariat Nuwara Eliya 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 30 August 2013. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and 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 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 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 at (a) to (f) and other major audit observations appearing in paragraphs 1:6 to 1:14 herein, the Appropriation Account, of the District Secretariat, Nuwara Eliya had been prepared satisfactorily.

(a) Presentation of Accounts

The District Secretariat had not presented the following account for audit by 31 March 2013.

Head -----	Name of Account -----
260	Appropriation Account

(b) Maintenance of Books and Registers

Replies to 10 audit queries issued in the year under review and 04 audit queries issued in the preceding years to the District Secretariat had not been furnished even by 31 March 2013. The value of quantifiable transactions relating to those audit queries amounted to Rs.27, 461,209.

(c) Appropriation Account

(I) Total Provision and Expenditure

The total net provision made for the District Secretariat in respect of the year under review amounted to Rs.419,869,000 and a sum of Rs.383,751,039 out of that had been utilized by the end of the year. Accordingly the net savings amounted to Rs.36,117,961 and that represented 8.6 per cent of the total net provision. Details appear below.

Nature of Expenditure -----	Estimated Provision as at 31 December 2012 -----	Net Provision as at 31 December 2012 -----	Savings as at 31 December 2012 -----	Savings as a Percentage of the Net Provision -----
	Rs.	Rs.	Rs.	
Recurrent	285,850,000	361,069,000	13,140,559	3.63
Capital	58,800,000	58,800,000	22,977,402	39.07

Total 344,650,000 419,869,000 36,117,961
 (II) Utilization of Provision given by other Ministries and Departments

- (i) Thirty two other Ministries and Departments had made available provisions totaling Rs.1, 990,304,372 for various activities and a sum of Rs.1, 550,172,119 or 78 per cent of that only had been utilized.
- (ii) There were weaknesses in the utilization of the provisions made available by the Ministry of Economic Development and the Department of Pensions. Details appear below.

	Provision Received	Actual Expenditure	Utilization of Provisions (Percentage)
	Rs.	Rs.	%
Ministry of Economic Development	1,330,389,069	939,494,225	71
Department of Pensions	256,732,163	226,104,146	88

- (iii) The following non-compliances with the provisions in laws, rules, regulations and management decisions in relation to the above provisions made available by the Ministries were observed in audit.

Reference to Laws, Rules, Regulations	Value	Non-compliance
	Rs.	
Financial Regulations 245(1)	1,141,723	Payments had been made on 03 uncertified vouchers.
Circulars of the Secretary to the Ministry of Economic Development		
No. 02/2012 of 10 July 2012. Paragraph 05.01.02	699,844	There was no evidence of the distribution of 7,704 seedlings purchased under the Divi Neguma Project among the beneficiaries by the Ambagamuwa Divisional

		Secretariat.
	113,700	A register had not been maintained for the seedlings distributed to the beneficiaries under the Divi Neguma Project by the Walapane Divisional Secretariat.
Circulars of the Secretary to the Ministry of Public Administration		

Circular No. 13/2008 of 26 June 2008, Paragraph 04	170,292	The Director of Planning of the District Secretariat had not obtained the approval of the Secretary to the Ministry for 1,664 additional liters of fuel.
(III)	(i)	The expenditure on water and telephone bills of the Government quarters allocated to the Ministry of Private Transport amounting to Rs.110, 886 had been incurred by the District Secretariat.
	(ii)	An examination of the Daily running Charts revealed that the additional 690 liters of fuel obtained for the motor vehicle used by the Director of Planning of the Nuwara Eliya District Secretariat had been misused.
	(iii)	Expenditure amounting to Rs.1,253,290 relating to 06 Objects payable by the District Secretariat had been incurred under Expenditure of Ministry of Economic Development.
	(iv)	The District Secretariat had purchased a repaired electric generator on 31 December 2012 spending a sum of Rs.666,400 under the provisions of the Ministry of Disaster Management. In this connection the recommendation of a Technical Evaluation Committee with a member having specialized knowledge as required in respect of the purchase of machinery of technical nature in terms of 2:8.1(b) of the Government Procurement Guidelines had not been obtained.

(d) Advances to Public Officers Account

Limits authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account Item No. 26001 and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
-----	-----	-----	-----	-----	-----
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
30,000,000	24,379,652	18,700,000	24,391,433	110,000,000	68,717,870

The following observations are made.

- (i) According to the Reconciliation Statement as at 31 December 2012 prepared for the Advances to Public Officers Account Item No. 26001 the balances that remained outstanding as at that date totaled, Rs.4,958,028 and the follow up action on the recovery of those outstanding balances had been at a weak level.
- (ii) According to the Public Administration Circular No. 30/2008 of 31 December 2008 the amount of the maximum distress loan payable to an officer is Rs.250, 000. Nevertheless, loans exceeding that limit by Rs.110, 000 had been granted to 02 officers.
- (iii) In the payment of the pension gratuities to 03 officers of three Divisional Secretariats, a sum of Rs.20,589 due to those institutions had not been recovered.
- (iv) In terms of the National Budget Circular No. 118 dated 11 October 2004 of the Director General of National Budget, instructions had been issued for the settlement of the loan balances of officers transferred among Ministries, Departments and District Secretariats to be made through the Summaries of Accounts or according to the instructions issued and action should be taken to ensure that any unsettled balances are not included in

the Reconciliation Statements. But it had not been so done, Loan balances amounting to Rs.65,740 due from 04 officers transferred from other Departments and loan balances amounting to Rs. 3,740,985 due from 31 officers transferred to other Departments had not been settled despite the elapse of 01 to 19 years.

(e) Imprest Account

The balance of one Imprest account of the District Secretariat as at 31 December 2012 amounted to Rs.3,376,071 and the unsettled imprest balances as at 30 April 2013 totaled Rs.2,642,782.

(f) General Deposit Accounts

The balances of the General Deposit Account No. 6003/0/0/36/0 of the District Secretariat as at 31 December 2012 amounted to Rs.146,303,065.

The following observations are made in this connection.

- (i) Action in terms of Financial Regulation 571 had not been taken on 315 deposits amounting to Rs.19,569,636 older than 02 years.
- (ii) Divisional Secretariat Hanguranketha had not recorded the brought forward balance in the General Deposits Account maintained for the year 2012 and only the transactions relating to the year had been recorded. As such it was not possible to ascertain the balance of lapsed deposits.

1:6 Good Governance and Accountability

1:6:1 Corporate Plan

Even though the District Secretariat should have prepared a Corporate Plan at least for a period of 03 years from the year 2010 at the beginning of the year in terms of the letter No. PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of the Public Finance addressed to all Secretaries to Ministries, the Chief Secretaries of Provincial Councils,

Heads of Departments, District Secretaries and the Heads of Local Authorities, the District Secretariat had not prepared that plan even by 31 December 2012.

1:6:2 Annual Action Plan

Even though the District Secretariat should have prepared an Annual Action Plan for the year 2010 and thereafter in accordance with the Corporate Plan prepared in terms of the letter of the Director General of Public Finance referred to in paragraph 1.6.1 above, an Action Plan for the year under review had not been prepared even by 31 December 2012.

1:6:3 Annual Performance Reports

Even though the Annual Performance Report that should be prepared by the District Secretariat in terms of the Public Finance Circulars No. 402 of 12 September 2002 and No. 402(1) of 20 February 2004 referred to in the letter of the Director General of Public Finance referred to in paragraph 1.6.1 above should have been tabled in Parliament within 150 days after the close of the financial year with a copy to the Auditor General, the Performance Report for the year under review had not been tabled in Parliament even by 02 August 2013.

1:6:4 Internal Audit

An Internal Audit Unit had not been established.

1:7 Assets Management

Assets given to External Parties

Instances of irregular release of certain assets of the District Secretariat to other Semi-government Institutions and the Central Provincial Council were observed. Details appear below.

Category of Assets	Number/ Units of Assets	Assets give to Institutions	Value
-----	-----	-----	-----
(i) Lands (Hectares)	01	Vocational Training Authority	Rs. 16,000
(ii) Buildings	03	Central Provincial Council, Vocational Training Authority and Passenger Transport Authority	Could not be traced.

1.8 Non-compliances

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

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

Reference to Laws, Rules, Regulations	Value	Non-compliance
-----	-----	-----
	Rs.	
I. Urban Development Authority Act, No.41 of 1978 ----- Section 3	--	Even though the Minister had designated Nallathanniya and the surrounding area as an area for Urban Development and published in the Gazette No. 1572/1 of 20 October 2008, contrary to that, the then Divisional Secretary Ambagamuwa had held a Land Kachcheri and made an application for approval by his letter No. Ambaco/3/2/SG Lands dated 14 October 2010 to the Provincial Commissioner of Lands for the issue of annual and long term leases to 45 unauthorized dwellers for the lands occupied by them and obtained the approval on 14 October 2010.
II. Financial Regulations of the Republic of Sri Lanka ----- Financial Regulations 115	26,654	Divisional Secretariat Walapane had made 02 payments relating to the preceding year without obtaining a certificate from the Accounting

Officer.

Financial Regulations 206	243,990	Divisional Secretariat Walapane had made refunds of deposits on 05 vouchers without the vouchers being certified by two officers.
Financial Regulations 245(1)	8,326,055	Payments had been made on 27 uncertified vouchers relating to the District Secretariat and 03 Divisional Secretariats.
Financial Regulations 571	16,031,160	Action as required had not been taken to settle on 269 deposit balances older than 02 years relating to the District Secretariat and 04 Divisional Secretariats.
Financial Regulations 752	181,200	Even though all goods received by Government Departments should be recorded immediately in the stock book, the seedlings purchased by 02 Divisional Secretariats had not been recorded in the stock books.

III. Public Administration
Circulars

----- No. 01/2002 of 25 February 2002.	--	The Government Emblem or the name of the Divisional Secretariat had not been painted on the Government motor vehicles of the Divisional Secretariat Walapane.
No. 13/2008 of 26 June 2008	367,944	The District Secretary had not obtained the prior approval of the Secretary to the Ministry for obtaining additional fuel from the Head of

Expenditure of the District Secretary.

No. 18/2011 of 22 August 2011	--	Even though every officer who had served for 05 years in the same station should be transferred out, such action had not been taken in connection with 75 officers of the District Secretariat and 04 Divisional Secretariats.
IV. Public Service Provident Fund Circulars		

No. 01/2003 of 02 December 2003	51,011	The contributions of 03 casual drivers serving in the District Secretariat from March 2011 had not been remitted to the Public Service Provident Fund even by 30 April 2013.
V. Circulars of the Director General of Pensions		

Circular No. 8/2010 of 07 September 2010.		
(i) Section 2	205,200	In the payment of monthly salary to the spouses of Army Officers who had died from terrorist actions, the Widows' and Orphans' Pension and the dependents allowance and the cost of living allowance should not be paid. Contrary to that, Divisional Secretariat Kotmale had paid the cost of living allowance to 04 dependents for 35 months while the Divisional Secretariat Walapane had paid that allowance to a dependent for 11 months.
(ii) Section 3	367,425	Even though the officers, who receive

the Armed Services pension and the Disability Pension along with the Armed Services monthly salary up to 55 years of age should not be paid the cost of living allowance with the pension, contrary to that the Divisional Secretariat Kotmale had paid the cost of living allowance to 04 Army Officers for 35 months.

1:9 Weaknesses in the Implementation of Projects

(a) Projects abandoned without being completed

Project	Estimated Cost	Date of Commencement of the Project	Expenditure up to 31 December 2012	Reasons for Abandoning the Project
	Rs.		Rs.	
Construction of 03 Government Quarters for Staff Officers	15,083,249	17.08..2011	5,556,489	Contractor abandoning work without completing.
Repairs to Drains System Hatton Gaminipura near Mr. Jayaweera's Home.	300,000	12.09.2012	--	Contractor is not interested in completing the work.
Development of Kotahela Road	100,000	--	--	Non-receipt of approval for the revised proposal.
Repairs to Windows of the Ginigathhena Vidyalaya	100,000	--	--	Approval for the proposal not received up to 31 December 2012.
Development of	50,000	--	--	Absence of a Temple

Motingham Temple					registered under that name.
Gama Neguma					

Construction of the Community Hall of Maussawatta	1,000,000	--	--	--	Time inadequate for completing.
Road Development Norwod Elbada Division	1,000,000	20.09..2012	--	--	Contract society not interested.
Road Development Lethant Brodak Division	1,000,000	25.07.2012	--	--	Contract society not interested.

(b) Delays in the Execution of Projects

There were delays in the execution of the following projects by Ambagamuwa Divisional Secretariat.

Project	Estimated Cost	Date of Commencement	Date of Completion	Expenditure up to 31 December 2012	Reasons for the Delay
-----	-----	-----	-----	-----	-----
	Rs.			Rs.	
Reconstuction of Medilla Dambarahena Road	1,000,000	23.08.2012	31.12.2012	788,076	Approval sought for completion as a continuation Project.
Development of Gaminipura Kovil Road	2,000,000	20.09.2012	31.12.2012	1,148,524	Approval sought for completion as a continuation Project.
Development of Mokawatta	1,000,000	12.07.2012	31.12.2012	728,593	Approval sought for completion as a

Upper Section Road					continuation Project
Development of the Balance Section of Kudagama Temple Road	1,000,000	12.07.2012	31.12.2012	903,933	Approval sought for completion as continuation Project.

(c) Deficiencies in the preparation of Estimates

Even though it was estimated 65.40 cubic meters for foundation form work under Item No. B 01 of the estimate for 03 staff quarters constructed by the Divisional secretariat the work done amounted to 165.64 cubic meters. Accordingly the variance amounted to 100.24 cubic meters. According to Section 8.13.3 of the Procurement Guidelines the Head of Department can approve 10 percent of the variance of the estimate or the bill of quantities. Even though that limit had been exceeded, action in terms of the provision had not been taken.

1:10 Irregular Transactions

The following transactions entered into by the Nuwara Eliya Divisional Secretariat had been in an irregular manner.

Deviation from the Procurement Procedure

- (i) According to Section 2.9.1 of Procurement Manual No. 25, dated 23 July 2012, issued as a supplement to the Circular No NPA/CEO/18 issued by the National Procurement Committee dated 02 January 2006, the payments made to the members of the Procurement Committee for the Procurements valued at Rs.2,565,090 had exceeded the amounts payable by Rs.29,800 comprising Rs.19,000 as procurement committee allowance and Rs.10,800 as Technical Evaluation committee allowance.

- (ii) According to Section 2.9.1 of the Procurement Manual, it was instructed that the meetings for reaching agreement on the matters relating to the procurements should be held outside the normal working hours of the working days. Nevertheless, the Procurement Committee meetings had been held during office hours and the officers who had participated in the Procurement and the Technical Evaluation Committees had been paid allowances amounting to Rs.141,300 contrary to such provisions.

- (iii) The written evidence relating to the distribution of 7367 seedlings valued at Rs.715,255 was not produced to audit at the examination of the fruit seedlings distributed among the beneficiaries in the area of authority of Kotmale under the Divi Neguma Project in the year 2011.

- (iv) The two storeyed building fully completed with floor area of 5376 square feet constructed in the year 2005 at a cost of Rs. 7,940,012 from the provisions of the Ministry of Public Administration for the purpose of accommodating the Divisional Secretariat Walapane had been used for accommodating the Pradeshiya Sabha Walapane and the Office of the Vocational Training Authority instead of the Divisional Secretariat Walapane. Nevertheless, no action had been taken either to obtain reimbursement of the expenditure incurred thereon or recover an assessed rent.

- (v) Seventy four cheques valued at Rs.1,705,446 issued by the Divisional Secretariat Nuwara Eliya on 31 December 2012 had been retained even by 30 April 2013.

- (i) Forty four items of goods valued at Rs.2,740,088 purchased by 05 Divisional Secretariats under the Decentralized Provisions 2011 and 2012 for distribution, remained without being distributed even by 15 February 2013.
- (ii) Even though the Divisional Secretariats, Hangu ranketha and Walapane had purchased 514 items of stocks valued at Rs.155,325 for distribution under various Ministries in the year 2012 those had not been distributed even by 12 February 2013.

1:12 Idle Assets

- (i) It was observed at the physical inspection carried out in September 2012 that a photocopier, a photocopier table and a fax machine valued at Rs.145,000 purchased by the Divisional Secretariat Kotmale under the Decentralized Provisions of the year 2011 for the Medakumburawatta Library had been given to another society office nearby instead of the library concerned and that those goods remained idle without being used.
- (ii) A physical inspection revealed that 02 television sets, and 02 DVD players valued at Rs.262,975 supplied by the Divisional Secretariat Kotmale to Maternity Clinics of the Duncinanwatta Hospital and the Medakumbura Hospital under the Gama Neguma Programme of the year 2011 remained in the packing without being used.
- (iii) Two motor vehicles bearing Nos. 56-6245 and 32-4537 had been parked in the premises of the Divisional Secretariat Walapane without action being taken over a number of years for disposal/ auction properly.
- (iv) The Circuit Bungalow of the Divisional Secretariat Walapane situated in the Nildandahinna Grama Niladhari Division remained without being used for any purpose over a period about 05 years.

1:13 Losses and Damage

- (i) A physical audit inspection carried out on 23 August 2012 revealed that a loud speaker system and a video camera purchased at a cost of Rs.533,500 under the

Decentralized Provisions for the year 2011 by the Divisional Secretariat Walapane for the Sasanarakshaka Bala Mandalaya, Walapane was not available at the Raja Maha Vihara.

- (ii) A stock of 147 mamoties valued at costing Rs.174,400 purchased by the Divisional Secretariat Walapane under the Decentralized Provisions for the year 2011 for distribution among the farmers in the Thoratenna area had been given to the Co-ordinating Secretary to the Minister of Public Management Reforms. The list of signatures of the recipient had not been furnished to Audit.
- (iii) Even though 16 steel almirahs valued at Rs.192,150 purchased for distribution among the libraries in the area of authority of the Divisional Secretary, Walapane had been issued to the Chairman of the Walapane Pradeshiya Sabha, it was observed at the audit inspections carried out on 23 August 2012 that those almirahs had not been issued to the libraries.

1:14 Human Resources Management

Approved Cadre and Actual Cadre

The position of the Cadre of the District Secretariat and 05 Divisional Secretariats as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
(I) Senior Level	32	23	09	
(ii) Tertiary Level	13	13	--	--
(iii) Secondary Level	766	607	159	--
(iv) Primary Level	77	66	11	--
(v) Others (Casual/ Temporary/ Contract basis)	--	09	--	09
Total	888	718	179	09