

Head 278 – District Secretariat Ratnapura

Report of the Auditor General – Year 2013

1.1 Key Functions of the District Secretariat

- (a) Coordination of government activities
- (b) Accomplishing tasks assigned legally through village/divisional level, and officers/ organizations
- (c) Acting as a representative of other Ministries and Departments
- (d) Collection of revenue related to miscellaneous Heads
- (e) Execution of decentralized budget programs
- (f) Assisting the Provincial Councils in their operations

1.2 Divisional Secretariats under the District Secretariat

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|------------------|----------------|-----------------|
| (a) Ayagama | (g) Kalawana | (m) Nivithigala |
| (b) Elapatha | (h) Kahawatta | (n) Pelmadulla |
| (c) Eheliyagoda | (i) Kiriella | (o) Balangoda |
| (d) Embilipitiya | (j) Kuruwita | (p) Rathnapura |
| (e) Imbulpe | (k) Kolonna | (q) Weligepola |
| (f) Opanayake | (l) Godakawela | |

1.3 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the District Secretariat Rathnapura for the year ended 31 December 2013 was carried out in pursuance of provisions in 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 25 July 2014. 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 Statement 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 Public Finance 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 Observation

According to the financial reports and books for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing at (a) to (d) and the other major audit observations appearing in paragraphs 1.6 to 1.11 herein, the Appropriation Account and the Reconciliation Statements of the District Secretariat, Ratnapura had been prepared satisfactorily.

(a). Appropriation Accounts

The following observations are made.

(i) Total Provision and Expenditure.

The total net provision allocated to the District Secretariat amounted to Rs.726,425,000 out of which a sum of Rs.718,272,890 had been utilized by end of the year under review. Hence, a sum of Rs.8,152,110 equivalent to 1.12 per cent of the net provision had been saved. Particulars are as follows.

<u>Expenditure</u>	<u>As at 31 December 2013</u>			<u>Saving, as a percentage of the net provision</u>
	<u>Net Provision</u>	<u>Utilization</u>	<u>Savings</u>	
	Rs.	Rs.	Rs.	
Recurrent	635,275,000	631,384,194	3,890,806	0.61
Capital	<u>91,150,000</u>	<u>86,888,696</u>	<u>4,261,304</u>	4.67
Total	<u>726,425,000</u>	<u>718,272,890</u>	<u>8,152,110</u>	1.12

(ii) Budgetary Variance

As overprovisions had been made for 02 Objects, the savings after utilization was 17 and 37 per cent of the net provision of those Objects.

(iii) Utilization of Provision Granted by Other Ministries and Departments.

The District Secretariat had been granted provision totalling Rs.3,817,778,060 by 26 other Ministries and 18 Departments for miscellaneous tasks. A total sum of Rs.3,575,682,390 consisting of Rs. 1,777,765,254 and Rs.1,797,917,136 respectively had been utilized. Hence by the end of the year under review, a total sum of Rs.242,095,670 consisting of Rs.196,055,585 and Rs.46,040,085 had been saved. The savings were 10 and 2 per cent respectively of the provision granted.

(b) . Advances to Public Officers AccountLimits Authorized by Parliament

The limits and actual values authorized by Parliament for the Advances to Public Officers Account of the District Secretariat were as follows.

<u>Item No</u>	<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
	<u>Maximum</u>	<u>Actual</u>	<u>Minimum</u>	<u>Actual</u>	<u>Maximum</u>	<u>Actual</u>
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
27801	52,000,000	46,264,156	32,000,000	36,831,694	207,000,000	152,922,343

The following observations are made in this regard.

- (i) As per reconciliation statement of the Advance Account Item No 27801 as at 31 December 2013, the outstanding balances as at that date amounted to Rs.2,559,337.

- (ii) Three loan balances totaling Rs.87,530 had been included in the CC 10 register. Nevertheless, this amount had not been included in the Advances to Public Officers Account. A balance of Rs.2,900 included in that account was not included in the CC10 register.
- (iii) Even though an un-reconciled difference of Rs.32,421 had existed between the total of summary of classification of individual balances and the Control Account of the Department as at 31 December 2013 , it had not been mentioned in the reconciliation statement of the Advance to Public Officers' Account prepared as at that date.

(c) Imprest Account

The imprest balance of Rs.136,250 of the District Secretariat as at 31 December 2013 had been settled on 16 July 2014.

(d) General Deposit Account.

The total of the balances of the General Deposit Account of the District Secretariat as at 31 December 2013 amounted Rs.281,726,892.

1.6 Assets Management

The following observations are made.

(a) Idle and Underutilized Assets

It was revealed at sample audit checks that certain assets remained idle and underutilized as classified below.

- (i) Two buildings belonging to 2 Divisional Secretariats and a vehicle belonging to the District Secretariat remained unused as at the last date of the year under review.
- (ii) Five safety jackets remained at the stores of the Divisional Secretariat , Opanayaka for several years had not been inventorized. Three hume pipes had been kept at the office premises for years without being used.

(b) Assets Given to External Parties

A land, the value of which had not been assessed, had been released to a telecommunication company by the Divisional Secretariat, Kahawatta.

(c) Utilization of Assets Owned by Other Institutes

A land of 0.34 hectares the value of which had not been assessed owned by the Land Reforms Commission, had been used by the Divisional Secretariat, Elapatha since 1998.

1.7 Weaknesses in the Implementation of Projects

The following weaknesses were observed with regard to projects implemented by the District Secretariat during the year under review.

(a) Projects not Implemented Properly

District Secretariat had failed to implement the following projects properly

- (i) Estimated work of 8 job items costing of Rs.622,293 with relevance to 7 industries implemented by the District Secretariats Kuruvita, Opanayaka, Eheliyagoda, and Pelmadulla had not been executed properly.
- (ii) The Assistant Commissioner of Agrarian Services had entered into an agreement with the land reclamation and development company on 14 November 2011 to renovate the Panahaduwa reservoir utilizing the provision received by the District Secretariat.
A total sum of Rs.417,928, made up of Rs.375,670 for work not executed and Rs.42,258 for payments made exceeding the approved rates had been overpaid.
- (iii) The Assistant Commissioner of Agrarian Services had entered into an agreement with the land reclamation and development company on 05 February 2012 to renovate the Konkatuwa Ara reservoir utilizing the provision received by the District Secretariat.
The following observations are made with regard to renovation of the said reservoir.
 - Renovations to be completed by 30 November 2013, had been abandoned by 21 January 2014. As a result, the Konkatuwa Ara reservoir remained with water emptied for about 1 1/2 years. Owing to this, paddy fields of about 95 acres feeding an area of 2.6 square miles had been deprived of water needed for cultivation.

- A further sum of Rs.1,025,274 remained recoverable by January 2014 from the advance of Rs.1,904,000 paid to the contractor on 15 August 2012

(b) Fruitless Expenditure

Certain transactions revealed as fruitless at the sample checks carried out with regard to projects are shown below.

- (i) Although a sum of Rs.1,954,332 in 2009 received from the Ministry of Cultural Affairs for renovation of the renovation of the Godakawela Cultural Center had been spent, the building premises had been devoured by the encroaching wilderness by October 2013 and remained unused with electric plugs and fixings removed. A key of the building was under the possession of an external party and at present it had become a place where anti-social activities were taking place.
- (ii) Even the buildings constructed remained unusable by December 2013 owing to the facts that recommendations of the National Building Research Organization on geo-stability had not been obtained prior to construction of the Cultural Centre in Kahawatta had begun, and failure to heed the recommendations obtained from the NBRO on the risk of landslide once the construction had begun. The objective had hence, not been accomplished with the sum of Rs.1,014,854 spent becoming fruitless.
- (iii) Despite the possibility of using the road roller of the Divisional Secretariat, Kuruwita to compress the road leading to the official residence of the Divisional Secretary without bearing expenses, a sum of Rs.10,000 had been spent.
- (iv) Although 3 years had elapsed since the commencement of construction work of the Cultural Centre, Opanayake had begun, the surrounding area had been swallowed by wilderness and the building remained unusable as the construction had been suspended halfway. As such, the sum of Rs.2859,309 spent in this connection had become fruitless.

(c) Operating Inefficiencies

Out of Rs.440,000,000 worth of provisions received from the Ministry of Economic Development for carpeting roads in Ratnapura district under the programme of carpeting provincial roads, 52 projects had been implemented at an expense of Rs. 267,334,490 as at 31 December 2013. The following observations were made during sample checks carried out in this regard.

- (i) Fifty two projects at an estimated value of Rs.5,890,465,581 that should have been completed within 6 months after commencing in the year 2012 as per agreement, had not been concluded even as at 31 March 2014.
- (ii) The distance of 3 projects shown as entirely completed as per progress report, was 0.19 km less than the distance agreed upon. The value of those non-executed jobs was Rs.3,117,903.
- (iii) The time allocated for construction of all those projects had lapsed by 31 March 2014 and extension of time had not been obtained. Furthermore, a distance of 19.14 km had been shortened without obtaining approval of the Ministry of Economic Development for amendments made on the approved project registry.
- (iv) A sum of Rs.293,144,779 had been spent to conclude 6 projects as per progress report prepared on 28 February 2014; however, the estimated value was only Rs.467,387,712 resulting in a saving of Rs.174,242,923. Hence, the percentage of preparing overestimates was 59 per cent compared to work done.
- (v) The percentage of construction for 5 projects for which more than 2 years had elapsed and construction had not yet been completed, was 40 per cent as per the progress report prepared on 28 February 2014. Nevertheless, the amounts estimated and spent were Rs.623,279,440 and Rs.43,360,011 respectively. Hence, the financial progress was as low as 7 per cent.

1.8 Transactions of Contentious Nature.

A comparison of the sample, furnished by the supplier to the Technical Evaluation Committee for the purchase of 60 steel tables and 23 steel cupboards for Grama Niladhari offices with goods supplied, showed a reduction in thickness of finished sheets by 13 per cent. This had been confirmed by the officers of the Department of Measurement Units Standards and Services as well. Hence, an amount of Rs.1,140,675 had been spent for purchasing substandard goods.

1.9 Management Weaknesses

The following observations were made with regard to sample checks carried out on transactions.

(a) The District Secretariat, Ratnapura had spent Rs.8,806,900 in 2011 and 2012 out of the provision received from the Ministry of Economic Development in order to distribute 10 chicks per household within the Divisional Secretariats of Ratnapura district. The following matters were revealed in this regard.

- (i) From October 2011 to November 2012, 17,971 chicks had been obtained at Rs.400 each from the Department of Animal Production and Animal Health, Sabaragamuwa without calling for quotations. As per decision taken by Procurement Committee of the District Secretariat on 21 November 2012, a chick could have been bought for Rs.345. Hence, the amount overpaid owing to a decision by the Line Ministry, was Rs.988,405.
- (ii) No quotations had been called and no agreements had been entered into.
- (iii) It was unable to confirm whether follow-up action had been taken on the progress of this project.

(b) Procurement had been conferred on the company that had submitted a monthly charge of Rs.118,900 for janitorial services of the District Secretariat complex in the year 2013. The following observations are made in this regard.

- (i) The lowest bidder had clearly stated that the place of disposal of garbage and the disposal period at the time of evaluating the tenders. Despite this fact, the Technical

Evaluation Committee had decided that there was methodology for disposal of garbage although the institute to which the tender had been awarded had not mentioned so.

- (ii) In terms of Paragraph 05 of the service agreement, 3 males should be employed; however, only 2 males had been employed until the end of service agreement.

1.10 Losses and Damages.

Observations relating to losses and damages made at sample audit checks are as follows.

- (a) A cab belonging to the Divisional Secretariat, Eheliyagoda had caught fire in April 2010 while it was parked at the personal residence of the then Divisional Secretary. As the audit had informed that action had not been taken in this regard as per F.R. 104, the initial report had been furnished in June 2013 , after 38 months of the incident.
- (b) An overpayment of Rs.24,875 had been made in concreting the road leading to the official residence of the Divisional Secretary , Kuruwita and the floor of Bauddha Vidyalaya in Pahalagama, Kuruwita.

1.11 Human Resources Management

Approved and Actual No of Cadres

The position of cadre as at 31 December 2013 was as follows.

<u>Category of Employee</u>	<u>Approved cadre</u>	<u>Actual cadre</u>	<u>No of Vacancies</u>	<u>Surplus</u>
Senior Level	59	47	12	-
Tertiary Level	162	186	14	38
Secondary Level	1029	830	204	05
Primary Level	173	172	10	09
Other (Casual/ Temporary/Contract)	-	01	-	01
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Total	<u>1423</u>	<u>1236</u>	<u>240</u>	<u>53</u>

Approved cadre had not been revised after the year 1992.