

Appropriation Head – 258 – District Secretariat, Kandy

Report of the Auditor General - Year 2012

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1.1 Key Functions of the District Secretariat

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- (a) District Administration
- (b) Statutory Functions
- (c) Strengthening Internal Control System
- (d) Religious and Virtuous Improvement
- (e) Employees Welfare
- (f) Co-ordination and Friendly Administration
- (g) Development Programmes and Gama Neguma
- (h) Non-governmental Organizations and Community Participation
- (i) Media Co-ordination
- (j) Attitude Building of Administration and Training
- (k) Use of Information Technology

1.2 Divisional Secretariats under District Secretariat

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|---------------------|----------------------|
| (a) GangawataKorale | (k) Minipe           |
| (b) Pathahewaheta   | (l) Kundasale        |
| (c) Delthota        | (m) Doluwa           |
| (d) Udapalatha      | (n) GangaIhalaKorale |
| (e) Udadumbara      | (o) Yatinuwara       |
| (f) Pathadumbara    | (p) Udunuwara        |
| (g) Panwila         | (q) Harispaththuwa   |
| (h) Hatharaliyadda  | (r) Akurana          |
| (i) Pujapitiya      | (s) Medadumbara      |
| (j) Tumpane         | (t) PasbageKorale    |

1.3 Scope of Audit

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The appropriation account including the financial records, reconciliation statements, books, registers and other records of the District Secretariat Kandy for the year ended 31 December 2012 were audited in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The management report for the year under review was issued to the District Secretary on 04 November 2013. Audit observations comments and findings on the accounts and reconciliation statements were based on a review of accounts and reconciliation statements presented to audit and substantive 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 limitation 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

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The Chief Accounting Officer and the Accounting Officer are responsible for maintaining, preparation and fair presentation of the Appropriation Account and Reconciliation Statements in accordance with Articles 148,149,150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statuary Provisions and 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

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According to the Financial Records and Books for the year ended 31 December 2012, it was observed that except for the effected of the general observations appearing at (a) to (d) and other major findings appearing in paragraphs 1:6 to 1:14 herein, the Appropriation Account and the Reconciliation Statements of the District Secretariat, Kandy had been prepared satisfactorily.

(a) Appropriation Account

(i) Total Provision and Expenditure

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The total net provision made for the District Secretariat amounted to Rs.1,031,282,164 and out of which, a sum of Rs.976,567,133 had been utilized by the end of the year under review. Accordingly, the net savings was Rs.54,715,031 and it was 5.3 per cent of the total net provision. Details appear 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 Total Net Provision
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	Rs.	Rs.	Rs.	%
Recurrent	638,025,000	905,082,164	1,316,320	0.1
Capital	86,200,000	126,200,000	53,398,711	42.3
<b>Total</b>	<b>724,225,000</b>	<b>1,031,282,164</b>	<b>54,715,031</b>	
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(ii) Budgetary variance

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Since over provisions had been made for 06 objects, savings after the utilization of the provisions had been ranged between 14per cent to 47 per cent of the net provision relating to those objectives.

(iii) Non- current Assets  
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Following observations are made.

- (a) Fixed assets valued at Rs.34,425 purchased under recurrent objects had not been included in the Non-current Assets Movement Report of the Appropriation Account.
- (b) Forty eight vehicles utilized by The District Secretariat and 20 divisional secretariats had not been valued and included in the Non-current Assets Movement Report.

(iv) Utilization of Provisions granted by other Ministries and Departments  
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A provision aggregating to Rs. 5,424,663,525 representing a sum of Rs.3,596,846,981 and Rs.1,827,816,544 from 27 Ministries and 14 Departments respectively had been received by the District Secretariat for various activities. Out of this, a sum of Rs.3,274,503,452 and a sum of Rs.1,509,532,104 had been utilized respectively. Accordingly, the savings had been Rs.322,343,529 and Rs.318,284,440 or 9 per cent and 17 per cent .

(b) Advances to Public Officers Account  
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Limits Authorized by the Parliament  
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The limits authorized by the Parliament and the actual values with regard to Item No:25801 Advances to Public Officers Account appear below.

Expenditure -----		Receipts -----		Debit Balance -----	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
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Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
76,500,000	66,391,677	53,000,000	68,035,966	198,000,000	189,393,999

Following observations are made.

- (i) In terms of the reconciliation statement pertaining to the Item No: 25801 Advances to Public Officers Account the outstanding balance as at 31 December 2012 amounted to Rs.3,628,855 and the recovery of that outstanding balance had been failed.
- (ii) In terms of Sub section 4.5 of the Chapter xxiv of the Establishments Code, where it has been prescribed that in case any dues to the Government from an interdicted officer can not be recovered from the principal debtor, it should be recovered from the surety, action had not been taken to recover 15 debtors balances aggregating to Rs.1,133,396 which could not be recovered from the principal debtor.
- (iii) In terms of Sub section 4.5 of the Chapter xxiv of the Establishments Code, where it has been prescribed that in case any dues to the Government from an officer who had vacated his post can not be recovered from the principal debtor, it should be recovered from the surety, since action had not been taken accordingly 04 debtors balances aggregating to Rs.67,285 had remained outstanding up to end of the year under review.
- (iv) Since action had not been taken in accordance with the Sections 4.2.3, 4.2.4 and 4.4 of the chapter xxiv of the Establishments Code in respect of outstanding loan balances of deceased or retired officers, loan balances aggregating to Rs.277,290 of 04 such officers had been outstanding.
- (v) In terms of Budget circular No .118 dated 11 October 2004 of the Director General of National Budget, action had not been taken to settle loan balances amounting to Rs.801,946 recoverable from 03 officers who had gone on transfer since more than a period of 2 years.
- (vi) In terms of Public Administration circular No.30/2008 dated 31 December 2008 the maximum loan amount entitled to be granted is Rs. 250,000. However, an advance amounting to Rs.51,623 had been paid to a Divisional Secretary exceeding that limit.

(c) General Deposit Account.

The balance of the General Deposit Account amounted to Rs.210,348,462 and details are given below.

<u>Account Number</u> -----	<u>Balance as at 31 December 2012</u> -----
	Rs.
6003/34	210,348,462

1.6 Accountability and Good Governance

Annual Procurement Plan

In terms of National Budget Circular No.128 dated 24 March 2006, annual procurement plan had not been prepared even as at 31 December 2012.

1.7 Assets management

(a) Idle and Underutilized Assets.  
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It was observed at the audit test check that the certain assets remained idle or underutilized as specified below.

- (i) Under the funds of the Departments of Registration of Persons an office had been built at the premises of Panwila Divisional Secretariat at a cost of Rs.1,328,008 in 2008 for the issue of identity cards. Even though 5 years has elapsed as at the date of audit on 25 March 2013 the said office had not been established.
- (ii) The space of 1505 square feet in extent within the building of Ududumbara Divisional Secretariat in which the office of Registrar General was maintained had been closed down since about 12 years without utilizing for any purpose.

(b) Assets given to External Parties

Instances of improper release of certain assets to the external parties by the District Secretariat were observed. Details are given below.

- (i) Even though the Government building belonging to the Kandy District Secretariat situated at No.71, King's Street, Kandy which was meant for the Additional District Secretary had been released to the Sri Lanka Military Police for a period of 06 months from 01 February 2003, it had not been returned even by November 2013.
- (ii) Three buildings situated at the premises of Pathadumbara Divisional Secretariat had been vested with the external parties without entering into agreements and any lease rent had not been recovered in respect of the said buildings.

(c) Irregular use of Assets not Vested.

Following observations are made.

- (i) Action had not been taken to obtain the ownership, transfer or settle the 229 unauthorized blocks of lands situated within the area of authority of Pathahewaheta Divisional Secretariat.
- (ii) Imbuldagodawatta land containing 0.1782 hectares in extent situated within the Weligalla Grama Niladhari's Division belonging to Udunuwara Divisional Secretariat had been taken over by the Government in the year 1983 and a two storied building with 2285 cubic feet had been constructed therein and an unauthorized coordinating an office of a political party had been maintained since the beginning of the year 2012.
- (iii) As per the Section 17 of Land Acquisition Act amended by the Acts No 60 of 1961, 5 of 1964 , 28 of 1964 and 8 of 1979 and the Section 38(a) of Compensation Act, the compensation should be granted before taking the possession though, owing to the fact that compensation had been paid by the Divisional Secretariat Udunuwara after years of taking possession, an interest amount of Rs. 1,468,995 had to be paid with respect to 45 plots of land in addition to the amount of compensation for the period from the date of taking possession to the date of granting the compensations.

(d) Non - settled Liabilities.

Liabilities not settled by the District Secretariat as at 31 December 2012 amounted to Rs. 1,151,053 and an age analysis thereon is given below.

Less than a Year	Balance as at 31 December 2012
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Rs.	Rs.
1,151,053	1,151,053

Following observations are made.

- (i) Liabilities amounting to Rs. 140,596 had not been included in the Liabilities Statement.
- (ii) It was observed that provisions would have been exceeded by Rs.1,297,179 if liabilities for 7 Objects had been settled during the year.
- (iii) Provisions of 2 Objects amounting to Rs. 30,500 had been transferred for the settlement of surplus expenses of other Objects by stating “provisions would be saved as expenses were less than the expected amount” However, liabilities amounting to Rs.93,504 had incurred later in these 2 Objects.



1.8 Non - Compliances

Non - compliance with Laws, Rules, and Regulations

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

Reference to Laws, Rules, Regulations	Value	Non-compliance
(i) Establishments Code Chapter xv		
(i) Paragraph 4.1	-	Though an officer of the District Secretariat had left for India for a 54 day training course from 02 June 2012 to 24 August with full pay, an agreement had not been entered into for his compulsory period of service.
(ii) Paragraph 9.6	78,738	Though the officer is required to certify that the cash obtained as warm cloth allowance has been spent on clothing necessary for staying abroad , such certificates or receipts had not been submitted by 5 officers whom the allowance had been given to by the District Secretariat during the year under review. Also, it could not be verified that this allowance had been paid only once within a period of 5 years.
(ii) Financial Regulations ----- F.R. 880		Sureties had not been presented by 111 Grama Niladharis in 5 Divisional Secretariats.
(iii) Public Administration Circular ----- Paragraph 6 of the letter No. HAF-3-ADMIN-04-002 of Secretary to the Ministry of Public Administration and Home Affairs dated 17 November 2012.		Grama Niladharis are required to be in the relevant division though, 131 Grama Niladharis had defied this requirement.

(iv) Other Circulars  
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Circular No. 2011/01 of the Secretary to the Ministry of Child Development and Women Empowerment

According to the sample check conducted on the programme for supplying a glass of fresh milk for preschool children, the programme had been implemented only in 21 divisions out of 125 Grama Niladhari divisions under Divisional Secretariat Udunuwara during the year under review.

Nutritional Allowance  
Circular of the Commissioner General of Samurdhi No 21 dated 31 July 2006.

153,000

Nutritional allowances of Rs.500 should be given for pregnant and breast feeding mothers for 20 months. However, sample checks revealed that only 120 mothers of 60 divisions out of 125 Grama Niladhari divisions had been given nutritional allowance during the year under review due to proper awareness programmes had not been conducted by the Divisional Secretariat Udunuwara through the Samurdhi officers. Also, due to failure in taking action to provide those mothers with 306 coupons worth of Rs. 153,000, the coupons had become expired.

1.9 Weaknesses in Implementing Projects  
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The particulars of abandoning project without been commenced and delays in projects revealed at audit test checks appear below.

(a) Projects Abandoned without Commencing

Following projects had not been commenced by the District Secretariat.

Divisional Secretary Office	Project	Estimated Cost	Due Date of Commencement	Reason for Non-Commencement
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		Rs.		
Udawalatha	Renovation of preschool in Ilangawatta	980,000	2012.12.11	Due to Technical Officer getting busy
Galagedara	Development of the road leading to Palipana Estate in Kahalpitiya divisional.	980,000	-	When the proposal was re launched after being cancelled due to land disputes, approval could not be obtained as at 31 December 2012.
Pathahewaheta	Development of Medapara , Hippolagama	974,000	-	Failure in getting the amendments approved.

	Development of the alternative road leading to the Bodhirajarama temple in Talatuoya	974,000	-	do
	Nugaliyadda, Dambagahath enna road	974,000	-	do
	Development of water supply scheme Welegama	974,000	-	do
Yatinuwara	Road leading close to Mahalinda of Panabokka	1,000,000	2012.04.15	Non approval of the amendments.
	Water supply scheme in Kadugannawa	1,000,000	2012.04.15	Superfluity of such a scheme for the divisions that the provisions had been granted to.
	Construction of multipurpose center in Dehianga	1,000,000	2012.04.15	Non receipt of the approval from the church.

(b) Delays in Implementing Projects

Following delays were observed in implementing following projects by the District Secretariat.

Project	Estimated Cost	Date Commenced	Due Date of Completion	Expenditure as at 31 Dec. 2012	Reason for Delay
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	Rs.			Rs.	
<u>Minipe</u>					
Construction of water scheme in Veraganthota – phase 1	1,000,000	2012.07.10	2012.12.31	286,155	Inclement weather
<u>Udawalpala</u>	48,500	-	-	-	Inadequacy of time
Renovation of MuruganDevalaya Mahawila 20/22/kan					
<u>Hatharaliyadda</u>	989,422	2012.11.14	2013.06.30	196,000	Construction affected by inclement weather
Water scheme Udannadeniya					
<u>Yatinuwara</u>	980,000	2012.04.15	2012.12.31	-	do
Renovation of 1 <sup>st</sup> lane , Mudaliwatta road					
Construction of bridge and entry road to the Rajamahavihara center, Diyakelinawala	980,000	2012.04.15	2012.12.31	170,730	do
Concreting of Vihara Mawatha	980,000	2012.04.15	2012.12.31	217,778	do

Construction of a building for the community hall in Siyambalagoda	980,000	2012.04.15	2012.12.31	860,953	do
Construction of abutment wall by concreting the Primeland estate beginning from the temple	980,000	2012.04.15	2012.12.31	559,648	Inclement weather
Concretion of road leading to Samanala Uyana together with the canal.	980,000	2012.04.15	2012.12.31	-	do
Renovation of the road leading to colony by the Udawela primary school.	980,000	2012.04.15	2012.12.31	-	do
Refurbishment of multipurpose hall in Kuruduwatta	980,000	2012.04.15	2012.12.31	679,812	do
Renovation of road leading to community hall in Moragolla from Weralugolla	980,000	2012.04.15	2012.12.31	217,778	do
Renovation of road leading to Sandipola from Ranawana via Barammane	980,000	2012.04.15	2012.12.31	-	do
Refurbishment of sports ground in Dehianga Medapalatha	980,000	2012.04.15	2012.12.31	-	do

#### 1.10 Transactions of Contentious Nature

Some of the transactions performed by the District Secretariat were of contentious nature. Particulars of such transactions revealed in the sample tests are as follows.

- (a) Fourteen Development Assistants appointed in the Grade II of Class II of Sri Lanka Planning Service on supernumerary basis are officiating at the District Secretariat Kandy. Though the 5<sup>th</sup> paragraph of the appointment letters of those officers stated they were eligible only for the salary without **perks**, an amount totalling to Rs. 295,057 had been paid for their telephone charges from the Government funds for the year 2012 despite the provisions mentioned above.
- (b) As no proper actions had been taken to recover the overdue amount of Rs.56,083 in respect to a telephone remained suspended in the official quarters of the District Secretary, the telephone subscription had been disconnected. The overdue amount had not been recovered from the retired District Secretariat ; instead, a new telephone had been fixed.

#### 1.11 Losses and Damages

Following losses and damage were observed during the audit test check.

A vehicle possessed by the Divisional Secretary Pujapitiya had met with an accident on 30 May 2010. Though it had been informed by the Secretary to the Ministry of Public Administration to recover 60% or Rs. 24,187 out of the total damage amounting to Rs.40,312 from the Divisional Secretary, Pujapitiya, action had not been taken to recover the damage of Rs. 40,312 incurred in the accident even as at the date of audit 17 October 2012.

#### 1.12 Uneconomic Transactions

Particulars on the transactions performed sans frugality as observed in sample checks are as follows.

The compensation amounting to Rs. 1,448,286 received by the National Water Board for acquiring a plot of land of 20 perches in order to construct a water tank in the village of Kandahandiya in Pathahewaheta Divisional Secretariat , had been retained in the General Deposit Account since the year 2009 without being spent on the relevant task.

1.13 Human Resource Management

Actual and Approved No of cadres.

The position of cadre as at 31 December 2012 is shown below.

Category of Employee	Approved Cadre	Actual Cadre	Number of Vacancies	Surplus
(i) Senior Level	82	73	09	-
(ii) Tertiary Level	46	62	-	16
(iii) Secondary Level	1822	1409	413	-
(iv) Primary Level	230	204	26	-
(v) Others (Casual/ Temporary/ Contract Basis)	05	12	07	-
<b>Total</b>	<b>2185</b>	<b>1760</b>	<b>455</b>	<b>16</b>

Following observations are made.

Two provincial council employees officiating on an appointment of Central Province Public Service Commission who did not opt for serving the Central Government had been paid amounts of Rs. 2,424,791 and Rs.126,680 as salaries and distress loans respectively by the Divisional Secretariat Udunuwara using the provisions from the Central Government.