

## **Appropriation Head – 256 - District Secretariat, Gampaha**

### **Report of the Auditor General - Year 2012**

#### 1.1 Key Activities of the District Secretariat

- (a) Poverty alleviation Initiatives
- (b) Co-ordination of Elections
- (c) Planning and Supervision of Development Projects
- (d) Administration of Disaster Relief Projects and Rehabilitation Projects
- (e) Administration and Direction of District Projects
- (f) Collection of Revenue

#### 1.2 Divisional Secretariat under the District Secretariat

- (a) Attanagalla
- (b) Biyagama
- (c) Dompe
- (d) Divulapitiya
- (e) Gampaha
- (f) Ja-Ela
- (g) Katana
- (h) Kelaniya
- (i) Mahara
- (j) Minuwangoda
- (k) Mirigama
- (l) Negombo
- (m) Wattala

### 1.3 Scope of Audit

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The Appropriation Account including the financial reports, reconciliation statements, books, registers and other records of the District Secretariat, Gampaha 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 17 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 Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account and Reconciliation Statements in accordance with the provisions of Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and the 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 Reports and the Books for the year ended 31 December 2012, 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 1.14 herein, the Appropriation Account and the Reconciliation Statements of the District Secretariat, Gampaha have been prepared satisfactorily.

(a) Non-maintenance of Registers and Books

It was observed during audit test checks that the District Secretariat had not maintained the following registers in proper and updated manner.

Type of Register	Relevant Regulation
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Register of Losses and Damages	Financial Regulation 110
Store Stock Register	Financial Regulation 454
Inventory Register	Financial Regulation 751

(b) Appropriation Account

(i) Total Provision and Expenditure

The total net provision made for the District Secretariat for the year under review amounted to Rs.803,534,134 and out of that a sum of Rs.790,517,139 had been utilized by the end of the year under review. Accordingly, the net savings amounted to Rs.13,016,995 and it represented 1.6 per cent of the total net provision. Details are given below.

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 Net Provision
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	Rs.	Rs.	Rs.	%
Recurrent	583,375,000	775,584,134	10,304,829	1.3
Capital	27,950,000	27,950,000	2,712,166	9.7
	-----	-----	-----	
Total	611,325,000	803,534,134	13,016,995	1.6
	=====	=====	=====	

(ii) Utilization of Provisions made available by other Ministries and Departments

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 Provisions totalling Rs. 5,795,816,870 comprising of Rs.2,887,146,236 and Rs.2,908,670,634 had been received from 21 Ministries and 13 Departments respectively for various activities. Out of this, sums totalling Rs.5,491,237,258 comprising of Rs.2,635,849,777 and Rs.2,855,387,481 respectively had been utilized. Accordingly, provisions of Rs.304,579,612 had been saved.

(c) Advances to Public Officers’ Account

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 Limits Authorized by Parliament  
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Limits authorized by Parliament and the actual values relating to the Advances to Public Officers’ Account No.25601 are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
<u>Maximum Limit</u>	<u>Actual</u>	<u>Minimum Limit</u>	<u>Actual</u>	<u>Maximum Limit</u>	<u>Actual</u>
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
65,000,000	64,827,955	53,500,000	56,972,662	232,500,000	228,105,663

The balances that remained outstanding as at 31 December 2012 according to the Reconciliation Statement on Advances to Public Officers Account, Item No.25601 as at that date totalled Rs.2,155,041 and the follow up action relating to recovery of those outstanding balances was at a weak level.

(d) General Deposit Account

The balance of the General Deposits Account as at 31 December 2012 amounted to Rs.366,506,661 and the following observations are made in this connection.

- (i) Action in terms of Financial Regulations 571 had not been taken in respect of deposits amounting to Rs.134,392,723 remaining over 2 years.
- (ii) A sum of Rs. 10,000 given by the National Chile Protection Authority for conducting a training programme had been re-submit without being performed the intended activity.

1.6 Good Governance and Accountability  
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1.6.1 Corporate Plan  
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Even though a Corporate Plan should have been prepared at the beginning of the year at least for 03 ensuing years from the year 2010 onward in terms of letter No.PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of the Department of Public Finance addressed to all the Secretaries of Ministries, Chief Secretaries of the Provincial Councils, Heads of Department, District Secretaries and Heads of Local Authorities, the District Secretariat had not prepared such a Plan up to 31 December 2012.

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

1.6.3 Annual Performance Report

Even though an Annual Performance Report should be prepared by the District Secretariat within 150 days after the closure of the financial year in terms of Public Finance Circular Nos.402 and 402(1) dated 12 September 2002 and 20 February 2004 pointed out in the letter of the Director General of the Department of Public Finance mentioned in paragraph 1.6.1 above and it should be tabled in Parliament with a copy to the Auditor General, the District Secretary had informed that the performance report for the year under review was sent to the Ministry of Public Administration on 02 October 2013

1.6.4 Annual Procurement plan

The Annual Procurement Plan in terms of National Budget Circular No.128 dated 24 March 2006 had not been prepared for the year 2012.

1.6.5 Internal Audit  
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According to the internal audit plan and programme, the internal audit had not been carried out by covering 7 Secretaries out of 13 Divisional Secretaries and the monthly programmes from May to December for the year under review had also not been prepared.

1.6.6 Implementation of Audit and Management Committee  
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Although according to the Audit and Management Circular No. DMA/2009(1) of 09 June 2009 the Audit and Management Committee should be summoned at least once in a quarter only two meetings had been held for the year 2012.

1.7 Assets Management

(a) Idle and Underutilized Assets

It was observed during the audit test check that certain assets remained either idle or underutilized as analyzed below.

Category of Assets	Number of Units	Period of Idling or Underutilized
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Buildings	05	Less than 2 years
Other Assets	05	Less than 2 years

(b) Conduct of Annual Boards of Survey  
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Action in terms of the financial regulations had not been taken on the excesses and shortages reported and other recommendations made by the Boards of Survey Reports in respect of the year 2012.

(c) Assets Given to Outsiders  
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A Cab vehicle belonging to the Gampaha District Secretariat had been irregularly released to the Industrial Development Board since July 2012.

- (d) The following weaknesses had been observed at the audit test checks.
- (i) Even though 168 items purchased by the District Secretariat since 2007 to December 2012 had been issued from the store, the details thereon had not been included in the inventory registers of the relevant divisions.
  - (ii) Although the details of received had entered in the stores stock register, 22 computers which were not entered as issued are not made available at the store.
  - (iii) The details relating to receipt of 130 items purchased for a sum of Rs.711.369 as at 31 December 2012 had not been entered in the stores stock register and the details of issue of that equipment had also not been entered.
  - (iv) Fifty three items belonging to several categories purchased by the District Secretariat had been distributed among 13 Divisional Secretariats and the received notes had not been sent by the relevant Divisional Secretariats.

#### 1.8 Non – compliance

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 Non-compliances with Laws, Rules, Regulations etc..  
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Instances of non – compliance with the provisions of laws, rules and regulations observed at the audit test checks are analyzed below.

Reference to Laws, Rules and Regulations -----	Value ----- Rs.	Non - compliance -----
(i) <u>Statutory Provisions</u> Sub-section 6(1) of the Public Contracts Act, No. 03 of 1987	6,067,729 (Estimated)	(i) The 6 contractors whom submitted the quotations for construction works of the couple officer's official residence of the District Secretariat, Gampaha had not been registered at the Registrar of Public Contracts.

		(ii) The Tender Agreement for construction works of the couple officer’s official residence of the District Secretariat Gampaha had not been registered within 60 days.
Section 12	6,067,729 (Estimated)	(i) The procurement evaluation activities had been conducted relating to the quotations of the contractors which are not supported by the valid registered certificates
(ii) Financial Regulations of the Democratic Socialist Republic of Sri Lanka ----- Financial Regulation 570		Nineteen land deposit balances totalled Rs. 1,822,080 had not been settled from 10 to 27 years.
Financial Regulation 756		The inventory goods of the Computer Training Centre of the District Secretariat had not been verified for the year under review.
(iii) Government Procurement Guidelines ----- Guideline 2.7.7	884,130	Furniture had been purchased by the District Secretariat on the Procurement Committee decision of a Divisional Secretary.
-do-	129,716	The forge quotations submitted also had been considered for the technical evaluations and



the procurement decisions.

(iv) Treasury Circulars

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Circular No. IAI/2002/02  
of 28 November 2002

A computer Assets Register had not been prepared by disclosing the details relating to all computers and accessories belonging to the District Secretariat and Divisional Secretariats.

1.9 Weaknesses in the Implementation of Projects

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Instances of projects abandoned without commencing, abandoning projects without completing and delays in the execution of projects revealed during audit test checks are given below.

(a) Delays in the Execution of Projects

(i) The delays in the execution of following project of the Mahara Divisional Secretariat had been observed.

Project	Estimated Cost	Date of Commenced	Due date of Completion	Expenditure as at 31 December 2012	Reason for the Delay
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	Rs.			Rs.	
Water Project of the Etikehalgalla west	980,000	17.12.2012	31.12.2012	834,308	Delay of lying the water line by the National Water Supply and Drainage Board

(ii) Out of 2421 projects executed by the District Secretariat under the provision of Ministry of Economic Development for the year 2012, the incomplete projects as at 31 December 2012 were 97 and the details thereon are shown below.

Project	Estimated Cost	Due date of Completion	Expenditure as at 31 December 2012	Reason for the Delay
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	Rs.		Rs.	
One Project for One Village	101,237,863	31.12.2012	9,903,965	Delays in receiving provision. Delays in commencement of works
Special Projects	4,800,000	31.12.2012	481,292	Delays in receiving provision. Delays in commencement of works
Gamaneguma	10,585,000	31.12.2012	8,248,500	Delays in receiving provision. Delays in commencement of works

(b) Projects without Progress despite Release of Funds

The entire amount of Rs.892,436 had been paid to the National Water Supply and Drainage Board on 29 November 2012 for completing the water scheme works of the Kirikiththa west and the project for supply and lying water pipes and accessories for 520 meters of the water pumping line of the water supply scheme. Nevertheless, no projects works had been commenced up to 03 June 2013.

1.10 Transactions of Contentious Nature

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Even though according to the store stock book 4 multimedia projectors had been issued to the Control Division without mentioning the date of issued, the shortage of a multimedia projector valued at Rs. 58,000 had been revealed at the physical examination.

1.11 Irregular Transactions

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Transection without Authority

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Although a sum of Rs. 147,007 and Rs. 366,733 had been paid for excess and additional works respectively in respect of construction of first floor of the building in extent of 30’x20’ of the Divisional Secretariat, Kelaniya, the approval for this had not been obtained.

1.12 Un-economic Transections

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The following uneconomic transections are observed.

- (a) The total value of the works including excess and additional works in construction of ground floor of the building in extent of 30’x20’ of the Divisional Secretariat, Kelaniya was Rs. 1,874,793. However, when making the payment the total value of the works had been shown as Rs. 1,961,034 as such an amount of Rs. 86,241 had been excessively paid.
- (b) Out of 10400 female Chicks costing to Rs. 3,810,000 distributed among the beneficiaries during the year 2011 and 2012 by the 4 Divisional Secretaries of the Gampaha district, the Chicks costing to Rs. 1,029,000 equal to 28 per cent had been died and the Chicks costing to Rs. 606,550 equal to 18 per cent was male Chicks. As a result out of the total expenditure, a sum of Rs. 1,635,550 equal to 45 per cent had become an uneconomic expenditure.

1.13 Management Weaknesses

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Unrectified Audit Paragraphs

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After the examination of the audit paragraphs included in the Auditor General’s Reports relating to the District Secretariat by the Committee on Public Accounts, the paragraphs which the follow up actions are incomplete are shown below.

Reference to the Report of the Auditor General		Subject Referred
<u>Year</u>	<u>Para. No.</u>	
2006	2.4	The balances that remained outstanding as at 31 December 2006 according to the Advances to Public Officers Account totalled Rs.4,413,253 and out of that the balances older than 02 years was Rs. 474,658.
2006	9.2	Implementation of Management and Audit Committee
2006	10.8	Sixteen Grama Niladhary Offices in the areas of the Divisional Secretary, Kelaniya were situated in public buildings belonging to the Government and office allowances had been paid in this connection for several years.

#### 1.14 Human Resources Management

##### Approved Cadre and Actual Cadre

The position of the approved cadre and actual cadre as at 31 December 2012 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess Number
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(i) Senior Level	45	42	03	-
(ii) Tertiary Level	27	22	05	-
(iii) Secondary Level	1639	1336	303	-
(iv) Primary Level	128	110	18	02
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Total	1839	1,510	329	02
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The following observations are made.

- (i) It was filed to fill 329 vacancies by the end of the year under review.
- (ii) The excess had incurred due to two drivers sent to the District Secretariat on transfer.