

Appropriation Head – 274 – District Secretariat Anuradhapura
Report of the Auditor General - Year 2012

1:1 Key Activities of the District Secretariat

- (a) Initiation of poverty distribution and management
- (b) Administration of disaster relief and rehabilitation projects
- (c) Planning and administration of development projects
- (d) Co-ordination of elections
- (e) Administration and operation of districts projects
- (f) Collection of income
- (g) Co-ordinate government activities and to carry out functions assigned by law through officers and organization at the divisional and village levels
- (h) Act as representative of other Ministries and Departments
- (i) Assist in the functions of the Provincial Council

1:2 Divisional Secretariats under the District Secretariat

- | | |
|------------------------------|-----------------------|
| (a) NuwaragamPalatha East | (l) Medawachchiya |
| (b) NuwaragamPalatha Central | (m) Padaviya |
| (c) Thalawa | (n) Palugaswewa |
| (d) Galenbindunuwewa | (o) Horowpathana |
| (e) Mahavilachchiya | (p) Kebithigollewa |
| (f) Rambewa | (q) Kekirawa |
| (g) Mihintale | (r) Kahatagasdigiliya |
| (h) Palagala | (s) Thambuththegama |
| (i) Nochchiyagama | (t) Sravasthipura |
| (j) Ipalogama | (u) Thirappane |
| (k) Galnewa | (v) Rajanganaya |

1:3 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the Anuradhapura District Secretariat for the year ended 31 December 2012 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 04 December 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 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 Observations

It was observed that except for the general observations referred to herein and the main audit findings referred to a paragraph to 1.6 to 1.14 below, the Appropriation Account and the Reconciliation Statements of the Anruadhapura District Secretariat had been satisfactorily prepared as per financial reports and books as at 31 December 2012.

(a) Non-maintenance of Registers and Books

It was observed at audit test checks that the District Secretariat had not maintained the following registers.

Type of Register -----	Related Regulation -----
Register of Fixed Assets	Treasury Circular No. 842 of 19 December 1978.
Register of Liabilities	Financial Regulation 211

(b) Appropriation Account

The total net provision allocated to the District Secretariat during the year under review was Rs.1,137,122,834. Of this, a sum of Rs.1,114,466,967 had been utilized by end of the year. Accordingly, the net savings amounted to Rs.23,055,867 and it was 2.03 per cent of the total net provision. Details are as follows.

Expenditure -----	Estimated Provision as at 31 December 2014 ----- Rs.	Net Provision as at 31 December 2012 ----- Rs.	Savings as at 31 December 2012 ----- Rs.	Savings as a Percentage of net Provision -----
Recurrent	470,975,000	599,822,834	3,784,880	0.63
Capital	61,100,000	537,700,000	19,270,987	3.58
Total	532,075,000 =====	1,137,522,834 =====	23,055,867 =====	2.03

(i) Budgetary Variations

* The total net provision of Rs.25,000 allocated for an object remained unspent.

* There were overprovisions in 07 Objects. As a result, the savings after utilization of provision amounted to Rs.1,914,534 and it ranged between 6 to 58 per cent of the respective provisions of those objects.

(ii) Utilization of Provision given by other Ministries and Departments

The District Secretariat had received Rs.3,510,917,854 and Rs.1,386,918,092 respectively totalling Rs.4,897,835,947 from 17 Ministries and 13 Departments for various purpose. Of these, a sum of Rs.4,550,746,309 made up of Rs.3,291,366,793 and Rs.1,259,379,517 respectively had been utilized by end of the year under review. Accordingly, the savings by end of the year under review amounted to Rs.347,089,638 or 7.09 percent of the provision obtained. Of the above provision, the savings relating to the provision obtained from the Ministry of Co-operatives and Internal Trade and the Department of Information was not 100 per cent and the savings relating to the provision obtained from the Ministry of Defence and Urban Development, the Ministry of Agriculture and the Department of Cultural Affairs were 57, 67 and 96 per cent respectively.

(c) Advance to Public Officers' Account

Limits Authorized by Parliament

The limits authorized by Parliament and the actual values relating to the Item No. 27401 – Advance to Public Officers' Account appear below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
60,000,000	46,558,642	40,000,000	62,660,296	215,000,000	159,045,708

According to the reconciliation statement of Item No. 27401 – Advances to Public Officers' Account as at 31 December 2012, the arrears of balances as at that date aggregated Rs.3,876,243. It was failed to recover those arrears of balances

(d) Imprest Account

The debit balance of Rs.255,872 in the Imprest Account of the District Secretariat as at 31 December 2012 had not been settled by 30 April 2013. Of these balance, a sum of Rs.210,872 exists from the year 2008.

(e) General Deposit Accounts

The total of balance of General Deposits Accounta of the District Secretariat and 22 Divisional Secretariats as at 31 December 2012 was Rs.259,509,929. The following observations are made in this connection.

- (i) Action had not been taken in terms of Financial Regulation 571 with regard to 27 deposits amounting to Rs.10,636,845 which had exceeded a period of 2 years.
- (ii) The ad hoc imprest obtained should be settled immediately after the purpose is over in terms of Financial Regulation 371. However, out of the advances of Rs.651,225 paid out of the provision obtained for the Ministry of Irrigation Management and Indigenous Medicine, the ad hoc imprest of Rs.184,800 had been settled after a delay of 69 to 231 days after completion of work.

1:6 Good Governance and Accountability

1:6:1 Corporate Plan

According to the letter No. PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of Public Finance referred to all Secretaries of Ministries, Chief Secretaries of Provincial Councils, Heads of Departments, District Secretaries and the Heads of Local Authorities, a Corporate Plan at least for a period of 03 years from the year 2010 should have been prepared by the District Secretariat at the beginning of the year. But, that Plan had been prepared and forwarded to audit on 06 March 2013.

1:6:2 Annual Action Plan

Even though the District Secretariat should prepared the 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 at 1.6.1 above, the Action Plan for the year under review had not been prepared even by 31 December 2012.

1:7 Assets Management

(a) Idle Assets

- (i) Five vehicles of 5 Divisional Secretariats remained idle for 5 years.
- (ii) Various goods valued at Rs.58,800 had been purchased by the Galnewa Divisional Secretariat under the decentralized provision for distribution. These had been kept at the stores for 2 years without being distributed to the respective institutions/ persons.

(b) Assets given to Outside Parties

A building of the Kekirawa Divisional Secretariat and 2 official quarters of the Kebithigollewa Divisional Secretariat had been released to the Provincial Ministry of Veterinary and Agriculture and the Sarvodaya Institute and Civil Defence Task Force since 2009 and 2010 respectively without proper authority.

(c) Unsettled Liabilities

- (i) The unsettled liabilities of the District Secretariat as at 31 December 2012 was Rs.1,300,445 and these existed for less than one year. In addition, the liabilities shown in the Appropriation Account without particulars amounted to Rs.352,578.
- (ii) Liabilities exceeding the provision in 4 objects amounted to Rs.1,120,826.

1:8 Non-compliance

 Non-compliance with Laws, Rules, Regulations etc.

Instances of non-compliance observed at audit test checks are analyzed and shown below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
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(i) Statutory Provisions		
-----	Rs.	
Gazette Extra Ordinary of the Government No.1600/18 of 06 May 2009	2,775,000	State revenue to be recovered with regard stones blasted within the area of Rajanganaya and Galnewa Divisional Secretariats from 2010 to September 2012 had not been recovered.
(ii) Public Administration Circulars		

Paragraph 2.1.1 of the Circular No. 41/90 dated 10 October 1990.		Consumption of fuel of 2 vehicles of the Medawachchiya Divisional Secretariat, 01 vehicle each of the Divisional Secretariats at Thambuttegama, Palagala, Horowpathana and Mahawilachchiya and 2 vehicles of the Nochchiyagama Divisional Secretariat had not been tested.
(iii) Public Finance Circulars		

Financial Regulation 494(2) and the letter of the Director General of Public Finance No. PF/RED/Stamp/ 2012 dated 17 January 2013.		Action had not been taken to furnish to the Department of Public Finance as per required specimen from the distribution of revenue collected by stamps at the Galnewa Divisional Secretariat.

(iv) Other Circulars

Pensions Circular letter No. 02
bearing No.වීව2වකුලේබ/2011
dated 14 June 2011

1,384,759

According to the circular relating to unpaid pensions, any pension not claimed by a pensioner during the month following the month of payment should be referred to the Department of Pensions by drawing a cheque in favour of the Director General of Pensions and should be sent to the Chief Accountant, Department of Pensions. However, the unpaid pensions of Divisional Secretariat, Medawachchiya, Rambewa, Nochchiyagama, Kebithigollewa, Rajanganaya, Mihintale and Kekirawa had been remitted to the Department of Pensions after significant delays.

Letter of the Secretary to the
Ministry of Public Administration
and Home Affairs dated 05
October 2007.

GramaNiladhari should make use of a list of names of civil pensioners and the Widows and Orphans' Pensioners and inform deaths to the Divisional Secretariats. As a result of not so, informing pensions amounting to Rs.175,684 had been paid on behalf deceased pensioners at the Medawachchiya Divisional Secretariat.

1:9 Weaknesses in Implementation of Projects

Instances of abandoning projects without commencing, abandoning projects without completion and delays in projects revealed at audit test checks are shown below.

(a) Abandoning Projects without Commencing

Eleven projects with a total estimated cost of Rs.5,720,434 pertaining to 6 Divisional Secretariat had been abandoned without commencing during the year 2012.

(b) Abandoning Projects without Completion

A sum of Rs.6,859,333 had been provided for 8 projects of 3 Divisional Secretariats. Of this, a sum of Rs.3,093,630 had been spent. However, those projects had been abandoned without being completed and resulting a fruitless expenditure of Rs.3,093,630.

(c) Projects with significant Delays

A project to provide tiles to those who have no permanent roofs was launched in parallel with the DeyataKirula National Exhibition during 2011/2012. In this connection, tiles had been distributed to 406 houses of 13 wards of the Nochchiyagama Divisional Secretariat Area. However, of these houses, about 75 houses had not been tiled even by 31 December 2013.

1:10 Performance

The observations relating to the progress of the District Secretariat, as per budgeted estimates 2012 appear below.

(a) Inadequate Fulfillment of Main Functions

(i) Non-collection of Revenue

Revenue from land tax, vehicle licences and rock blasting amounting to Rs.5,515,602, Rs.50,375,463 and Rs.3,299,370 respectively which should have been collected by 10 Divisional Secretariat as at 31 December 2012 had not been recovered.

(ii) Firearm Licences not Obtained

The total number of firearm licences issued within the Anuradhapura district in terms of Sub-section 3 of Section 22 of the Guns Ordinance No. 22 of 1996 was 1700. Action had not been taken to renew licences of 269 firearms issued during the period 1988 to 2012. Action had not been taken to carry out proper investigation for non-renewal of these licences and to cancel them or to collect the arrears of revenue of Rs.69,900 with fines.

(iii) Programme to Supply a Glass of Milk

It was observed that the programme to supply a glass of milk to children between the age group 24 months to 60 months as per circular No. 2008/1 of 13 February 2008 issued by the Ministry of Child Development and Women's Affairs had been implemented in 225 out of 384 pre-schools subjected to audit and the programme had not been implemented in 159 schools.

(iv) Recovery of Loans granted under the Livelihood Development Programme

Twenty three Divisional Secretariats had granted a sum of Rs.127,040,321 as Livelihood Development Project Loans with the condition of recovering 50 percent from the beneficiaries under the Livelihood Development Programme implemented during 2007 to 2011. Of these loans, of sum of Rs.33,550,022 remained as arrears even by 01 October 2013. The loans should be settled within 6 months of granting of loans. However, 26 percent of the loans to be recovered during 2007 to 01 October 2013 remained recoverable. Thus, it was observed that proper methodology had not been adopted for recovery of arrears.

1:11 Deficiencies in Operating Bank Accounts

Dormant Bank Accounts

A sum of Rs.42,638,583 received from various institutions for activities connected with the OyamaduwaDeyataKirula Exhibition 2012 had been deposited in a bank current account. However, this money remained idle even by August 2013.

1:12 Transactions of a Contentious Nature

Certain transactions of the District Secretariat and 5 Divisional Secretariats were of contentious nature. A few such transactions revealed at test checks appear below.

- (a) A private company had requested Rs.3,449,600 for supplying 300 cubes of sand to construct a coastal sand stadium in the DeyataKirula Exhibition premises. In this connection, a sum of Rs.2,217,600 had been paid to supply 198 cubes of sea sand at the rate of Rs.11,200 per cube of sand. A physical verification carried out on 22 September 2013 revealed that 86 cubes of sand only had been supplied to the stadium premises. Accordingly, a sum of Rs.1,254,400 had been overpaid to the company for 112 cubes of sand.
- (b) The exhibition building planned for the DeyataKirula exhibition should have been a permanent structure as per letter of the Ministry Finance and Policy Planning No. MF5/71 Deyata/K/2012 of 29 November 2011. It was directed to use the building for use of government institutions. However, 3 main exhibition stalls and the 8 buildings constructed for using as dens of animals remained idle even by 23 September 2013.
- (c) A building constructed for the use of Mahavilachchiya Divisional Secretariat was in the verge of collapse. As such, it had been renovated. But, the building was in a very danger position. The activities of the Divisional Secretariat had been carried out in an adjoining small building. However, action had not been taken to shift the Secretariat to the idle building at Oyamaduwa exhibition premises where suitable facilities were available for maintain the office

- (d) Provision had been obtained to harvest an old paddy field of Karambagollewa village which belongs to a Divisional Secretariat, Mahavilachchiya under the Programme of the Ministry of Economic Development named “One work to the Village”. Of this, a sum of Rs.757,047 had been paid to the contractor on 04 December 2012. A physical verification revealed that the harvesting of the paddy field had been completed. But, the paddy field had not been legally handed over to the farmers. As such, this Project had not been implemented.
- (e) The construction of a drain had been commenced to allow rain water to flow through it from Pahamune to Galadiulwewa at the Nochchiyagama Divisional Secretariat at a cost of Rs.1,000,000 under the One Work to One Village Project. Except concreting 70 ft. long drain of this project no other useful work had been done. In this connection a sum of Rs.979,177 had been spent. According to No. 05 of the Work Measurement Sheets a sum of Rs.376,300 had been spent to cut the drain and remove soil to allow the water to flow and a sum of Rs.60,400 had been spent according to the Work Measurement Sheet No. 07. But, action had not been taken to cut, transport and fill the approved quantity of soil.
- (f) A water tank and a well had been constructed with labour contribution from the rural folk by the Plan Sri Lanka Project for the usage of villagers of Sivalapitiya belonging to the Mahavilachchiya Divisional Secretariat Area. The election city supplied to the village was not adequate to pump water to the tank. As such, it could not be operated. In spite of that in ability to supply electricity, the sum of Rs.829,021 spent to construct a water tank and a fence around the well under the One Work a One Village Programme had become fruitless.
- (g) A sum of Rs.1,000,000 had been spent for the water tank being constructed at Nawakkulama village of the Kekirawa Divisional Secretariat Area. Meanwhile, a sum of Rs.973,378 had been spent to complete the remaining work under the One Work to One Work Project. The iron used for the water tank of the Project had corroded. As such, the project was about to be abandoned. The sum of Rs.1,973,378 spent on this project by 31 December 2012 had become fruitless.

1:13 Management Weaknesses

The following observations are made.

- (a) Fourteen officers of the North Central Provincial Council were in occupation of the official quarters belonging to the Ministry of Public Administration to be administered by the District Secretary, Anuradhapura. Collection of rent and handing over the quarters at the due time had not been regularly done. The District Secretariat had not maintained proper data records relating to these quarters. A proper procedure had not been planned to properly administer to pay rates and taxes, to maintain, to assign and to recover rent of these properties belonging to the Ministry of Public Administration.
- (b) An advance of Rs.399,870,050 had been paid during the years 2001, 2004/2005 and 2005/2006 to purchase paddy under the Treasury Miscellaneous Advance Account. The directive issued by the Committee on Public Accounts on 21 June 2011 to write off the balance of Rs.78,274,586 yet to be recovered had not been implemented even by 31 December 2012.
- (c) Twenty seven institutions belonging to Government Ministries and Departments comes under the operation of the Central Government in Anuradhapura district were functioning within the premises of the building of the Anuradhapura District Secretariat. There was no internal communication system necessary for co-ordinating these Government institutions. As a result, there were problems while co-ordinating these Government institutions.
- (d) Distribution of Chicks, Ministry of Livestock and Fisheries

A sum of Rs.399,750 had been paid to the Provincial Director Department of Animal Production and Health (North Central Province) on 7 June 2012 to purchase 975 chicks for distribution among beneficiaries within the Medawachchiya Divisional Secretariat Area. However, 760 of those chicks above only had been received 3 ½ months after payment, that is, 29 August 2012.

1:14 Human Resources Management

 Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2012 appear below.

Category of Post	Approved Cadre	Actual Cadre	Number of Vacancies
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(i) Senior Level	72	52	20
(ii) Tertiary Level	45	16	29
(iii) Secondary Level	1347	1090	257
(iv) Primary Level	255	196	59
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Total	1719	1354	365
	=====	=====	=====

Action had not been taken to fill 365 vacancies existed until end of the year under review.