

**Head 279 - District Secretariat Kegalle**  
**Report of the Auditor General – Year 2013**

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**1.1 Main Activities of the District Secretariat**

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- (a) Execution of authority and responsibility vested by Statutory Laws and Acts.
- (b) Implement and ensure Government main Development Works and Projects (Samurdhi, Gama Neguma and Decentralized Budget) in compliance with government orders, instructions and guidance.
- (c) Supervision, coordination and guidance required for proper implementation of development programs and administrative activities to fulfill people's improvement through all government institutions and non-government organizations in the District.
- (d) Functioning as the District Agent of the Government.
- (e) Practical involvement in providing relief when natural and other disasters and distress arisen in the District

**1.2 Divisional Secretariats under the District Secretariat**

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- (a) Kegalle
- (b) Mawanella
- (c) Aranayake
- (d) Bulathkohupitiya
- (e) Rambukkana
- (f) Galigamuwa
- (g) Warakapola
- (h) Dehiovita
- (i) Ruwanvella
- (j) Yatiyanthota
- (k) Deraniyagala

### 1.3 Scope of Audit

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The audit of the Appropriation Account including the financial records, reconciliation statements books, registers and other records of the District Secretariat – Kegalle for the year ended 31 December 2013 was carried out in pursuance of provisions in Article 154 (1) 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 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 Accounts, the Revenue account and the Reconciliation Statements in accordance with the provisions in Articles 148,149,150 and 152 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 Reconciliations 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 2013, it was observed that except for the effects of the general observations appearing at (a) to (e) and major audit findings appearing in paragraphs 1.6 to 1.13 herein, the Appropriation Account and the reconciliation statements of the District Secretariat Kegalle had been prepared satisfactorily.

#### (a) Non-maintenance of Registers and Books

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It was observed in audit sample checks that the following registers had not been maintained by the District Secretariat.

Type of Register	Relevant Regulation
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(i) Register of Fixed Assets	Treasury Circulation No. 842 dated 19 December 1978
(ii) Register of Liabilities	Financial Regulation 214

**(b) Lack of Evidence for Audit**

Two transactions totalling Rs.810,000 could not be satisfactorily vouched due to lack of necessary Signature Register and Bills in the District Secretariat and Yatiyanthota Divisional Secretariat.

**(c) Appropriation Accounts****(i) Total Provision and Expenditure**

While the total net provision made for the District Secretariat amounted to Rs.745,944,806 sum of Rs.738,218,173 had been utilized as at the end of the year under review. Accordingly, there was a saving of Rs.7,726,633 or 1.04 per cent of the net provision. Details are shown below.

Expenditure	As at 31 December 2013			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.	Rs.	Rs.	
Recurrent	645,044,806	644,976,577	68,229	0.01
Capital	100,900,000	93,241,596	7,658,404	7.59
	745,944,806	738,218,173	7,726,633	1.04

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

Twenty six Ministries and 21 Departments had made available provisions amounting to Rs.3,765,088,007 to the District Secretariat for various activities and out of those provisions, Rs.1,042,126,222 and Rs.1,553,969,073 respectively totalling Rs.2,596,095,295 had been utilized. Accordingly, provisions amounting to Rs.1,168,992,712 had been saved by the end of the year under review. Those savings represented 52.6 per cent and 0.7 per cent respectively of the provisions made available.

**(d) Advances to Public Officers Account****Limits Authorized by the Parliament**

Limits authorized by the Parliament on Advances to Public Officers Account relating to the District Secretariat and actual values are shown below.

Item No.	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
27901	42,000,000	34,597,409	29,000,000	34,153,098	170,000,000	130,554,202

Following observation is made in this connection.

According to the Reconciliation Statement with regard to Item No. 27901– Advance to public officers Account as at 31 December 2013, total of balances in arrears was Rs.988,215. Follow up action for the recovery of those balances in arrear was at a weak level.

**(e) General Deposits Account**

The balance of the General Deposits Account of the District Secretariat, as at 31 December 2013 was Rs.274,724,388. Action had not been taken in terms of Financial Regulation 571 with regard to 34 deposits totalling Rs. 935,968 remained for more than two years.

**1.6 Non-compliance****(a) Non-compliance with Laws, Rules, Regulations etc.**

Instances of non-compliance with laws, rules and regulations observed in audit sample checks are analyzed below.

Reference to Laws, Rules, Regulations etc.	Value	Non-compliance
	Rs.	
<b>(i) Establishments Code of the Democratic Socialist Republic of Sri Lanka</b>		
<ul style="list-style-type: none"> <li>Sections 27.11 and 31.11 of Chapter XLVIII</li> </ul>	571,838	A disciplinary inquiry had not been conducted up to 07 February 2014, the date of audit, against a Grama Niladhari in

Galigamuwa Divisional Secretariat who had been remanded and filed a case against him for bribery. During the period in which he was in custody commencing from 25 November 2011 to 30 December 2013 salaries and allowances had been paid to him although he did not perform the duties

**(ii) Financial Regulations of the Democratic Socialist Republic of Sri Lanka**

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| <ul style="list-style-type: none"> <li>• Financial Regulation 115(3)(b)</li> </ul>   | 13,500  | Fuel expenses had been reimbursed to an officer who engaged for prosecution at an inquiry, at the District Secretariat in respect of settlement of preceding year expenses without obtaining prior approval and confirmation through a certificate of attendance.  |
| <ul style="list-style-type: none"> <li>• Financial Regulation 137 and 138</li> </ul> | 623,187 | In the case of supplies, approval and certification should be made after confirmation that goods were examined and taken over correctly. However, Kegalle and Yatiyanthota Divisional Secretariats had made payments through cheques having approved and certified payments when goods had not been received in the stores as at 31 December 2013. |
| <ul style="list-style-type: none"> <li>• Financial Regulation 206</li> </ul>         | 334,957 | Requisition used for refund of General Deposits had not been certified for payment by two officers in Deraniyagala and Rambukkana Divisional Secretariats.   |
| <ul style="list-style-type: none"> <li>• Financial Regulation 237(b)</li> </ul>      | 161,263 | When making payments for stores supplies, a certificate should be attached to the effect that goods were received and that the receipts of those goods have been recorded in the stock book. However in 04 instances of Kegalle Divisional Secretariat and in 05 instances in Galigamuwa Divisional Secretariats, such action had not been taken.  |

**(b) Non -compliance with Tax Requirements.**

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In terms of Gazette Notification No. 1530/13 dated 01 January 2008, stamp fees recovered in issuing licenses should be remitted to the Department of Inland Revenue on the specified date or before that. Remittance of Stamp fees totalling Rs.311,738 recovered on account of Timber Transport permits and Liquor Permits in 08 instances during the year 2013 had been delayed for a period ranging from 57 days to 150 days by the Mawanella Divisional Secretariat.

**1.7 Weaknesses in Implementation of Projects**

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Instances of delays in projects implementation and other matters observed in audit sample checks are shown below.

**(a) Delays in Execution of Projects**

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Following delays were observation in execution of Projects by the District Secretariats.

Project	Estimated cost	Date Commenced	Date to be Completed	Date of Completion	Expenditure as at 31 December 2013	Reasons for the delay
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	Rs.				Rs.	
Construction of New District Secretariat Complex	294,982,342	11.05.2011	10.05.2013	Not completed	91,216,068	Inefficiency of the contractor
Construction of Rural Health Centre, Miyanavita in Deraniyagala Divisional Secretary's Division	678,868	20.12.2013	25.12.2013	--	--	- Do -
Construction of Anicut ,Wagala Kumbura, Miyanavita in Deraniyagala Divisional Secretary's Division	576,563	23.12.2013	04.02.2014	--	--	- Do -
Concreting Hambanawala Peela road in Deraniyagala Divisional Secretary's Division	294,000	20.12.2013	25.12.2013	--	--	- Do -
Repairing Seeforth Maternity Clinic Centre in Deraniyagala Division	1,204,998	27.11.2013	27.12.2013	--	110,000	- Do -

**(b) Unprogressive Projects in Spite of Funds Released.**  
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It had been planned to implement 3 Projects totalling Rs.290,500 relating to Dehiovita Divisional Secretariat under the decentralized budget. However, the Minister who made the proposal had subsequently informed that those Projects are to be cancelled and therefore those Projects had not been implemented.

**1.8 Transactions of Contentious Nature.**  
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Certain transactions of the District Secretariat and a Divisional Secretariat were in contentious nature. Particulars relating to such transactions revealed in audit sample checks are shown below.

- (a) A sum of Rs. 106,740 had been paid to a private company in Colombo for servicing a vehicle of the Kegalle District Planning Section on 03 May 2013 after running 40,000 kilo meters. According to running charts and work done reports of the Planning Director, on the same date this vehicle had been used for field duties in the Dehiovita Divisional Secretary's Division.
- (b) Six Cheques totalling Rs. 349,409 relating to December 2013 payments of the Galigamuwa Divisional Secretariat had not been handed over to the payees even as at 07 February 2014, date of audit.

**1.9 Improper Transactions**  
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Certain transactions entered in to by the District Secretariat and Divisional Secretariats were improper. Some instances of such transactions observed are shown below.

- (a) Two Computer Printers valued at Rs.210,000 and one Executive table valued at Rs.43,925 had been purchased by the District Secretariat without following open competitive bidding system and without a decision of the Procurement committee. Reasons for deviation from the specified procurement procedure had not been recorded and a copy of that had not been sent to audit.
- (b) A sum totaling Rs.86,592,274 had been paid during the final quarter of the year 2013 as 20 per cent advance to three contractors for commencement of 20 Projects under Deyata Kirula National Program to be completed by 31 December 2013. Those advances had been accounted as expenditure on 31 December 2013 without proper bills for settlement but, construction works of those projects had not been commenced even as at 31 December 2013. While the estimates relating to those projects had been prepared by the Contractor, correctness of those had not been confirmed and approved by the Engineer of the District Secretariat after a site inspection.
- (c) A sum of Rs.7,884,420 had been paid to the National Water Supply and Drainage Board

on 11 December 2013 for implementation of the Kotiyakumbura Community Water Project under Deyata Kirula 2014. A plan relating to the area for the proposed water project and details estimates relating thereto had not been prepared. A sum of Rs.7,004,659 out of the amount provided to the National Water Supply and Drainage Board on 11 December 2013 had not been spent for the Project even as at 20 June 2014.

- (d) A sum of Rs. 396,000 had been paid to the Provincial Director of Agriculture, Sabaragamuwa on 31 December 2013 for fruit plants required for establishing commercial level fruit plantation in the lands of agro entrepreneurs covering 11 Divisional Secretaries Divisions, as a solution to problems arisen through Deyata Kirula Mobile Service - 2014. The relevant varieties of plants had not been received even as at 31 December 2013. Registers containing particulars such as signatures for handing over and taking over of plants by beneficiaries, their names, addresses in terms of Financial Regulation 237(b) had not been furnished to audit up to 20 June 2014, the date of audit.
- (e) While a provision of Rs.2,400,000 had been made available to construct a Tissue Culture Laboratory for Flower Planters under Deyata Kirula National Development Program – 2014, a sum of Rs. 1,769,620 had been spent for the purchase of material for the Tissue Culture Laboratory as at 31 December 2013. At a physical examination carried out after spending money for this Tissue Culture Laboratory, it was revealed that tissue culture work had not been commenced in that laboratory and that it had been constructed in a private nursery. Laboratory equipment and chemicals purchased were in the custody of the private nursery keeper.
- (f) A sum of Rs. 71,092 as holiday pay had been paid during the year 2012 to the Director of Planning attached to the Kegalle District Secretariat, for 34 days not reported for work according to attendance register, and running charts and work done reports. A further sum of Rs. 8,952 had been spent out of provision made for administrative expenses by the Ministry of Economic Development, as travelling expenses for 20 days, to the Accountant. The advance programs and work done reports relating to these journeys had not been approved. Prior approval also not obtained by recording the journeys in the visits register and accuracy of engaging in duties on holidays had not been established.

#### 1.10 Transactions of Fraudulent Nature

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According to information obtained from the Internal Audit Section of the Kegalle District, the lady officer in charge the subject of Pension payments in Kegalle and Warakapola Divisional Secretariat had altered the computer data during the period from year 2009 to year 2013 and defrauded a sum totalling Rs.11,067,858. Similarly, the subject officer in charge of pension payments in District Secretariat had defrauded a sum of Rs.6,381,550 and the total defrauded pension payments was Rs.17,449,408.



### 1.11 Uneconomic Transactions.

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A sum of Rs. 215,930 had been spent during the year under review for the purchase of 3,926 Short Drumstick Plants for distribution among beneficiaries under Divineguma Program in Rambukkana Divisional Secretariat, from provisions made available by the Ministry of Economic Development. 250 Plants were physically examined, and all the plants had been destroyed entirely.

### 1.12 Management Weaknesses

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Following weaknesses were observed in sample audit checks.

- (a) Thirteen thousand nine hundred and thirty six Chicks of one month old had been distributed among Divineguma beneficiaries through 11 Divisional Secretariats in Kegalle District having spent a sum of Rs. 5,087,350 under Divineguma Program 2012 utilizing provisions of the Ministry of Economic Development. Although village chicks should be provided to the beneficiaries in terms of the Paragraph 5.2.1(i) of the Divineguma Circular No. 2/2012 dated 10 July 2012, farm chicks had been provided deviating from targeted objectives of the Project.
- (b) Although sport equipment had been purchased having spent a sum of 72,640 on 31 December 2011, for distribution among registered sport societies in Yatiyanthota Division, under Decentralized Budget Program -2011, those equipment had not been distributed among the relevant societies even as at 24 January 2014 the date of audit.
- (c) When three jobs performed in Deraniyagala and Aranayake Divisional Secretariats were physically examined, variations were observed between quantities shown in measurement sheets and physical quantities resulting an overpayment totalling Rs.13,905.
- (d) Although a sum of Rs. 1,018,456 had been spent during the years 2012 and 2013, for construction of parts for 03 footbridges under the Decentralized Budget Program in Deraniyagala Divisional Secretariat, those bridges had not been fully completed and due to that, benefits for the money spent had not been received to the General Public.
- (e) At a physical examination of 02 jobs, carried out in audit in Deraniyagala and Yatiyanthota Divisional Secretaries' divisions nine items of works estimated for Rs.740,594 had not been performed to the expected standard and due to that, construction works weak in wear conditions.

### 1.13 Human Resources Management

#### Approved and the Actual Cadre

Cadre position as at 31 December 2013 was as follows.

Category of Employee	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior level	42	37	5
(ii) Tertiary Level	30	20	10
(iii) Secondary Level	992	791	201
(iv) Preliminary Level	115	93	22
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<b>Total</b>	<b>1,179</b>	<b>941</b>	<b>238</b>
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Following observation is made.

District Secretariat had not taken action to fill 238 vacant posts including 05 vacancies in the senior level even as at the end of the year under review.