

1:1 Key Functions of the District Secretariat

- (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 the District Secretariat

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|----------------------|-------------------------|
| (a) Gangawata Korale | (h) Minipe |
| (b) Pathahewaheta | (i) Kundasale |
| (c) Delthota | (j) Doluwa |
| (d) Udapalatha | (k) Ganaga Ihala Korale |
| (e) Udadumbara | (l) Yatinuwara |
| (f) Pathadumbara | (m) Udunuwara |
| (g) Panwila | (n) Harispaththuwa |
| (h) Hatharaliyadda | (o) Akurana |
| (i) Pujapitiya | (p) Medadumbara |
| (j) Tumpane | (q) Pasbage Korale |

1:3 Scope of Audit

The audit of 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 2013 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 26 August 2014. 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 in 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

According to the Financial Records and Books for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing at (a) to (e) herein and other major audit finding appearing in paragraphs 1:6 to 1:14 below, the Appropriation Account and the Reconciliation Statement of the District Secretariat, Kandy had been prepared satisfactorily.

(a) Appropriation Account

The following observations are made.

(i) Total Provision and Expenditure

The total net provision made for the District Secretariat amounted to Rs.1,044,044,400 and out of that Rs.1,021,638,358 had been utilized by the end of the year under review. Accordingly, a sum of Rs.22,406,042 or 2 per cent of the net provision had been saved. Details appear below.

Expenditure	As at 31 December 2013			Savings, as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.	Rs.	Rs.	
Recurrent	922,394,400	922,392,630	1,770	00
Capital	121,650,000	99,245,728	22,404,272	18
Total	1,044,044,400	1,021,638,358	22,406,042	92
	=====	=====	=====	

(ii) Budgetary Variance

As a result of not revising the estimated provision of 3 objects, the savings after utilization of provision ranged from 8 to 26 per cent of the net provision of those objects.

(b) Utilization of Provision made available by other Ministries and Departments

Twenty seven Ministries and 18 Departments had made available provision totalling Rs.4,477,955,869 to the District Secretariat for various activities and out of such provision sums of Rs.2,259,398,406 and Rs. 1,885,041,308 respectively totalling Rs.4,144,439,714 had been utilized. Accordingly, sums of Rs.294,707,096 and Rs.38,809,059 respectively totalling Rs. 333,516,155 had been saved by the end of the year under review and the savings represented 11.54 per cent and 2.02 per cent respectively of the provision made available.

(c) Advances to Public Officers' Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account relating to the District Secretariat and the actual values are given below.

Item Number	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
25801	65,000,000	60,972,925	49,000,000	60,045,982	244,000,000	190,320,942

The following observations are made in this connection.

According to the Reconciliation Statement of the Advances to Public Officers Account of the District Secretariat Kandy as at 31 December 2013, the Secretariat had not taken action even by 31 December 2013 to recover the balances of arrears of Rs.730,095 existing for nearly 8 years with reference to 12 officers who had expired/ retired.

(d) General Deposit Account

The balance of the Deposit Account of the District Secretariat as at 31 December 2013 was Rs.253,099,653. this balance included 73 deposits aggregating Rs. 30,700,654 which had been older than 2 years and action thereon had not been taken in terms of Financial Regulation 571.

1:6 Good Governance and Accountability

1:6:1 Annual Action Plan

The District Secretariat should have prepared the annual Action Plan in terms of Paragraph 1.4.1 of the letter of the Director General of Public Finance No. PF/R/2/2/3/5(4) dated 10 March 2010. However, an Action Plan for the year under review had not been prepared even by 31 December 2013.

1:6:2 Annual Procurement Plan

The Annual Procurement Plan for 2013 had not been prepared even by 31 December 2013 in terms of the National Budget Circular No. 128 dated 24 March 2006.

1:7 Assets Management

(a) Idle and Underutilized Assets

It was observed at audit test checks that the assets classified below remained idle or underutilized.

Type of Asset	No. of Units	Idle or Underutilized Period
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Machinery (Vegetable Prying Machine)	06	Since 21 December 2008
Rice Grinder	04	2 years
Office Furniture	40	1 year

(b) Assets Issued to Outside Parties

Instances were observed where the District Secretariat had irregularly issued certain assets to outside parties. Details are shown below.

Type of Asset	No. of Asset	To whom the assets had been released	Period
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Government quarters of the Kandy District Secretariat meant for the Additional District Secretary.	01	Sri Lanka Army Police Task Force	Released for a period of 6 months from 01 February 2003. But, the quarters concerned had not been handed over even by August 2014.

(c) Unsettled Liabilities

The District Secretariat had unsettled liabilities of Rs.2,228,215 less than one year as at 31 December 2013.

1:8 Non-compliance

 Non-compliance with Laws, Rules, Regulations etc.

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

Reference to Laws, Rules and Regulations	Value	Non-compliance
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	Rs.	
(a) Public Administration Circulars		

(i) Paragraph 04 of the Circular No.13/2008 dated 26 July 2008	96,216	The Divisional Secretary, Minipe had obtained Rs.96,216 as additional fuel allowance during the year 2013 in addition to the monthly fuel allowance without proper authority.
(ii) Circular No. 09/2009 dated 16 April 2009.	--	A finger print machine had not been used for marking attendance at the Ganga Ihala Korale Divisional Secretariat even by 03 December 2013.
(iii) Circular No. 18/2001 dated 22 August 2001.	--	One hundred and eleven officers attached to 09 Divisional Secretariats of the Kandy District Secretariat had not been transferred as required by the circular.
(b) Public Finance Circular		

Circular No. PF/477 dated 18 September 2009.	--	The iron safe in the custody of the Shroff of the Pujapitiya Divisional Secretariat had not been insured at the Sri Lanka Insurance Corporation or at the Insurance Trust Fund.

1:9 Weaknesses in Implementing Projects

Instances revealed at audit test checks with regard to abandonment of projects without commencement and delays in execution of projects are shown below.

(a) Abandonment of Projects without Commencement

The District Secretariat had abandoned the following projects without being commenced.

Projects	Estimated Cost	Due Date of Commencement	Reason for Non- Commencement
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(i) Divisional Secretariat Udapalatha and the Divisional Secretariat Ganga Ihala Korale	Rs.		
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Breeding of ornamental Fish and fish for consumption	306,000 164,500 ----- 470,500 =====	2011/2012	A follow up procedure had not been jointly implemented by the Divisional Secretariats and the Office of the District Aquatic Cultivation Project as per plan after granting loans to selected beneficiaries under the Fishery Industrial Programme. As such, the project had not been commenced due to lack of enthusiasm of beneficiaries with regard to the ornamental fish breeding project.
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(ii) Divisional Secretariat, Yatinuwara			
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- Waharagoda Canal Waterways	50,000	18.12.2013	Non receipt of the estimated amount from the Water Supply Board.
- Development of the Pelawa Ihala Meda	150,000	20.11.2013	Inadequacy of funds.

	Maternity and Child Care Clinic Centre				
	- Danture Omendal Colony Road	150,000	07.08.2013		Non revision of the proposal for soil work.
(iii)	Divisional Secretariat, Udunuwara -----				
	Development of the Watadeniya Crematorium Road	48,500	13.12.2013		Lack of enthusiasm of the organization which had entered into an agreement to implement the project even by 31.12.2013.
(iv)	Divisional Secretariat, Kundasale -----				
	- Wiring and supply of electricity and water to the Abitha stadium, Balagolla East.	65,000	25.12.2013		Project proposal approved. Delay in obtaining funds.
	- Concreting the bye-road at Kumudu Mawatha	198,000	2013		The work had to be carried out through a private land.
	- Construction of steps at Budugehinna Dharmarama Upasikaramaya	495,000	2013		Though it was requested to continue the work due to lack of facilities to transport materials to the project site, approval had not been received.
(v)	Divisional Secretariat, Deltota -----				
	- Renovation of the cause way constructed across the field leading from Nawaneliya to Kotagamptiya Gurugaloya.	72,750	16.07.2013		Inability to revise the Project.

- Improvement of the 485,000 15.08.2013 Inability to revise the Project.
Pathampalli
Kandatennawatta Water
Supply Scheme

(b) Delays in Execution of Projects

The following delays in execution of projects by the District Secretariat were observed.

Project	Estimated Cost	Expected date of Commencement	Due date of Completion	Expenditure by 31 December 2013	Reason for Abandonment
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	Rs.			Rs.	
(i) Divisional Secretariat, Kundasale					

Development of the Village Council Road from Pihinabiyagaha junction across the Galmediyawela of the Deliwelitenna Medagamaedda Portion.	297,000	25.11.2013	25.12.2013	17,246	Unable to transport materials to the project site.
(ii) Divisional Secretariat, Udumbara					

Reconstruction of the remaining portion of Bambarabedda East Gammedda Road.	1,200,246	30.08.2012	28.06.2013	974,400	Heavy Rain
Reconstruction of the Bambarabedda West Gammedda Road.	1,201,782	30.08.2012	27.06.2013	974,000	- do -
Improvements to the Madugalla North Water Scheme.	1,015,483	30.08.2012	12.07.2013	974,000	- do -
Improvements to the Kaikawala Water Scheme	1,317,987	30.08.2012	06.08.2013	974,000	- do -
Reconstruction of the Nugathenna Galbokka Road	1,198,942	30.11.2012	29.05.2013	974,000	- do -
Construction of the Divinnegama Multi Purpose Building.	986,805	27.08.2012	07.11.2013	971,344	- do -
To purchase 10775 Cadju plants and plant them during 2013.	2,237,500	26.12.2013 to 30.12.2013	31.12.2013	1,102,000	5265 cadju plants had not been purchased.

(iii) Divisional Secretariat, Pasbage Korale

Construction of a road from Ukkupila to Mahakumbura railway track	500,000	06.11.2013	31.12.2013	500,000	Payments not made as work was not upto standard.
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(c) Projects for which Money had been Released although there was no Progress

Out of the provision of Rs.150,000 allocated for developing the Panwilatenna Kahawatta Daham Pasala by the Doluwa Divisional Secretariat, a sum of Rs.145,354 had been spent on purchasing tiles. However, action had not been taken to lay tiles even by 12 December 2013. Nevertheless, a report had been prepared stating that the work was over.

1:10 Transactions of Contentious Nature

An estimate for Rs.849,797 had been prepared to repair the roof, doors, windows and the salvage system of the building where the office of the Additional District Registrar belonging to the Divisional Secretariat, Udadumbara functioned. The estimate concerned had been referred to the District Secretariat on 14 February 2013. However, no action had been taken with regard to the repairs even by 25 March 2014, at the time of audit, although more than one year had elapsed. Due to this, the building continued to dilapidate day by day.

1:11 Irregular Transactions

Certain transactions of the District Secretariat were not regular. Certain such instances observed are shown below.

(a) Deviation from Guidelines of the Procurement Procedure

Ninety toners had been purchased on 2 orders each amounting to Rs.406,050 from two institutions which had furnished lowest quotations as per procurement decision No. 201 dated 22 May 2013. A further quantity of 58 toners had been purchased from another institution for Rs.359,698 at the price decided by the procurement committee on 21 December 2013 without approval.

(b) Transactions without Authority

Salaries amounting to Rs.263,784 and distress loan amounting to Rs.53,820 had been paid from the Central Government Head during 2013 by the Divisional Secretariat, Ganga Ihala Korele to an employee of the Provincial Council.

1:12 Losses and Damages

Observations relating to losses and damages revealed at audit test checks are shown below.

- (a) One month old chicks had been distributed among beneficiaries during the year 2013 under the Divineguma Programme of the Udadumbara Divisional Secretariat without considering the observations made by the Veterinary Surgeon. A loss of Rs.345,150 had occurred by 30 March 2014 as a result of the death of 1,002 chicks. During the year 2012 too, one month old chicks had been purchased by spending Rs.362,220 without the recommendations of the Veterinary Surgeon.
- (b) A sum of Rs.256,500 had been paid as loans and subsidies to 6 beneficiaries for fishery activities under the Divineguma Programme of the Minipe Divisional Secretariat in 2013. Thus it was unable to recover a sum of Rs.78,000 out of the granted to 6 beneficiaries by 31 December 2013.
- (c) A vehicle belonging to the District Secretariat which met with an accident on 18 July 2013 had been repaired by spending Rs.9,284 on 03 September 2013. Action had not been taken in terms of the Financial Regulation 104 even by 31 December 2013 with regard to the loss.

1:13 Operating Inefficiencies

According to the Circular No. 2011 of the Secretary to the Ministry of Child Development and Women Empowerment, the programme to supply a glass of fresh milk to pre-school children should be implemented in the authoritative area of all Divisional Secretariats. However, this programme had not been implemented in 148 out of 477 registered pre-schools of 9 Divisional Secretariats belonging to the Kandy District Secretariat.

1:14 Human Resources Management

(a) Approved Cadre and the Actual Cadre

The position relating to cadre as at 31 December 2013 is as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
(i) Senior Level	82	73	09	--
(ii) Tertiary Level	109	69	40	--
(iii) Secondary Level	1,702	1,308	394	--
(iv) Primary Level	218	183	35	--
(v) Others (Casual/ Temporary/ Contract Basis)	03	09	--	06
Total	2,114	1,642	478	06

The following observation is made.

The District Secretariat was unable to fill 322 vacancies existing at 8 Divisional Secretariats for many years.

(b) Non-assignment of Duties

According to the Circular of the Secretary to the Ministry of Public Administration and Home Affairs No. HAF-A/6/GT/Duty List dated 11 June 2013, services should be obtained from Graduate Development Officers attached to Divisional Secretariats of the authoritative area by assigning duties to them. However, duties had not been assigned to Graduate Development Officers attached to 14 Divisional Secretariats. As a result, it was not confirmed in audit whether there were any contributions from those officers towards fulfilling the objectives of the District Secretariat by paying salaries and allowances of Rs.8,991,987 to them during the year under review.

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