

Head 276 - District Secretariat, Badulla
Report of the Auditor General – Year 2013

1:1 Activities of the District Secretariat

- (a) Performing Government functions through efficient coordination with the Ministry of Public Administration and its affiliated institutions.
- (b) Execution of Government functions through coordinating all Government Ministries, Departments and other institutions as well.
- (c) Collection of revenue of the activities related to the Central Government and the Provincial Council.
- (d) Accomplishment of coordination, supervision and administration affairs of all Divisional Secretariats of the District.
- (e) Coordination of activities related to the Provincial Council.
- (f) Entire execution of Election affairs.
- (g) Implementation of Development Activities under Decentralized Budget and other allocations provided by various Government Ministries and Departments.
- (h) Carry in to affect the District Coordinating Committee meetings come under the purview of the District Secretary.
- (i) Bearing the responsibility of organizing Public, Religious, Cultural and other festivals at district level.
- (j) Active contribution in coordinating the public institutions with civil organizations, non-governmental organizations and the general public and also plays a mediation role in remedying certain social issues.

1:2 Divisional Secretariats under the District Secretariat

- (a) Mahiyanganaya
- (b) Ridimaliyadda
- (c) Kandeketiya
- (d) Meegahakivula
- (e) Soranathota
- (f) Badulla
- (g) Passara
- (h) Lunugala

- (i) Haliela
- (j) Ella
- (k) Bandarawela
- (l) Haputale
- (m) Haldummulla
- (n) Welimada
- (o) Uva Paranagama

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, Badulla for the year ended 31 December 2013 was carried out 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 10 June 2014. The audit observations, comments and findings on the Accounts and the Reconciliation Statements were based on a review of the Accounts and the 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 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 Observation

According to the Financial Records and the Books for the year ended 31 December 2013 it was observed that except for the effects of the general observations appearing at (a) to (c) and other major audit findings appearing in paragraphs 1.6 and 1.14 herein, the Appropriation Account and the Reconciliation Statement of the District Secretariat Badulla had been prepared satisfactorily.

(a) Appropriation Account

(i) Total Provision and Expenditure

The total net provision made for the year under review amounted to Rs.532,813,919 and out of that a sum of Rs.517,274,215 had been utilised by the end of the year under review. Accordingly, the net savings amounted to Rs.15,539,704 and represented 2.92 per cent of the total net provision. Details appear below.

Expenditure	As at 31 December 2013			Savings as a Percentage of the Net Provisions
	Net Provision	Utilization	Savings	
	Rs.	Rs.	Rs.	
Recurrent	462,963,919	461,171,942	1,791,977	0.39
Capital	69,850,000	56,102,273	13,747,727	19.68
	532,813,919	517,274,215	15,539,704	

(ii) Budgetary Variance

The entire net provision of Rs.9 million made for a Capital Object had been saved. Excess provision had been made for another Capital Object

and as such the saving after the utilization of provision represented 66 per cent of the net provision.

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

Twenty three Ministries and 19 Departments had made available provisions totalling Rs.3,303,889,541 to the District Secretariat for various activities and out of those provisions, Rs.1,661,292,557 and Rs.1,488,557,074 respectively totalling Rs.3,149,849,631 had been utilised by the end of the year. Accordingly provisions amounting to Rs.139,457,117 and Rs.14,582,793 respectively totalling Rs.154,039,910 had been saved by the end of the year under review. Those savings represented 7.74 per cent and 0.97 per cent respectively of the provisions made available.

The following observations are made in this connection.

- The following deficiencies had taken place in connection with the projects implemented by two Divisional Secretariats under the One Village One Work of the Gama Neguma Programme implemented by the Ministry of Economic Development and the Decentralised Budget Programme.
 - ❖ The contractor society had been overpaid to a sum of Rs.92,173 for the excess measurement of 43.85 square metres in connection with the transport and laying of ABC under the project for the repairs of Mahapitiya – Bakinidandugolla Road.
 - ❖ Timber conforming to the specified standards had not been used for the construction of the roof and fixing of door with timber frames in the project for the construction of the Pethiyagoda Diriyagama Community Hall. A sum of Rs.248,564 had been paid to the contractor society for those construction works.

- ❖ In the project for the reconstructions of the dilapidated Grama Niladhari Office at Keselpotha North, the timber removed from the old building had been used for the construction of the roof. An over payment of Rs.190,552 in that connection as well as overpayments for construction of brick walls and fixing of timber frames and doors amounting to Rs.49,266 and Rs.15,984 respectively had been made to the contractor society.
- ❖ Instead of construction of two culverts according to the original estimate for the construction of the Siyambalagaslanda Gongolla Road, only one culvert had been constructed and earth work amounting to Rs.532,232 had been done in place of the construction of the other culvert on a request made by a Member of Pradeshiya Sabha
- ❖ The concreting of the last 19 meters of the road to the Pitamaruwa School had not been done according to the specified standards and cracks were observed in three places of the road. A sum of Rs.604,610 had been paid to the contractor society for the construction of the road.
- ❖ The Divisional Secretariat, Ridimaliyada had paid a sum of Rs.416,000 to the Mahiyanganaya, Depot of Sri Lanka Transport Board, at the rate of Rs.6,500 per youth under the Decentralised Budget Programme of the year 2011 for the supply of Driving Licences to 64 youths. As action for the supply of Driving Licences had been done without identified the number of youth who require Driving Licences, only 29 youths had completed the training and obtained Driving Licences. The balance sum of Rs.227,500 paid for driving training of the balance 35 had become a fruitless expenditure.

(b) Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorised by Parliament for the Advances to Public Officers Account of the District Secretariat and the actual amounts are given below.

Item Number	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
27601	43,000,000	37,548,375	31,500,000	38,778,145	155,000,000	122,530,367

The following observations are made in this connection.

- (i) According to the Reconciliation Statement as at 31 December 2013 of the Advances to Public Officers Account Item No.27601, the balances that remained outstanding as at that date totalled Rs.5,337,256.
- (ii) The outstanding loan balances recoverable from 12 interdicted officers amounted to Rs.519,104 and out of that loan balance, a sum of Rs.255,797 had been older than 05 years. Action in terms of Section 4 of Chapter XXIV of the Establishments Code had not been taken for the recovery of the outstanding loan balances and the interest
- (iii) Even though a request for legal advice had been made to Department of Attorney General for the recovery of the property, motor vehicle and distress loan balances amounting to Rs.1,096,080 recoverable from the Divisional Secretary, Haldummulla, who had vacated post while serving as the Divisional Secretary Haldummulla no further action had been taken in that connection.
- (iv) Action had not been taken for the recovery of the loan balance of Rs.242,373 which remained outstanding from the former Divisional

Secretary, Mahiyanganaya at the time of his transfer on 31 October 1999 as the Municipal Commissioner of the Badulla Municipal Council.

(c) General Deposit Account

 The balances of the General Deposit Account of the District Secretariat as at 31 December 2013 totalled Rs.507,372,544. Action in terms of Financial Regulation 571 had not been taken on the deposits older than 02 years amounting to Rs.2,718,790 included in those balances.

1:6 Assets Management

 Underutilised Assets

 A pool motor vehicle of the Divisional Secretariat, Soranathota had been underutilised as the post of Driver had been vacant since August 2012.

1:7 Non-compliances

 Non-compliance with Laws, Rules and Regulations

 Instances of non-compliance with the provisions in the laws, rules and regulations observed during the course of audit tests checks are analysed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
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Rs.

(a) Establishments Code of the Democratic Socialist Republic of Sri Lanka

 (i) Chapter XIX Section 5.6

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Instead of recovering a percentage of the salary as rent of official quarters in terms

of the Establishments Code, the economic rent based on the valuation of the year 2006 had been recovered from the Accountant and the Assistant Director (Planning) as the rent of the official quarters without the approval of the District Secretary.

(ii) Chapter XIX
Section 6

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The custody of the properties of 03 official quarters of the Divisional Secretariats, Ridimaliyadda and Ella had not been handed over by entering into agreements with conditions.

(b) Financial Regulations of the
Democratic Socialist
Republic of Sri Lanka

Financial Regulation 529,461
1645(a)

The Divisional Secretariats, Kandeketiya, Soranathota, Welimada and Uva Paranagama had not updated in Motor Vehicle Log Books by including the repair expenditure of motor vehicles.

1:8 Weaknesses in the Implementation of Projects

(a) Projects abandoned without Commencing

The District Secretariat had abandoned the following projects without commencing.

Project	Estimated Cost	Due Date for Commencement	Reasons for not commencing
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	Rs.		
Construction of the Flight of Steps of Samagipura Disneyland	48,860	18 September 2013	Relevant society had not been commenced the work.
Supply of Materials for leveling of the playground of the Udupussalawa Gampahawatta Upper Division and construction of the fence.	29,100	-	Objects raised by the owners of the adjoining lands.
Development of the Kalugala Cultural Centre of the Hindagala Estate Division	300,000	-	Due to the change of the proposals for the construction of the building of the Kirinda Uduwara Upper Division for which provision was made originally, the estate people of that Division raised objections.
Construction of the priests residence of Arawakumbura Sri Wijitha Sambodhi Temple.	100,000	31 December 2013	A registered society did not come forward to enter into an agreement.

(b) Delays in Implementation of Projects

Delays in the implementation of the following projects by the District Secretariat were observed.

Project	Estimated Cost	Date of Commencement	Due Date for Completion	Date of Completion	Expenditure as at 31 December 2013	Reasons for Delay
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	Rs.				Rs.	
District Secretariat Passara -----						
Mending the defects of B/Kanawerella No.1 School	500,000	09 April 2013	06 June 2013	08 July 2013	349,725	Heavy Rains
Construction of a 20'x20' class room for B/ Kanawarella No.2 School	500,000	09 April 2013	05 June 2013	26 June 2013	300,883	Bad Weather and transport difficulties
Mending defects of B/ Kanawarella No.3 School	500,000	05 April 2013	05 June 2013	15 July 2013	490,620	Bad Weather
Divisional Secretariat, Haliela -----						
Development of Wellewela Medamankada Road	99,900	30 July 2013	14 September 2013	26 September 2013	99,864	Completion of work delayed by the societies that entered into Agreements
Concreting of Office Road - Division 11 of the Othamba Estate in Wevelhinna Wasama	52,757	25 September 2013	16 October 2013	14 December 2013	50,000	
Reconstruction of the First Section of the road from Uduwara Mugunumatha to Ampitikanda	71,956	30 October 2013	20 November 2013	26 December 2013	71,956	
Concreting of First by road of Haliella Jayathilaka Mawatha	51,867	10 September 2013	10 October 2013	24 October 2013	50,000	
Divisional Secretariat Welimada -----						
Development of the Sri Sittika Vinayagar Alayam Cultural Centre of Welimada Division of Uva Benhead	294,000	09 December 2013	28 December 2013	-	79,856	Lack of adequate time for fixing concrete in construction of a building
Concreting of Ohiya	1,000,000	23 December 2013	31 December 2013	-	-	Bad Weather

Eld Road

Divisional Secretariat
Uva Paranagama

Concreting of Kirklees Backinton Road	1,000,000	26 December 2013	31 December 2013	-	306,344	Lack of time to complete as provision was received at the end of the year
Development of Cultural Centre of Waldmar Division of Thubewatta	300,000	-	31 December 2013	-	-	

(c) Preparation of Estimates

According to paragraph 4 of the instructions No. MED/RE on the implementation of the Gama Neguma Programme from 2011, of 02 September 2011 of the Ministry of Economic Development a sum not more than 20 per cent of the total estimate of the Gama Neguma Programme should be reduced for unskilled labour. Contrary to the provisions, a sum not more than 20 per cent of the maximum amount that can be paid for a contractor had been assessed as the unskilled labour and as such the unskilled labour utilised had been under-assessed.

(d) Under – recovery of Liquidated Damages

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- (i) The liquidated damages amounting to Rs.65,828 that should have been deducted on 09 Gama Neguma Projects implemented by the Divisional Secretariat, Kandeketiya had not been recovered.
- (ii) Out of the 20 One Village One Work Projects implemented by the Divisional Secretariat, Meegahakivula in the year 2012, eleven projects had not been completed within the agreed period. As the agreement period had been altered irregularly liquidated damages of Rs.177,625 recoverable had not been recovered.

1.9 Deficiencies in the operation of Bank Accounts

Balances for Adjustment

According to an analysis of the adjustments shown in the Bank Reconciliation Statements for December 2013 prepared by the District Secretariat and 02 Divisional Secretariats, unrealized deposits totalling of Rs.15,857 older than 06 months and less than 01 year existed.

1:10 Transactions of Contentious Nature

The official motor vehicle of the Divisional Secretariat, Ridimaliyadda had run 12,606 kilometres during the period, January 2013 to August 2013. The fuel consumption for that distance should be 1,575.5 litres but the actual consumption had been 1,872.62 litres. As such 297.12 litres of fuel valued at Rs.36,040 exceeding the required quantity had been consumed.

1:11 Irregular Transactions

The Divisional Secretariat, Uva Paranagama had made purchases amounting to Rs.634,250 from a supplier stating that the supplier had been selected by the Procurement Committee on 09 April 2013. The Divisional Secretary who functioned as the Chairman of the Procurement Committee that arrived at the decision and the Technical Officer who was a member of the Committee had been on field duty from 0800 hours to 2055 hours on that day and as such the decision of the Procurement Committee on that day had been erroneous.

1:12 Uneconomic Transactions

The Divisional Secretariat, Ridimaliyadda had spent a sum of Rs.50,000 from the Decentralised Budget provisions for the construction of a Handball Court for the Youth Societies. A physical inspection of the site of the Handball Court carried out on 19 November 2013 revealed that there was no playground at the site while the Mahaweli Authority of Sri Lanka had been constructing a building on that site.

1:13 Management Weaknesses

The following weaknesses were observed during the course of audit test checks.

- (a) Even though the speedometer of the pool motor vehicle of the Divisional Secretariat, Soranathora had not been working from 20 June 2013, action had not been taken to repair or replace it with a new speedometer. As such it was not possible to be satisfied with regard to the quantity of fuel and the number of kilometres run recorded in the Daily Running Charts.
- (b) According to the fuel consumption test of a pool motor vehicle of the Divisional Secretariat, Kandakitiya performance per litre had been 08 kilometres. But the Daily Running Charts of that motor vehicle had been balanced at the rate of 07 kilometres per litre. Accordingly, a sum of Rs.34,781 for 286.5 litres of fuel had been overpaid for 16,044 kilometre run during the period 08 January 2013 to 07 February 2014.

1:14 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2013 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
(i) Senior Level	52	46	06	-
(ii) Tertiary Level	45	21	24	-
(iii) Secondary Level	1,006	758	252	04
(iv) Primary Level	139	118	31	10
(v) Others (Casual)	-	23	-	23
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	1,242	966	313	37
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