

## **Head 259 – District Secretariat – Matale**

### **Report of the Auditor General – Year 2013**

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#### **1.1 Key functions of the District Secretariat**

- (a) Direction of the district administration affairs by coordinating regional administration affairs.
- (b) Maintenance of a proper financial management by providing required financial provisions with the Divisional Secretariats.
- (c) Coordination of all planning activities at regional level and carrying out their progress control activities.
- (d) Human resource development affairs of the all officers involved in the district administration affairs.
- (e) Coordination of activities relating to the livelihood development of the people in the district and carrying out their progress control activities.
- (f) Planning and supervision of all constructions relating to the capital investments on the strengthening of administration affairs in the district.
- (g) Coordination of agricultural and environmental activities and taking action to resolve issues associated with them.
- (h) Direction of activities required for the spiritual development of the people and building up of goodwill among races within the district.
- (i) Coordination of affairs relating to land issues.
- (j) Issuance of licences for fire arms and ammunitions
- (k) Provision of information of the district.
- (l) Implementation of programmes relating to the entrepreneurship development in the district.

#### **1.2 Divisional Secretariats under the District Secretariat**

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|-----------------------|-------------------------|
| (a) Pallepola         | (g) Naula               |
| (b) Galewela          | (h) Ukuwela             |
| (c) Dambulla          | (i) Yatawatta           |
| (d) Ambanganga Korale | (j) Wilgamuwa           |
| (e) Rattota           | (k) Laggala – Pallegama |
| (f) Matale            |                         |

### 1.3 Scope of Audit

The Appropriation Account including the financial reports, reconciliation statements, books, registers and other records of the District Secretariat, Matale for the year ended 31 December 2013 was audited in pursuance of provisions in Article 154 (I) 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 16 September 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

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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 of 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 Observations

According to the Financial Reports 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 to 1.12 herein, the Appropriation Account and the Reconciliation Statements of the District Secretariat, Matale had been prepared satisfactorily.

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.487,075,000 and out of which a sum of Rs.482,822,573 had been utilized by the end of the year. Accordingly, the net savings amounted to Rs.4,252,427 representing 0.9 per cent of the total net provision. Details are given below.

Expenditure	<u>As at 31 December 2013</u>			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.	Rs.	Rs.	
Recurrent	436,825,000	435,057,769	1,767,231	0.4
Capital	50,250,000	47,764,804	2,485,196	4.9
<b>Total</b>	<b>487,075,000</b>	<b>482,822,573</b>	<b>4,252,427</b>	<b>0.9</b>

(ii) Budgetary Variance

Excess provisions had been made for 06 Recurrent Objects and 03 Capital Objects and as such the savings after the utilization of the provisions had ranged between 07 per cent to 28 per cent of the net provisions relating to those Objects.

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

Provisions amounting to Rs.1,947,816,335 from 24 Ministries and 19 Departments had been received by the District Secretariat for various purposes. Out of that, a sum totalled Rs.1,754,567,220 comprising Rs.914,851,351 and

Rs.839,715,869 respectively had been utilized. Accordingly, provisions totalled Rs.193,249,115 comprising Rs.173,903,581 and Rs.19,345,354 respectively had been saved by the end of the year under review and the net savings had ranged between 16 per cent to 02 per cent of the total provision granted.

Following observations are made in this connection.

- Out of the provisions amounting to Rs.730,212,240 made by the Ministry of Economic Development, a sum of Rs.586,164,568 alone had been utilized while a sum of Rs.144,047,672 or 20 per cent of the provisions had been saved.
- In terms of the Circular No.1/2013 dated 28 March 2013 of the Secretary to the Ministry of Economic Development, beneficiaries for the relevant projects should be selected by giving priority to the objective of alleviating poverty. Contrary to that, the Matale District Secretariat had awarded 10 hokey bats and 02 hokey balls to the Old Students Society of the Christ Church National school, Matale incurring a sum of Rs.95,000.
- Out of the 35 farmers selected to construct 35 warehouses for storing Big Onion at accost of Rs.3, 500,000 six farmers had not constructed warehouses. However, action had not been taken to identify another 06 farmers and grant the relevant provisions.
- Upon the disaster condition irrupted in the Rattota Divisional Secretary's Division, the Ministry of Disaster Management had granted provisions of Rs.17,915,000 in respect of identified 67 full damages and 177 partly damages. Identification of beneficiaries and obtaining provisions had been done without conducting proper study and as such provisions had been made exceeding the requirements. Accordingly, provisions amounting to Rs.7,307,600 had remained underutilized as at 31 December 2013.
- Provisions amounting to Rs.414,930 had been made available to Divisional Secretariat, Ambanganga Korale for 13 pre- schools

registered under the “ Kiriweeduruwa” (*glass of milk*) programme. However, this programme had been confined to 07 pre-schools and as such provisions amounting to Rs.145,470 had remained underutilized.

(b) Advances to Public Officers Account

Limits Authorized by Parliament

Limits authorized by Parliament for the Advances to Public Officers Account pertaining to the District Secretariat and the actual values are given below.

Object No	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
25901	25,000,000	24,944,419	24,000,000	27,203,041	150,000,000	110,623,971

The following observations are made in this connection.

- (i) According to the Reconciliation Statement of the Advances to Public Officers Account as at 31 December 2013, the balances that remained as at that date totalled Rs.671,905.
- (ii) Without complying with the provisions of the Public Administration Circular No.30/2008 dated 31 December 2008 and the National Budget Circular No.157 (1) dated 31 January 2013, District Secretariat had granted Distress loans totalled Rs.282,034 to three officers exceeding the prescribed limits.

(c) General Deposit Account

The balance of the General Deposit Account bearing No. 6003/0000/0035/0000/000 of the District Secretariat, Matale as at 31 December 2013 totalled Rs. 120,233,213.

The following observations are made in this regard.

- (i) Action in terms of Financial Regulation 571 had not been taken in respect of 08 deposit balances older than two years amounting to Rs.452,904.
- (ii) A sum of Rs.460,000 given by two Ministries , a Department and 03 Divisional Secretariats for various purposes had been retained in the Deposit Account without being utilized for relevant purposes.

#### 1.6 Assets Management

Following observations are made.

##### (a) Idle and Underutilized Assets

The Government quarter allocated for the Assistant Divisional Secretary of the Pallepola Divisional Secretariat had remained without being utilized for a period of 05 years as at 31 December 2013.

##### (b) Unsettled liabilities.

Unsettled liabilities of the Matale District Secretariat and 11 Divisional Secretariat as at 31 December 2013 totalled Rs.2,099,315. All those balances were less than a period of one year.

#### 1.7 Non-compliances

##### Non-compliance with Laws, Rules, and Regulations etc.

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

<u>Reference to Laws, Rules, and Regulations etc.</u>	<u>Value</u>	<u>Non-compliance</u>
	Rs.	

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

F.R.104 (4)

Action had not been taken according to the Financial Regulations in respect of 03 vehicle accidents caused to the vehicles belonging to 02 Divisional Secretariats.

(b) Pension Circulars

Paragraph 04 of annexure 01 of 4,500  
the Circular No.13/2010 dated 16  
December 2010.

An orphaned child who had attained the age of 26 as at 30 March 2013 had been paid Orphans' Pensions by the Ukuwela Divisional Secretariat even by the month of February 2014 without considering the above fact.

1.8 Weaknesses in the Implementation of Projects

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

(a) Projects abandoned without Completing

Project for the construction of a tube well and a water tank at Yatawaththa-North Matale had been commenced by the Divisional Secretariat, Yatawaththa on 15 October 2012 at an estimated cost of Rs.993, 630. A sum of Rs.569, 480 had been spent in this connection as at 31 December 2012. Although provisions of Rs. 430,520 had been received for the remaining work of the project, since the tube well was blocked with sand and mica the said project had been abandoned without utilizing the provisions.

(b) Delays in the Execution of Projects

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

<u>Project</u>	<u>Provisions Received for 2013</u>	<u>Date of Commencement</u>	<u>Due Date of Completion</u>	<u>Date of Completion</u>	<u>Expenditure as at 31 December 2013</u>	<u>Reason for Delay</u>
	Rs.				Rs.	
(i) Flood minimization project, Dambulla.	20,200,000	04.11.2013	31.12.2013	Project had not been completed even by 30.01.2014	4,639,034	Delays occurred in the preparation of estimates and execution of procedures.
(ii) Land slide minimization project at Punchi Rattota.	10,000,000	31.07.2013	31.12.2013	Project had not been completed even by 30.01.2014	2,327,489	Happening to make request for the amendments of the original estimate from the National Building Research Institution.

## 1.9 Performance

Observations of the progress of the District Secretariat as per the Annual Budget Estimate and Action Plan are as follows.

### (a) Activities not Executed Adequately.

For the second phase of the construction of new administration complex within the premises of District Secretariat, Matale provisions of Rs.9,000,000 had been made by the annual budget estimate,2013. Nevertheless, due to the delay occurred in the approval of the said project by the Department of Planning, it had not been implemented in the year 2013.



(b) PlanningNon-compliance with the Annual Action Plan.

The following instances of non-compliance with the Annual Action Plan for the year under review were observed.

- (i) Ten projects relating to the constructions and renovations estimated to the cost of Rs.10, 350,000 included in the Annual Action Plan for the implementation during the year 2013 had not been implemented.
- (ii) Thirteen projects relating to renovation of buildings valued at Rs.3,095,155 which had not been included in the Annual Action Plan had been implemented.

1.10 Losses and Damages

Although a computer worth of Rs.87,994 belonging to the Skill Development Unit of the District Secretariat had misplaced in April 2013, relevant action in this connection had not been taken even by the end of the year under review.

1.11 Management Weaknesses

The following weaknesses were observed during the audit test check.

- (a) Despite a lapse of period from 01 to 38 years since the initiation of acquisition lands by 07 Divisional Secretariats, the process of acquisition had not been finalized even by the end of the year under review.
- (b) Even though an officer of the Laggala Pallegama Divisional Secretariat had been released to the Ministry of Parliamentary Affairs for the service of the staff of the honourable parliamentarians, salaries and allowances amounting to Rs.48,955 paid to the respective officer for the months of August and September 2013 had not been reimbursed up to 31 August 2014.

1.12 Human Resource ManagementApproved Cadre and Actual Cadre

The position of cadre of the District Secretariat and the 11 Divisional Secretariat as at 31 December 2013 was as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
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(i)	Senior Level	53	45	08	-
(ii)	Tertiary Level	35	20	15	-
(iii)	Secondary Level	907	654	253	-
(iv)	Primary Level	116	109	07	-
(v)	Others - (Casual/Temporary/ Contract basis)	-	04	-	04
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	Total	1,111	832	283	04
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The following observations are made.

- (i) Eighty three vacancies out of the total number of vacancies remained as at the end of the year under review could not be filled even by October 2014.
- (ii) Action had not been taken even up to 31 October 2014 to obtain proper approval in respect of the cadre recruited in excess.