

Head – 256 - District Secretariat, Gampaha

Report of the Auditor General - Year 2013

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

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

Scope of Audit

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 2013 were audited 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 18 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 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 in 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 Observation

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 (d) and other major reveals appearing in paragraphs 1.6 to 1.14 herein, the Appropriation Account of the District Secretariat Gampaha had been prepared satisfactorily.

(a) Non-maintenance of Registers and Books

As per FR 110 ,the Register of Losses and Damage had not been maintained in the proper and updated manner by the District Secretariat .

(b) Appropriation Account

The following observations are made.

(i) Total Provision and Expenditure

The total net provision made for the District Secretariat for the year under review amounted to Rs.861,051,707 and out of that a sum of Rs.803,779,312 had been utilized by the end of the year under review. Accordingly, the net savings amounted to Rs.57,272,395 and it represented 6.65 per cent of the total net provision. Details are given below.

Expenditure	As at 31 December 2013			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.	Rs.	Rs.	
Recurrent	799,751,707	768,018,358	31,733,349	3.96
Capital	61,300,000	35,760,954	25,539,046	41.66
Total	861,051,707	803,779,312	57,272,395	6.65

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

Provisions totalling Rs.5,864,214,886 had been received from 27 Ministries and 17 Departments respectively for various activities for the District Secretariat. Out of this, sums totalling Rs.5,717,061,337 comprising of Rs.2,309,192,842 and Rs.3,407,868,495 respectively had been utilized. Accordingly, provisions totalling Rs.147,153,549 had been saved as Rs.125,459,588 and Rs.21,693,961 respectively as at the end of the year under review. The same savings had been 5.15 per cent and 0.63 per cent respectively from the provisions provided.

(c) Advances to Public Officers' Account

Limits Authorized by Parliament

Limits authorized by Parliament and the actual values relating to the Advances to Public Officers' Account No.25601 in relation to the District Secretariat are given below.

Item No.	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
25601	68,000,000	64,290,194	54,000,000	57,337,958	240,000,000	232,842,469

According to the reconciliation statements of the Advances to Public Officers item No.25601, the outstanding balances as at 31 December 2013 totalled Rs.1,612,708 and the follow up action on the recovery of outstanding had been at a weak level.

(d) General Deposit Account

The balance of the General Deposit Account of the District Secretariat as at 31 December 2013 was amounted to Rs.470,535,812. The following observations are made in this connection.

- (i) Action had not been taken in terms of Financial Regulation 571 in respect of deposits amounted to Rs.1,192,685 remained more than 2 years.
- (ii) Action had not been taken in terms of Financial Regulation 571(2) in respect of land deposits amounted to Rs.16,729,602 remained more than 10 years.
- (iii) A sum amounting to Rs.100,000 provided in the year 2012 for 2 projects of the Divisional Secretariat Kelaniya had been returned without utilizing the relevant purpose.

1.6 Good Governance and Accountability

1.6.1 Annual Action Plan.....

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

1.7 Assets Management

The following observations are made.

(a) Idle and underutilized Assets

A quarters belonging to the District Secretariat had been idled since more than three years.

(b) Assets Released to External Parties

It was observed that certain assets had been improperly released to the external parties by the District Secretariat in several instances. Particulars are given below.

	<u>Type of assets</u>	<u>No. of Assets/Units</u>	<u>Institute Assets Released</u>
(i)	Buildings of quarters	01	National Youth Council-Udugampola
(ii)	-Do-	01	Samurdhi Bank-Horampella
(iii)	A family had been settled down without permission in a quarters situated at Unnaruwa of Divisional Secretariat area Miniwangoda.		
(iv)	Seven quarters of 5 Divisional Secretariats had been utilized for maintaining Grama Niladhari offices.		

1.8 Non – compliance

Non-compliances with Laws, Rules, Regulations, etc.

Instances of non – compliance with the provisions of laws, rules and regulations observed at the audit test checks are analyzed below.

	<u>Reference to Laws, Rules and Regulations</u>	<u>Non - compliance</u>
(a)	Financial Regulations of the Democratic Republic of Sri Lanka ----- F.R 1646	The daily running charts for the year 2013 relevant to pool vehicles of two Divisional Secretariats had not been submitted to the Auditor General.
(b)	Treasury Circulars ----- Circular No.IAI/2002/02 dated 28 November 2002	A Register of Computer Assets in relation to all computers, accessories and computer software belonging to District Secretariats and Divisional Secretariats had not been prepared.

- (c) Internal Circular No.1/8/18 and dated 27 June 2007 of the District Secretary Gampaha
- Even though an office of the Grama Niladharies should be checked 4 times during a year, 84 offices of the Grama Niladharies in the Divisional Secretariat Division of Mirigama had not been checked at least once during the year 2013.

1.9 Weaknesses in the Implementation of Projects

The following delays were revealed during the audit test checks in the implementation of Projects.

(a) Delays in the Execution of Projects

- (i) Delays were observed in the execution of the following projects in the Divisional Secretariat.

Project	Estimated Cost	Due Date of Completion	Progress as at 31 December 2013	Reasons for Delay
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	Rs.		%	
Construction of "Seva Piyasa" - Divisional Secretariat Kelaniya	1,826,435	31.12.2013	75	Funds not received
Construction of "Seva Piyasa" - Divisional Secretariat Biyagama	750,000	31.12.2013	75	Estimate had not prepared properly

- (ii) Delays were observed in the execution of the following projects in the District Secretariat.

Project	Estimated Cost	Due Date of Completion	Expenditure as at 31 December 2012	Reasons for Delay
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	Rs.million		Rs.million	
Carpeting of Roads	573.6	31.12.2013	265.3	Delays in laying pipes
Urban Development Programmes	6.9	31.12.2013	5.2	Delays in approval of Projects
Renovation of Dompe Hospital	11.3	31.12.2013	11.3	Due to incorrect estimates
Construction of Negombo Night Fair	50.0	31.12.2013	50.0	Land not cleared
Western Ran Aruna Programme	270.0	31.12.2013	270.0	Non-obtaining of Ministry approval

(b) Projects not in Progress, Although the Funds had been Released

Even though provision of Rs. 26 million had been provided for initial steps of the construction of buildings for 02 Divisional Secretariats according to the annual budget estimate of the year 2013, 97 per cent of the same provisions had been saved as at the end of the year under review.

1.10 Irregular Transactions

Certain transactions entered into by the Divisional Secretariats were devoid of regularity. Several such instances observed are given below.

- (a) Two computers at an amount of Rs.183,480 had been purchased from a private company on 28 May 2013 for the Divisional Secretariat Gampaha. The equipment purchased had not been complied with relevant specifications.
- (b) Three multimedia projectors amounting to Rs.690,000 had been purchased by the Divisional Secretariat Attanagalla in the year under review. The final date of the bids should be presented had been stated as 25 November 2013. Evaluation of later presented bids, opening of presented bids in various dates, non-preparation of technical evaluation report according to relevant specifications, evaluation of presented all bids had not been done.

1.11 Losses and Damage

The following observations are made in relation to losses and damage.

- (a) Losses and damage of a cab met with an accident on 01 March 2013 had not been included in the Statement of Losses and Waivers of the Appropriation Account of the Losses and Damage.
- (b) Although it had been stated in the Appropriation Account that 2 vehicles met with accidents, it had not been included into the Register of Losses and Damage.
- (c) Even though a period of 3-7 years had elapsed after incurring accidents of 2 cabs, action had not been taken to recover the same losses from the relevant officers or write off from books as per Financial Regulations 109.
- (d) Even though as per the Financial regulations 104(3) and (4) immediate after the loss incurred a primary report and within 03 months after the loss incurred a full report should have been submitted, in terms of the Financial Regulations, reports had not been submitted in relation to the two vehicle accidents incurred on 01 March 2013 and 04 September 2013.
- (e) Details of the losses belonging to 2 Divisional Secretariats had not been recorded in the Register of Losses and Damage.

1.12 Uneconomic Transactions

Test checks revealed that transactions had been entered into uneconomically. Details are given below.

- (a) According to the follow up reports, it had been revealed that 3 sets of equipment out of 11 sets distributed for uplift the living condition of the low income families under the Ran Aruna Programme have been idled.
- (b) The following matters were revealed in relation to the female chicks distributed to the beneficiaries from 3 Divisional Secretariats in the Gampaha District.

Divisional Secretariat	Relevant Year/Years	No.of female/male chicks distributed	No.of male /female chicks died	No.of male chicks among the female chicks	No.of chicks which follow up information not obtained.
Attanagalla	2011,2012 and 2013	16,360	2,878	1,741	6,955
Kelaniya	2013	2,500	-	-	2,500
Biyagama	2012	916	395	168	353
Total		19,776	3,273	1,909	9,808

The following observations are made in this connection.

- (i) The follow up action had not been done in relation to 6,955 female chicks out of 16,360 distributed from Attanagalla Divisional Secretariat. The value of the loss had been 49 per cent or Rs.1,443,530 out of the total expenditure that the number of died female chicks out of 9,405 which the follow up actions done and the male chicks received instead of female chicks .
 - (ii) The expenditure done according to the number of female chicks died out of 916 which had distributed by the Biyagama Divisional Secretariat and the number of male chicks received instead of female chicks had been an un- economic transaction equal to 61 per cent or Rs.175,948 .
 - (iii) The analysis as above could not be done due to the follow up reports in relation to the female chicks distributed by the Divisional Secretariat Kelaniya had not prepared.
- (c) Twenty one per cent of the fruit plants out of 6,884 which the follow up actions done out of the fruit plants number 14,476 distributed by the Divisional Secretariat Gampaha in the year 2012 under the Divineguma Programme had been destroyed. Those were plants such as grapes that not suitable for the climate of the Gampaha District.

1.13 Management Weaknesses

 The following weaknesses were observed during the audit test checks.

- (a) A quantity of 165 equipment belonging to various types amounting to Rs.427,460 purchased by the Divisional Secretariat Mirigama through the decentralized provisions of the year 2013 had not been handed over to the beneficiaries even as at October 2014.
- (b) Number of 273 items of goods amounting to Rs.236,400 purchased by the Divisional Secretariat Biyagama in the year 2013 under 02 Development Programmes for distribution had been kept in the office premises and the stores.
- (c) Pension funds totalling of Rs.26,117 for 2 pensioners who obtained pensions from the Divisional Secretariat Gampaha had been paid by the Divisional secretariat after the following month of the pensioners deceased and the same money had not been recovered.
- (d) An amount totalling of Rs.416,782 had been remitted to the each bank accounts of 9 pensioners who had deceased during the period from July 2011 to January 2013 among the pensioners who obtaining pensions from the Divisional Secretariat Kelaniya. However, out of the same amount recovery of a sum of Rs.244,795 had become an uncertain condition.
- (e) Even though the expected target of distribution of fruit plants by the District Secretariat Attanagalla was 44,742 ,according to the follow up reports of the year 2011 ,number of fruit plants distributed had been only 29,202.

1.14 Human Resources Management

----- Approved Cadre and Actual Cadre -----

Cadre Position as at 31 December 2013 is given below.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
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(i)	Senior Level	46	37	09	
(ii)	Tertiary Level	27	22	05	
(iii)	Secondary Level	1677	1339	338	
(iv)	Primary Level	129	111	20	02
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	Total	1879	1509	372	02
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The following observations are made.

The Institute had failed to fill 370 vacancies even by the end of the year under review. Excess of two drivers who had attached to the Divisional Secretariat Gampaha on the transfer basis had been occurred.