

**District Secretariat – Monaragala**

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**Summary Report of the accounts relating to the Monaragala District Secretariat and  
Offices of Divisional Secretaries coming under it**

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1. Key Functions of the District Secretariat

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- (i) To co-ordinate with institutions at the national level and to ease the functions in order to maintain the administration of the district revolve with strength.
- (ii) To fulfil the needs of the people of the district through transparency, efficiency and useful government service.
- (iii) To provide successful thoughts to the district government officers to enable them to attend to the needs of the public obediently.
- (iv) To operate and manage the human, physical resources, of the district to enable suitable proper, efficient administration.
- (v) Appropriate collection of all revenue at the appropriate time so as to credit it to the district revenue.
- (vi) To co-ordinate foreign aided projects of Non Governmental Organizations and to supervise them so as to guarantee useful utilization of vast resources that flows into the district.

2. Offices of Divisional Secretaries under the District Secretariat

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Monaragala

Buttala

Wellawaya

Thanamalwila

Bibile

Medagama

Badalkumbura

Madulla

Siyambalanduwa

Kataragama

Sevanagala

3. Annual Action Plan

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The annual action plan had not been prepared by the District Secretariat at commencement of the financial year.

4. Accounts

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4:1 Total Provision and Expenditure

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The total net provision made for the Monaragala District Secretariat and 11 offices of Divisional Secretaries under it amounted to Rs.342,550,000. Of this, a sum of Rs.338,298,613 had been utilized by end of the year under review. Accordingly, the net savings of the District Secretariat and offices of Divisional Secretaries amounted to Rs.4,251,387 representing 1.24 % of the total net provision.

Expenditure	Estimated Provision	Net Provision	Actual Expenditure	Savings	Savings as a percentage of net Provision
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					%
Recurrent	241,400,000	241,400,000	237,507,345	3,892,655	1.61
Capital	101,150,000	101,150,000	100,791,268	358,732	0.35
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	342,550,000	342,550,000	338,298,613	4,251,387	1.24
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4:2 Utilization of Provision granted by other Ministries and Departments

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The provision granted by other Ministries and Departments for various activities aggregated Rs.1,172,587,245. Details of its utilization is given below.

Ministry / Department	Provision Received	Actual Expenditure	Savings as at 31 December 2010
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	Rs.	Rs.	Rs.
Ministry of Buddhasasana and Religious Affairs	2,593,231	2,153,241	439,990
Ministry of Defence	219,455	200,752	18,703

Ministry of Economic Development	619,752,368	440,015,629	179,736,739
Ministry of Disaster Management	5,130,619	4,789,927	340,692
Ministry of Justice	1,364,055	1,164,936	199,119
Ministry of Transport	255,600	255,600	0
Ministry of Agriculture	295,435	254,630	40,805
Ministry of Child Development and Women's Activities	22,418,635	19,943,896	2,474,739
Ministry of Public Administration and Home Affairs	8,350,147	8,251,087	99,060
Ministry of Social Services	4,787,985	4,544,152	243,833
Ministry of labour Relations and productivity promotion	707,108	692,927	14,181
Ministry of Traditional Industries and Small Enterprises	4,703,000	4,655,946	47,054
Ministry of Technology and Research	4,670,381	4,140,883	529,498
Ministry of National Languages and Social Integration	315,335	304,629	10,706
Ministry of Indigenous Medicine	2,500,000	2,500,000	0
Ministry of National Heritage and Cultural Affairs	3,000,000	3,000,000	0
Ministry of Resettlement	1,552,640	1,552,197	443
Ministry of Irrigation and Water Resources Management	833,796	705,867	127,929
Ministry of Land and Land Development	3,390,323	3,222,998	167,325
Ministry of Youth Affairs	241,986	178,623	63,363
Ministry of Environment	600,000	474,354	125,646

Ministry of Public Management Reforms	3,164,240	3,143,095	21,145
Ministry of Rehabilitation and Prison Reforms	490,000	425,000	65,000
Department of Buddhist Affairs	10,454,581	10,039,436	415,145
Department of Cultural Affairs	13,340	8,805	4,535
Department of Information	8,000	2,698	5,302
Department of Social Services	4,202,558	3,832,562	369,996
Department of Probation and Childcare Services	3,419,773	3,269,844	149,929
Department of the Commissioner General of Samurdhi	352,890,721	337,024,934	15,865,787
Department of Sports Development	2,699,127	0	2,699,127
Department of Immigration and Emigration	2,550	2,145	405
Department of Registration of Persons	12,444	10,962	1,482
Department of Census and Statistics	1,420,799	1,143,221	277,578
Department of Pensions	99,848,091	89,354,294	10,491,797
Department of the Register General	218,630	217,083	1,547
Land Commissioner's Department	4,832,036	4,576,448	255,588
Department of Food Commissioner	412,045	412,045	0
Department of Motor Traffic	818,211	572,232	245,979
Total	<u>1,172,587,245</u>	<u>957,037,078</u>	<u>215,550,167</u>

4:3 Audit and Scope of Audit

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The Appropriation Account incorporating the financial statements, reconciliation statements, books, registers and other reports of the District Secretariat, Monaragala for the year ended 31 December 2010 were audited under the 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 furnished to the District Secretary on 24 June 2011. Audit observations, comments and findings of the accounts and the reconciliation statements are based on a review of the accounts and the reconciliation statements presented to audit and substantive tests of samples of transactions. The scope and the extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staffs, other resources and time available to me.

4:4 Responsibility of the Chief Accounting Officer and the Accounting Officer with regard to accounts and reconciliation statements

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It is the responsibility of the Chief Accounting Officer / Accounting Officer to maintain, prepare and present fairly the Appropriation Account in accordance with 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 also includes the preparation, implementation and maintenance of internal control relating to the preparation and fair presentation of accounts and reconciliation statements which are free from material misstatements that may arise due to frauds or errors.

4:5 Audit observations regarding Accounts and Reconciliation Statements

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It was observed that the Appropriation Account and the Reconciliation Statements of the Monaragala District Secretariat had been satisfactorily prepared subjected to the general observations referred to at (a) to (c) and the audit observations referred to at Paragraphs 4.5 to 4.16 of the report, according to the financial statements and books as at 31 December 2010.

(a) Budgetary Variations

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- (i) As a result of the overprovision made in 4 Objects, the savings remaining after the utilization of provision ranged from 28% to 55 % of the net provision.
- (ii) A sum of Rs.82,438 remained as savings as a result of exceeding the need for transfer while transferring provision for 2 objects under the Financial Regulations 66 and 69.

(b) General Deposit Account

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- (i) Action had not been taken in terms of Financial Regulation 571 in respect of the balance of deposits amounting to Rs.4,338,238 exceeding 2 years at the offices of Divisional Secretaries at Wellawaya, Thanamalwila, Siyambalanduwa and Badalkumbura.
- (ii) The District Secretariat and the office of the Divisional Secretary Monaragala had transferred to the general deposit account a total sum of Rs.8,384,340 from the provision without obtaining the approval of the Treasury, contravening the provisions in Financial Regulation 215(3).

(c) Reconciliation Statement pertaining to Advances to Public Officers

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According to the Reconciliation Statement pertaining to Item No.27701 – Advances to Public Officers as at 31 December 2010, the arrears of balances recoverable as at that date aggregated Rs.5,332,923. The follow up action taken with regard to the recovery of those balances was weak.

4:6 Assets Management

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(a) Idle and under utilized assets

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A sum of Rs.467,500 had been spent on 7 October 2010 to purchase 11 computer software systems for 11 offices of Divisional Secretaries. No training had been given with regard to the usage of these systems, before purchasing them. The handbooks relating to the system too had not been supplied. It was observed that this system was not in a working condition even as at 9 March 2011.

(b) Unsettled Liabilities

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- (i) The unsettled liabilities of the District Secretariat and the offices of Divisional Secretaries which were less than 1 year as at 31 December 2010 were valued at Rs.313,765.
- (ii) Bindings of liabilities exceeding the annual provision in 3 objects amounted to Rs.146,972.
- (iii) During the year under review, liabilities aggregating Rs.49,691 had not been accounted for.

4:7 Non-compliance

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

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Instances of non compliance with laws, rules and regulations observed at audit tests checks are analyzed below.

Reference to Laws, Rules and Regulations	Value	Non compliance
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	Rs.	
(i) Financial Regulation		
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• 104(3) and 104(4)	Not computed	Non submission of preliminary and final reports with regard to the accident caused to the cab of the Wellawaya Divisional Secretary's office in 2002.
• 104(4)	Non computed	Non submission of final report in terms of Financial Regulation 104(4) even as at 9 March 2011 with regard to the accident caused to the jeep of

the Ministry of Nation Building and Estate Infrastructure Facilities on 4 April 2009.

- 60,000 Payment made to the supplier by the office of the Divisional Secretary, Siyambalanduwa even before obtaining the goods.

(ii) Circular Provision

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Public Administration Circular

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Circular No.13/2008(ii) dated 24 March 2009

335,010 Non receipt of the approval from the Secretary to the Ministry with regard to the 4,565 litres of fuel obtained in excess of the limit specified for vehicles allocated to the Divisional Secretaries of Madulla, Bibile, Monaragala and Kataragama.

(iii) Circulars of the Ministry

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Circular of the Secretary to the Ministry of Environment and Natural Resources No.01 – 2007 dated 31 July 2007.

- Licences obtained by the Divisional Secretary, Badalkumbura for transport of household furniture on 60 occasions, contravening this circular .



(b) Non-compliance with Tax Requirements

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The offices of Divisional Secretaries Badalkumbura and Monaragala had paid Rs.101,849 and Rs.29,615 respectively to suppliers without recovering withholding tax, in terms of provisions in Section 153 of the Inland Revenue Act No.10 of 2006.

4:8 Weaknesses in Implementation of Projects

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(a) Abandoning Projects without commencement

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A sum of Rs.499,998 had been spent by the Medagama Divisional Secretary's office under the 2007 decentralized provision for establishing a coir dust biogas unit and a carbonic fertilizer production centre. The items purchased were 250 tin sheets, 1,200 metres of Alkathene Tubes and 1,123 metres of killer Hose. But, the project had not commenced even by 2 November 2010 and the items purchased remained at the office premises.

(b) Projects not obtaining the expected Benefits

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I. The office of the Thanamalwila Divisional Secretary entrusted the job relating to planting small trees in the vicinity of Indurugaswewa tank to an approved society by utilizing the provisions of the Sri Lanka Samurdhi Authority. In this connection, a sum of Rs.177,750 had been paid to the society as at 31 December 2010 after deducting the retention money. There were shortcomings such as planting without clearing the shrubs in the vicinity of the tank, not planting the required number and not erecting fences to protect the plants. It was observed that in spite of these shortcomings the above amount had been paid to the approved society by preparing a report stating that the work had been properly carried out while the benefit expected from the expenditure made had not been obtained.

II. The Divisional Secretary's office had incurred an expenditure of Rs.5,655,984 by utilizing the provisions of the Ministry of Rural Industries and Self Employment Promotion to construct a common amenities centre for the food processing production centre at Nagahamada. The following deficiencies were observed at an inspection carried out on 3 March 2011.

- The constructed building which had been handed over remained without being used till 3 March 2011.
- Water was seeping inside the sales stall of the building due to improper joint connections on the roof.
- Certain electricity spare parts fitted at the sales stall of the building had been stolen.

4:9 Shortcomings in the operation of Bank Account

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Balances to be Adjusted

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Information revealed as per analysis regarding adjustments shown in the bank reconciliation statements prepared by the District Secretariat and 7 Offices of Divisional Secretaries for the month of December 2010 is shown below.

Details of Adjustments	Age Analysis		Total
	Over 6 months and less than one year	Over one year and less than 3 years	
	Rs.	Rs.	Rs.
Unrealized Deposits	1,170	200	1,370
Cheques issued, but not presented for payments	106,982	67,495	174,477
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	108,152	67,695	175,847
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4:10 Transactions of a contentious Nature

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Certain transactions of the District Secretariat and the Badlkumbura Divisional Secretary's Office were of contentious nature. Details of certain transactions so revealed at test checks are shown below.

(a) Districts Secretariat

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Two drivers who had retired long ago remained in government quarters. So far, adequate legal action had not been taken to eject them. Their pensionary documents had been released before handing over the quarters.

(b) Badalkumbura Divisional Secretary's Office

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A sum of Rs.485,820 had been paid to suppliers in September 2010 to purchase 24,327 "Seeni Kesel" plants by using the provisions of the Sri Lanka Samurdhi Authority. The following observations are made in this connection.

- I. The number of plants purchased had been shown as 24,327. But, the number of plants distributed as per distribution register was 22,870. Accordingly, there was a shortage of 1,457 plants. But, payments had been made for the entire 24,327 plants.
- II. 20,862 "Seeni Kesel" plants had been purchased for 2 Grama Niladhri Areas Ranugalla and Ankada. But, the number of plants distributed as per distribution register was 22,470. Accordingly, 1,608 plants had been distributed in excess of the number of plants purchased. Thus, it was observed that the distribution register had been erroneously prepared.
- III. An on the spot investigation made on 19 November 2010 with regard to 3 beneficiaries revealed that they had received 610 plants less than what was entered in the distribution register maintained for individual distribution.

4:11 Irregular Transactions

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Certain transactions entered into, by the District Secretariat and 3 offices of Divisional Secretaries were irregular. A few such instances observed are shown below.

(a) Deviation from Procurement Procedure

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- I. The District Secretariat had split 2 jobs valued at Rs.6,787,835 exceeding a sum of Rs.2 million into 4 parts and distributed the work to 3 approved societies, contravening 1.2.1 and 3.2 of the Procurement Procedure.

- II. The District Secretariat and the Moneragala Divisional Secretary's Office had paid Rs.470,197 had 252,915 respectively to repair 2 vehicles and 1 vehicle respectively without obtaining the approval of the Secretary to the Ministry, as required by 9.3.1(b) of the Procurement Procedure.
- III. An officer from an external source had not been included in the Procurement Board of the Department as per 2.7.7 of the Procurement Procedure and a price analysis report had not been prepared as per Section 2.11.3 during the purchases made by the Sevenagala Divisional Secretary's Office and the Badalkumbura Divisional Secretary's office which amounted to Rs.674,308 and Rs.2,912,550 respectively.
- IV. Goods valued at Rs.818,555 had been purchased on 4 instances by the Bibile Divisional Secretary's office without following the provisions in the Procurement Procedure.
- V. A duplo machine valued at Rs.229,000 had been purchased by the Medagama Divisional Secretary's office on 31 December 2010. In this connection, a technical evaluation report had not been obtained as per 2.11.3 of the Procurement Procedure.

(b) Transactions without Authority

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- I. The expenditure incurred on fuel based on the fuel allowances and bills relating to the official vehicles of the District Secretary compared with the number of kilometers performed appeared to be abnormal. An expenditure of Rs.80,570 in excess of the fuel required for the distance travelled during the 5 months, namely, June, July, August, September and November had been incurred. The approval of the Secretary to the Ministry had not been obtained for the 5,276 litres of fuel valued at Rs.387,275 consumed during 2010 exceeding the limits entitled for fuel, as per public Administration Circular No.13/2008 dated 26 June 2008.
- II. The expenditure incurred in excess of the fuel required for the distance travelled during the 5 months of February, June, July, September and November 2010 for a vehicle allocated to an officer of the District Secretariat amounted to Rs.24,146. The approval of the Secretary to the Ministry had not been obtained for 2,745 litres of fuel valued at Rs.201,494 consumed in excess of the approved limits during 2010.

- III. A vehicle allocated to an officer had been handed over to a garage for repairs in October 2010. A sum of Rs.8,808 had been paid as fuel allowances entitled to the officer concerned for that month too.
- IV. The value of the mobile phone purchased by spending Rs.49,840 on 26 August 2010 by the District Secretariat without proper authority had not been recovered from the officer concerned.

4:12 Losses and Damages

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Divisional Secretary's Office, Badulla

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(a) A sum of Rs.31,581 had been paid in excess while purchasing 261 mamoties under the decentralized provision, as a result of purchasing it from another institution without purchasing them from the manufacturing organization.

(b) Divisional Secretary's office, Kataragama

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A sum of Rs.130,888 had been remitted to the account of a pensioner who had expired in April 2009, as pension for 7 months. The amount overpaid as pension had not been recovered even as at 9 December 2010.

4:13 Operating Inefficiencies

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(a) The District Secretariat had erroneously debited expenditure aggregating Rs.533,294 to other objects without considering the objectives and nature of each object. Capital expenditure amounting to Rs.3,248 had been debited to recurrent object and recurrent expenditure amounting to Rs.84,270 had been debited to 2 capital objects.

(b) The expenditure of Rs.24,579 had been erroneously debited to an object by the Bibile Divisional Secretary's office and the expenditure of a capital nature amounting to Rs.46,500 had been debited to the recurrent object by the Thanmalwila Divisional Secretary's office.

- (c) A sum of Rs.10,000,000 had been received by the District Secretariat from the Department of Treasury Operations on 23 March 2010 for purchases of paddy during the year 2010. Of this, a sum of Rs.4,000,000 only had been spent. The balance of Rs.6,000,000 remained in the account for about 9 months without being used and had been returned to the Department of Treasury Operations on 31 December 2010.
- (d) Five cheques valued at Rs.597,608 drawn by the Divisional Secretary's office, Monaragala on 31 December 2010 had not been handed over to the clients even by 1 March 2011.
- (e) The District Secretariat and 7 offices of Divisional Secretaries had purchased 1162 unit of goods from 2004 to 2009. Action had not been taken to distribute them upto 30 November 2010.
- (f) Loans had been granted under the Livelihood Development Programme by 7 offices of Divisional Secretaries. These had not been properly recovered. The arrears of loans recoverable as at 31 December 2010 amounted to Rs.7,713,930.
- (g) The amount received for restoration of the Sevenagala Vijaya Samurdhi Tank under the provision of the Ministry of Disaster Management on 13 September and 8 November 2010 aggregated Rs.4,000,000. But, even an estimate had not been prepared upto 9 March 2011.
- (h) The loans granted for various projects by the Samurdhi Bank Association relating to the Divisional Secretaries offices at Thanmaliwila, Medagama, Bibile, Badalkumbura, Kataragama and Sevanagala had not been properly recovered. The arrears of loans as at 31 December 2010 amounted to Rs.15,879,669.

4:14 Evidence unavailable for Audit

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The number of plants, seeds, fertilizer and chickens purchased at a value of Rs.3,019,500 by the Bibile Divisional Secretary's office under the Samurdhi Livelihood Development Programme in 2010 had not been entered in the stock book. The register showing distribution to beneficiaries had not been furnished for audit.

4:15 Human Resources Management

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- (a) Approved cadre and Vacancies

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 The position relating to cadre as at 31 December 2010 is as follows.

Category of Employee	Approved Cadre	Actual Cadre	No. of Vacancies
Senior Level	39	37	02
Tertiary Level	23	05	18
Secondary Level	637	534	103
Primary Level	112	94	18
Casual / Substitute	-	08	-
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Total	811	678	141
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4:16 Internal Control

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 (a) Internal Audit

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 Adequate internal audit had not been carried out by the Internal Audit Unit with regard to the transactions of the District Secretariat and offices of Divisional Secretaries.

(b) Implementation of Management and Audit Committee

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 The management and audit committee had not adequately functioned during the year under review.