

Appropriation Head 272 - District Secretariat, Kurunegala

**Auditor General's Report of the accounts relating to the District Secretariat Kurunegala
and Offices of Divisional Secretaries coming thereunder**

1. Main objectives of the District Secretariat

- (i) Co-ordination and guidance required to implement development programmes, projects and powers and responsibilities vested by statutory provisions in conformity with the government objectives.
- (ii) Maintaining better co-ordination with the security forces to maintain law and order in the district and to ensure security of the people.
- (iii) Functioning as an agent of other government institutions and as a centre for collection of government revenue and accounting.

2. Offices of Divisional Secretaries under the District Secretariat

Kurunegala	Ridigama
Pannala	Mallawapitiya
Wariyapola	Maspotha
Ibbagamuwa	Bingiriya
Ganewatta	Narammala
Mahawa	Polpithigama
Giribawa	Galgamuwa
Ambanpola	Ehatuwewa
Panduwasnuwara (West)	Nikaweratiya
Panduwasnuwara (East)	Kobeigane
Kuliyapitiya (West)	Rasnayakapura
Kuliyapitiya (East)	Kotavehera
Alawwa	Weerambagedara
Mawathagama	Bamunakottuwa
Polgahawela	Udubaddawa

3. Annual Action Plan

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

4. Accounts

4:1 Total Provision and Expenditure

 A sum of Rs.892,850,000 had been provided to the District Secretariat, Kurunegala and 30 offices of Divisional Secretaries coming thereunder. Of this, a sum of Rs.852,427,429 had been utilized by end of the year under review. Accordingly, the savings amounted to Rs.40,422,571 which represented 4.52 % of the total net provision. Details are as follows.

Expenditure	Estimated Provision	Net Provision	Expenditure	Savings	Savings, as a percentage of Net Provision
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	Rs.	Rs.	Rs.	Rs.	%
Recurrent	839,450,000	839,450,000	801,862,689	37,587,311	4.47
Capital	53,400,000	53,400,000	50,647,740	2,835,260	5.3
Total	842,850,000	892,850,000	852,427,429	40,422,571	4.52
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4:2 Utilization of Provision received from other Ministries and Departments

 Provision amounting to Rs.4,613,190,179 had been received from other Ministries and Departments for various activities, as shown below. Details of utilization thereof is shown below.

Expenditure Head	Ministry / Department	Provision	Actual Expenditure	Savings/Excess (As at 31 December 2010)
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		Rs.	Rs.	Rs.
101	Ministry of Buddhasasana and Religious Affairs	600,000	598,720	1,280
103	Ministry of Defence	217,820	202,017	15,803
105	Ministry of Economic Development	1,610,182,723	1,207,655,255	402,527,468
106	Ministry of Distress Management	6,911,313	6,290,000	621,313

110	Ministry of Justice	4,556,436	3,437,263	1,119,173
116	Ministry of Co-operatives and Internal Trade	75,000	75,000	0
118	Ministry of Agriculture	266,729	124,676	142,053
120	Ministry of Child Development and Women's Affairs	18,100,143	18,100,143	0
121	Ministry of Public Administration and Home Affairs	2,545,514	2,497,863	47,651
124	Ministry of Social Services	10,327,355	10,019,292	308,063
127	Ministry of Labour Relation and	911,392	871,156	40,236
133	Ministry of Technology and Research	14,926,023	12,265,275	2,660,748
134	Ministry of National Languages and Social Integration	211,505	208,697	2,808
139	Ministry of Fisheries and Fisheries Resources Development	2,254,614	493,329	1,761,285
142	Ministry of National Heritage and Cultural Affairs	7,803,539	4,631,389	3,172,150
145	Ministry of Re-settlement	2,356,292	2,091,823	264,469
152	Ministry of Irrigation and Water Resources Management	1,056,101	958,521	97,580
153	Ministry of Land and Land Development	52,507,305	51,982,180	525,125
156	Ministry of Youth Affairs	696,270	558,088	138,182
160	Ministry of Environment	10,343,000	1,760,595	8,582,405
201	Department of Buddhist Affairs	34,813,623	31,999,644	2,813,979
203	Department of Christian Religious Affairs	65,000	65,000	0
206	Department of Cultural Affairs	9,500	9,500	0
210	Department of Information	8,000	7,999	1
216	Department of Social Services	10,187,790	9,790,549	397,241
217	Department of Probation and Childcare Services	10,282,080	10,095,568	186,422
218	Department of the Commissioner General of Samurdhi	1,011,979,273	996,974,470	15,004,803
219	Department of Sports Development	2,770,588	121,500	2,649,088
226	Department of Immigration and Emigration	19,995	17,115	2,880
227	Department of Registration of Persons	28,518	27,056	1,462
252	Department of Census and Statistics	4,622,298	3,582,944	1,039,354
253	Department of Pensions	1,357,912,365	1,274,539,349	83,373,016
254	Department of the Registrar General	849,602	547,130	302,472
282	Department of Irrigation	430,165,505	386,489,880	43,675,625
286	Land Commissioner's Department	11,100	6,750	4,350
307	Department of Motor Traffic	765,868	599,722	166,146
	Independent Postage	1,850,000	1,850,000	0
	Total	4,613,190,179	4,041,545,548	571,644,631

4:3 Audit and Scope of Audit

The Appropriation Account incorporating the financial statements, reconciliation statements, books, registers and other reports of the District Secretariat, Kurunegala 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 Kurunegala on 14 September 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 staff, 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

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

It was observed that the Appropriation Account and the Reconciliation Statements of the Kurunegala 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 4.6 to 4.17 of the report, according to the financial statements and books as at 31 December 2010.

(a) Budgetary Variations

As a result of the overprovision in 9 objects under Head 272, the savings after utilization of provision ranged from 12 to 56 percent.

(b) General Deposit Account

(i) Action had not been taken in terms of Financial Regulation 571 with regard to balances of 406 deposits amounting to Rs.32,954,768 which had exceeded a period of 2 years.

(ii) The sum of Rs.6,596,167 given by other ministries had not been utilized for the said purposes. Instead, it had been retained in the Deposit Account.

- (iii) The deficiencies at the Ridigama Divisional Secretary's Office of the Gama Neguma Projects had not been settled. As a result, retention money pertaining to 6 areas amounting to Rs.189,974 and a sum of Rs.536,262 relating to 29 project had been retained in the General Deposit Account.

(c) Reconciliation statements relating to Advances to Public Officers

- (i) The arrears of balances as per Item No.27201 – Advances to Public Officers' Advances as at 31 December 2010 aggregated Rs.2,813,100. Recovery of those arrears of balances was weak.
- (ii) Loans amounting to Rs.539,260 had been paid by the District Secretariat without following the provisions in regulations for payment of loans.
- (iii) A difference of Rs.32,175 was observed between the balances of individual accounts and the balances of Control Accounts at the District Secretariat.

4:6 Assets Management

(a) Idle and Under Utilized Assets

It was observed at audit test checks that certain assets remained idle or under utilized as analysed below.

Type of Asset	No. of units	Idle / under utilized period	Related District Secretary's Office
		Years	
(i) Buildings	1	2	Mawathagama
	1	2	Ibbagamuwa
	1	5	Alawwa
(ii) Vehicles	1	1	Ridigama
(iii) Machinery	2	1	Ganewatta

- (iv) An extensive crown land of 70 acres at the Ganewatta Divisional Secretary's Area had been given on lease rent to an Agrarian Company. However, that company had not utilized it so as to obtain maximum benefit.

(b) Irregular usage of assets belonging to other institutions

 It was observed at audit test checks that the Kurunegala District Secretariat had utilized the following assets belonging to the Wayamba Provincial Council. Details are shown below.

Type of Asset	Institute Owning the Asset	Number, Units or Qty.	Value	Period
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			Rs.	
Vehicles	Wayamba Provincial Council	6	-	From 1989
Workshop and Office Equipment	Asian Development Bank Project	-	200,000	From 1983

(c) Unsettled Liabilities

 The unsettled liabilities of the Direct Secretariat, Kurunegala which were less than 1 year as as 31 December 2010 amounted to Rs.83,708.

4:7 Non-compliance

 Non Compliance with Laws, Rules, Regulations etc.

 Instances of non compliance with laws, rules and regulations observed at at audit test checks are analysed and shown below.

Reference to Laws, Rules, Regulations and Management Decisions	Value	Non compliance
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	Rs.	
(i) <u>Statutory Provisions</u> Section 8(1)(2),10,17,(i) and 86(1)	304,000	Action not being taken to acquire land for non payment of tax and instalments.

(ii) Establishments Code		

Chapter XII		- 41 days of excess leave out of the
Section 8:2:1		Island being obtained by a lady
		Divisional Secretary.
(iii) Financial Regulation		

(a) Financial Regulation	158,400	Non preparation of a report relating
104		to the damage and loss caused to the
		vehicle No.52-6196 of the Maspotha
		Divisional Secretary's Office as a
		result of the accident.
(b) Financial Regulations	1,310,125	Retention of 28 cheques issued
137,138,139		during the year under review at
		offices of Divisional Secretaries
		even as at 31 December 2010.
(iv) Circular Provisions		

Public Administration		
Circular		

(a) Paragraph 2 (IV) No.5 of		
the Instructions in Jatika		
Saviya – Gama Neguma		
dated 29 May 2007.	402,749	Overpayments to the contractors.
(b) Circular No.2008/13(ii)	138,253	(i) Fuel supplied to 2 Divisional
Dated 24 March 2009		Secretaries exceeding the
		limits specified.
	43,793	(ii) Usage of 585 litres of fuel
		exceeding the limits specified
		by the Divisional Secretary,
		Panduwasnuwara (East)
		during the first 8 months of
		2010 itself.
(c) Circular	50,696	Overpayment of holiday pay to 6
No.සවක/ම/ශීඵ/2010		officers of the Divisional

dated 22 November 2010

Secretary's office Mahawa.

4:8 Weaknesses in Implementing Projects

 Instances observed at audit test checks with regard to abandoning projects without commencement, abandoning projects without completing them and delays in projects are shown below.

(a) Abandoning Projects without commencement

 The District Secretariat had not commenced the following projects.

Project	Estimated Cost	Expected date of commencement	Reasons for non commencement, in brief
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	Rs.		
282 Projects under Jathika Saviya - Gama Neguma decentralized and other departmental provision	131,825,004	March to December 2010	(i) Climatic reasons (ii) Inadequate time and provision

(b) Abandoning Projects without Completion

 Although the following projects had been commenced by offices of Divisional Secretaries under the District Secretariat, those projects had been abandoned without completion.

Project	Estimated Cost	Date of Commencement	Expenditure as at 31 December 2010	Reasons for Abandoning
-----	-----	-----	-----	-----
	Rs.		Rs.	
Concreting the Kuliyaipitiya (East) Mahagama Community Centre Road	449,252	18.11.2010	338,260	Delay in furnishing bills

(c) Delays in Fulfilment of Projects

Delays in fulfilment of the following projects by 12 officers of Divisional Secretaries under the District were observed.

Project	Estimated Cost	Date of Commencement	Expected date of completion	Expenditure as at 31 December 2010	Reason for Delay
	Rs.	Rs.		Rs.	
58 Projects under Jathika Saviya – Gama Neguma Decentralized and Other Provision	304,957,289	December 2010	31.12.2010	48,485,282	Delay in approving the project, shortage of raw materials and climatic reasons.

(d) Projects without progress although money had been Released

(i) An estimated expenditure of Rs.5,232,790 had been paid to the Electricity Board by the Ridigama Divisional Secretary's office for 10 electricity projects under the 2009 – 2010 Jathika Saviya – Gama Neguma Development Programme. However, the construction had not been done even as at 15 December 2010.

(ii) A sum of Rs.99,999 had been obtained in 2007 for constructing the Panduwasnuwara (East) Daham Pasal Building under the Jathika Saviya – Gama Neguma. The building had not been constructed even as at 31 December 2010.

(e) Projects commenced after delays

Although provision had been released to fulfil the following work under the Jathika Saviya Gama Neguma, the commencement of work had been delayed till December 2010.

Office of the Divisional Secretary	Work	Funds Released	Expected date of Commencement	Period of Delay
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		Rs.		
Ganewatte	Concreting 6 Roads Construction of 2 culverts	} 5,202,026	October 2010	3 months
Ridigama	Concreting 2 Roads			

(f) Money Released without supply of funds and services

The Divisional Secretary's office, Mahawa had purchased of computers on 31 December 2010 by spending Rs.485,500 and had issued then to the officer in charge of the Mhawa Cultural Centre on 12 January 2011. However, it was revealed at the field inspection carried out on 3 February 2011, that there was no computer unit at the Cultural Centre and those computers had not been received at the Centre.

4:9 Performance

The observations regarding the progress of the District Secretariat and office of the Divisional Secretaries coming therunder, as per Annual Estimates / Action Plan for the year 2010 are shown below.

(a) Inadequate fulfilment of Key Functions

Key functions of 3 offices of Divisional Secretary's had not at all adequately, fulfilled and certain instances observed are shown below.

- (i) Allawwa Divisional Secretary's Office had incurred an expenditure of Rs.149,816 on spreading gravel on the Keppitiwalana Mahayaya Road under the the Decentralized Budget. A field inspection carried out on 23 February 2011 revealed that gravel had not been spread on the surface

of the road. Instead, a little quantity of gravel had been spread on the surface of the road where soil had been spread.

- (ii) Six projects of concreting the road, had been done at the Rasnayakapura Divisional Secretary's area from 2007 to 2010 under the Jathika Saviya – Gama Neguma. Deficiencies such as stripping of stones, the required distance not being concreted, lack of adequate number of beneficiaries and gravel not being filled as specified.
- (iii) Four roads had been concreted at he Paduwasnuwra (East) Divisional Secretary's Area under the Jathikasaviya – Gama Neguma. An on the spot inspection revealed that the required thickness of concrete had not been made use of and stones had stripped out of the surface of the road.
- (iv) Factory and office equipment valued at Rs.200,000 received by the Divisional Secretary, Nikaweratiya in 1993 had not been utilized even as at 31 December 2010.

4:10 Deficiencies in Operating Banks Accounts

(a) Dormant Bank Account

A bank account maintained by the Ibbagamuwa Divisional Secretary's office remained dormant for 12 years and 3 months as at 31 December 2010. The amount remained dormant was Rs.20,322.

(b) Balances to be Adjusted

According to the analysis of the adjustments shown in the bank statements prepared by 2 offices of Divisional Secretaries, cheques issued and remaining unrepresented for payments ranged from 6 months to 1 year and they were valued at Rs.13,208.

4:11 Transactions of a contentious Nature

A sum of Rs.192,300 had been paid to the contractor by the Mallavapitiya Divisional Secretary's Office stating that all items of work had been completed while 12 items of work had not been completed.

4:12 Irregular Transactions

Certain transactions of 13 offices of Divisional Secretaries were irregular. Certain instances observed are shown below.

Deviation from the Procedure noted in the Procurement Guideline

The following instances were observed.

- (a) Provisions in paragraphs 3.9.1 and 3.9.2 of the Procurement Guideline 2006 had been deviated with regard to projects of Jathika Saviya – Gama Neguma carried out by office of Divisional Secretaries at Panduwanuwara (East), Ibbagamuwa, Alawwa, NIKaweratiya, Ridigama, Kurunegala Maspotha, Mallawapitiya, Narammala, Udubaddawa, Polgahawela, Kotavehera and Panduwasnuwara (West)
- (b) Ridigama Divisional Secretary's Office had given on lease a portion of the crown land for one year commencing from 18 December 2008 at a floor rent of Rs.240,000 per year for constructing a media tower and for necessary usage without proper agreement.

4:13 Losses and Damages

A vehicle belonging to the vehicle pool of the Kuliypitiya (East) Divisional Secretary's office had met with an accident on 29 March 2002 resulting in a loss of Rs.119,641 while the loss caused to the vehicle No.54-7730 of the Kurunegala District Secretariat was Rs.39,100. These losses had become irrecoverable.

4:14 Uneconomic Transactions

An advance of Rs.197,000 had been paid for constructing the water component of the Ambagahawewa (West) Divisional Secretary's Area. The work had been completed by end of June 2010. But, it could not be used due to the disturbed condition prevailing in the land. Similarly, it was observed at an on the spot inspection carried out in October 2010, that the clay grinding machine installed in 2007 by spending by Rs.650,000 too remained without being used.

4:15 Operating Inefficiencies

A summary of operating inefficiencies observed at test checks are shown below.

- (a) Scraps not included in the board of survey reports as at 31 December 2010 and many goods recommended for disposal remained stocked at the official residences of the Alawwa and Polgahawela Divisional Secretaries.
- (b) Of the 9 projects expected to be completed with regard to the development of model villages at the Velgala gram Niladhari Area of the Ibbagamuwa Divisional Secretary's Division, only 8 projects had been completed. A sum of Rs.2,845,586 had been spent as at 31 December 2009 for constructing the Velgala Nenasala and Village Secretary's Office stages I to II only. The playground constructed by spending Rs.1,705,835 too remained unused. Although the ground floor of the 3 unit Community Centre had been constructed, the construction work had not been completed.
- (c) Twelve road concreting projects under the Jathika Saviya Gama Neguma of Mallawapitiya Divisional Secretary's office for the period 2007 to 2010 were subjected to physical verifications. Stones stripped on the surface of the road, hinges not being properly fixed and soil not filled on either side were the deficiencies in 6 of these projects.
- (d) A Gama Niladhari attached to the Ridigama Divisional Divisional Secretary's Office had been paid salaries for 10 years from the date of his appointment without his educational qualifications being confirmed during the probationary period.
- (e) Sixty five coconut trees had been cut and sold in a land given on a lease to a company on a long term lease. Proper action had not been taken by the Ganewatta Divisional Secretary in terms of the lease agreement with regard to the misconduct of the lessee.
- (f) The office of the Divisional Secretary Kuliypitiay (East) had not taken action to recover the arrears of licence fees amounting to Rs.36,500 from 5 lessees who owned licences for breaking metal stones.
- (g) Fines amounting to Rs.,547,000 recoverable for the period 1999 to 2007 as per agreement for the long term lease of a crown land at the Panwatte Divisional Secretary's Area and the lease rent of Rs.695,312 for the period 2008 to 2010 totalling Rs.1,242,312 had not been recovered.

4:16 Human Resources Management

(a) Approved Cadre and Vacancies

The position of cadre as at 31 December 2010 is as follows.

Category of staff	Approved Cadre	Actual Cadre	No of Vacancies
(i) Senior Level	160	138	22
(ii) Secondary Level	264	2506	115
(iii) Primary Level	297	257	40
Sub total	3078	2901	177

4:17 Internal Control

(a) The internal audit unit had checked paid vouchers of the offices of Divisional Secretaries of the District Secretariat and furnished reports. However, the prime objective required by the Financial Regulation 133 had not been fulfilled as the internal audit had functioned without a plan.

(b) Implementation of Audit and Management Committee

Action had not been taken even at the end of December 2010 to establish Audit and Management Committee as per instructions of the Public Finance Circular No.PF/PE/07 of 15 March 2000 and the Circular issued by the Secretary to the Treasury No.PF/FS/04(xii) of 28 August 2006.