

Head 273 District Secretariat – Puttalam
Report of the Auditor General – Year 2013

1.1 Main Activities of the District Secretariat

- (a) Coordination and direction of functions of the Divisional Secretariats.
- (b) Implementation of Government Development Works and Projects in terms of Government requirements and progress review as the main coordination body of the Government.
- (c) Execution of authority and responsibility vested by Statutory Laws and Acts from time to time.
- (d) Maintaining a good rapport with security sections in order to maintain law and order to ensure Public Security.
- (e) Implementation and coordination of the programs of various Departments and Ministries of the government as the central agency.
- (f) Involve in collection and accounting of revenue as the accounting officer of the government for accountability.

1.2 Divisional Secretariats under the District Secretariat

- (a) Wennappuwa
- (b) Naththandiya
- (c) Chilaw
- (d) Arachchikattuwa
- (e) Puttalam
- (f) Kalpitiya
- (g) Wanathavilluwa
- (h) Karuwalagaswewa
- (i) Navagaththegama
- (j) Arnamaduwa
- (k) Mahakumbukkadawala

(l) Dankotuwa

(m) Madampe

(n) Pallama

(o) Mundalama

(p) Mahawewa

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, Puttalam 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 21 October 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 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

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 (h) and major audit findings appearing in paragraphs 1.6 to 1.11 herein, The Appropriation Account and the reconciliation statements of the District Secretariat had been prepared satisfactorily.

(a) Submission of Accounts

Although the District Secretariat should submit the reconciliation statement of the Advance to Public Officers Account Item No. 27301 as at 31 December 2013 by 31 March 2014, it had been submitted only on 02 May 2014, after a delay of one month.

(b) Non-maintenance of Registers ad Books

Audit sample checks revealed that the following registers had not been maintained by the District Secretariat.

	Type of Register	Relevant Regulation
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(i)	Register of Losses	Financial Regulation 110
(ii)	Register of Cheques Issued and Vote Ledger	Financial Regulation 445
(iii)	Daily Running Charts and Monthly Performance Reports	Financial Regulations 1645 and 1646
(iv)	Register of Fixed Assets	Treasury Circular No.842 dated 19 December 1978
(v)	Assets Register relating to Computers, Accessories and Software	Treasury Circular No.IAI/2002/02 dated 28 November 2002.

(c) Lack of Evidence for Audit

A loss of Rs.77, 850 had been occurred due to accidents took place to two vehicles belongs to the District Secretariat. Although that loss had been written off from the books and approval that should be obtained from the Treasury was not submitted to audit

(d) Replies to Audit Queries

Replies had not been furnished to an audit query issued to the District Secretariat during the year under review up to 31 August 2014. The value of quantifiable transactions relating to that query was Rs.23,829,072.

(e) Appropriation Account

Following observations are made.

(i) Total Provision and Expenditure

While the total net provision made for the District Secretariat amounted to Rs.566,163,079, a sum of Rs.563,385,099 had been utilized as at the end of the year under review. Accordingly, a saving of Rs.2,777,980 or 0.5 per cent of the net provision was observed. 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	502,963,079	501,956,463	1,006,616	0.2
Capital	63,200,000	61,42,636	1,771,364	2.8
Total	566,163,079	563,385,099	2,777,980	0.5

(ii) Budgetary Variance

Following observations are made in this connection.

- Due to excessive provisions made under 14 Objects, balance left after utilization of net provisions relating to those Objects were in a range between 04 per cent and 79 per cent.
- Provision amounting to Rs.2,020,767 had been transferred under Financial Regulations 66 and 69 to a capital Object item and a recurrent Object. However, a sum of Rs.782,422 had been saved out of those provisions. That saving was 7 per cent of the total net provision and 39 per cent of the transferred provisions respectively.

(iii) Omissions

Value of losses during the years 2001 and 2005 amounting to Rs.77,850 not written off from the books of the District Secretariat and to a Divisional Secretariat had not been disclosed in the Appropriation Account

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

Twenty seven Ministries and 17 Departments had made available provisions totalling to Rs.643,040,178 to the District Secretariat for various activities and out of those provisions, Rs.160,588,771 and Rs.408,624,623 respectively totalling Rs.569,213,394 had been utilized by the end of the year under review. Accordingly, provision amounting to Rs.46,506,832 and Rs.27,319,952 totalling Rs.73,826,784 or 22 per cent and 6 per cent respectively had been saved by the end of the year under review.

(f) Advances to Public Officers account**Limits Authorised by the Parliament**

Limits authorised by the Parliament on Advances to Public Officers Account item No. 27301 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.
27301	40,000,000	30,866,915	30,000,000	63,368,643	184,000,000	135,099,774

Following observations are made in this connection.

- (i) According to the reconciliation statement as at 31 December 2013 relating to the Advance Account, balances in arrears for recovery totalled to Rs.4,683,799 and out of those arrears, balances totalling Rs.1,506,807 had been recovered by August 2014.
- (ii) In terms of National Budget Circulars No. 157 dated 31 December 2012, Circular No. 157(1) dated 31 December 2013 and Public Administration Circular No 30/2008 dated 31 December 2008, maximum amount of Distress Loan payable to an officer is limited Rs.250,000. However, loans had been granted to 07 officers in the District Secretariat and 04 Divisional Secretariats disregarding those limits.
- (iii) A difference of Rs,67,041 was observed between the summaries of individual balances prepared in terms of Financial Regulation No. 506(d) and sent by 03 Divisional Secretariats and the balance shown in the departmental control account.

- (iv) Among the other balances recoverable, there were unidentified balances relating to 04 Divisional Secretariats, totalling Rs.678,299. Out of that, a sum of Rs.125,100 had been recovered by August 2014.

(g) Imprest Account

There was a debit balance of Rs.62,941,846 in the Imprest Account of the District Secretariat as at 31 December 2013. This Imprest balance obtained relating to Deyata Kirula development proposals should have been settled by 31 December 2013 , but had been settled to the Treasury on 30 September 2114 after a delay of 09 months.

(h) General Deposits Account

The total of balances of the General Deposits Account of the District Secretariat, as at 31 December 2013 was Rs.303,680,344.

Following observations is made in this connection.

Action in terms of Financial Regulation No. 571 had not been taken with regard to time lapsed deposit balances totalling to Rs.23,839,080 relating to the District Secretariat and 05 Divisional Secretariats, even as at 31 December 2013.

1.6 Good Governance and accountability

1.6.1 Internal Audit

While 04 internal audit queries had been issued relating to 08 Divisional Secretariats during the year under review, internal audit had not been carried out with regard to 08 Divisional Secretariats and the District Secretariat.

1.6.2 Operation of Audit and Management Committee.

Only one meeting of the Audit and Management Committee had been held during the year under review.

1.7 Assets Management

Following observations were made in audit sample checks carried out with regard to assets of the District Secretariat.

(a) Idle and Under-utilized assets.

 The following observations are made.

- (i) Two motor vehicles belong to the District Secretariat remained idle throughout the year.
- (ii) A well had been constructed by the Naththandiya Divisional Secretariat having spent a sum of Rs.718,010 during the year 2011 for the Maningala Water Project under the Project named as "One Job for One Villager". While a water pump had been purchased for a sum of Rs.939,000 under Gama Neguma Project during the year 2012 and water pipes had been purchased having spent a further sum of 170,000 during the year 2013 under "Vayamba Pubuduwa" Project. These resources had not been used for any purpose and remained idle up to March 2014, even at the time of audit.

(b) Assets given to outside parties.

 Although two buildings belong to the District Secretariat had been released to outside parties, any payment had not been recovered for those buildings.

(c) Unsettled Liabilities

 While the liabilities outstanding for less than one year as at 31 December 2013 amounted to Rs.11,201,636, those liabilities had been settled by the District Secretariat during the year 2014.

1.8 Non-compliance**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.	Noncompliance
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----- (i) Establishments Code of the Democratic Socialist Republic of Sri Lanka -----	
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Section 1 of Chapter XI

 Fifteen Officers attached to the office, 09 Field Offices and 14 Grama Niladhari Officers of the Arnamaduwa divisional Secretariat had obtained leave contrary to the provisions in the Establishments Code.

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

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| * Financial Regulation
94(1) | Although the savings after utilization of a capital Object items had been Rs.323,784, liabilities amounting to Rs.10,239,620 had been committed in excess of the savings, amounting to Rs.9,915,836. |
| * Financial Regulations
1645 and 1646 | Daily running charts and monthly performance reports relating to 11 vehicles used by the District Secretariat during the year under review had not been furnished to audit. |

(iii) Public Administration Circulars

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| Circular No. 13//2012 dated 29 June 2012.Paragraph 2.1 | It was observed that two officers of the Sri Lanka Administrative Service had been continuously engaged in duties for more than 06 years in the Arnamaduwa Divisional Secretariat. |
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(iv) Public Finance Circulars

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| Circular No.PF 437 dated 18 September 2006. | Government vehicles should be insured in the National Insurance Trust Fund or Sri Lanka Insurance Corporation. However, 12 vehicles belong to the Puttalam District Secretariat had not been insured accordingly. |
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(v) Other Circulars

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| Circular No.19/2006 dated 15 December 2006 of the Director General of Pensions | There were instance of non- reporting the information relating to deceased pensioners by Grama Niladhari Officers in the area of authority of the Arnamaduwa Divisional Secretary. |
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(a) Non-compliance with Tax Requirements

The Stamp Fees that should be collected for the year 2013 at the rate of Rs.20,000 for two liquor licenses issued by the Chilaw Divisional Secretariat amounting to Rs.40,000 in terms of Circular No. SD/INF/12/11//09 dated 22 November 2012 of the Deputy Commissioner (Stamp fees) of the Department of Inland Revenue had been kept in the Deposit Account without being remitted to the Commissioner General of Inland Revenue.

1.9 Balances to be Adjusted

Information revealed according to analysis of adjustments shown in the bank reconciliation statements prepared by the District Secretariat and 10 Divisional Secretariats are shown below.

Description of the Adjustments	Age Analysis		Total
	More than 06 months and less than 01 year	More than 01 year and less than 03 years	
	Rs.	Rs.	Rs.
(a) Deposits not realized	36,048	---	36,048
(b) Cheques issued, but not presented for payment	789,054	16,897	805,951
(c) Un-identified credits	175,754	--	175,754

1.10 Management Weaknesses

Following weaknesses were observed in audit sample checks.

- Equipment valued at Rs.821,730 purchased by Pallama, Arnamaduwa, Mahakumbukkadawala, Puttlam and Wanathavilluwa Divisional Secretariats utilizing the funds provided under "Vayamba Pubuduwa" and decentralized budget during the year 2013 had not been distributed for the relevant development works and retained in the stores.
- Sundry items had been purchased in 4 occasions by spending provision amounting to Rs.109,450 made available to Pallama Divisional Secretariat for social welfare development works under the decentralized budget and had been given to Wilpatha Rural Development Society. However, the items distributed had been kept in a post office and a private residence in that area allowing opportunities for improper use.
- A sum of Rs.64,056 had been overpaid on the basis of incorrect measurement reports relating to rehabilitation works under the Preliminary Schools Development Project, theme known as "Best things to the Children of the Nation", in the areas of authority of Pallama, Navagaththegama, Wanathavilluwa and Mahakumbukkadawala Divisional Secretariats. Further a sum of Rs.9,018 had been overpaid in rehabilitation works relating to Navagaththegama Preliminary School without taking into account the value of community contribution.

- (d) A sum of Rs.3,150 had been overdrawn as travelling expenses by 06 Grama Niladhari Officers attached to Arnamaduwa and Navagaththegama Divisional Secretariats indicating that they were engaged in duties in the permanent location and the acting location on the same day.
- (e) Although two pensioners who obtained their pension through Arnamaduwa and Puttalam Divisional Secretariats had been dead, their monthly pension totaling Rs.79,179 had been remitted to the bank.
- (f) Work performed in three instances having spent a sum of Rs.262,915 out of various funds by Arnamaduwa, Wanathawilluwa Puttalam and Navagaththegama Divisional Secretariats, had been fruitless due to lack of required standard, suitability and required facilities.
- (g) Seventeen Officers were engaged in service for more than 5 years in Arnamaduwa, Puttalam and Navagaththegama Divisional Secretariats, without being transferred.
- (h) Substandard iron had been used for completing the work up to foundation level of the religious school building in the Erunukkuliya "Raja maha Viharaya" in the Navagaththegama Divisional Secretary's Division. Due to that 53 per cent of the provision had been saved.
- (i) The Grills fitted to a building of the Bandaranayakepura Preliminary school on 31 July 2013 having spent a sum of Rs. 196,000 out of provision made available under "2012 – Gama Neguma" (continuous) Development Project, had been corroded entirely as at 08 April 2014.
- (j) In terms of Circular No. G/Com/A/P/P dated 05 October 2007 of the Secretary to the Ministry of Public Administration and Home Affairs, and Circular No. 19/2006 dated 15 December 2006 of the Director General of Pensions, Grama Niladhari in charge of the Davison should furnish life certificates of the pensioners annually, for payment of pensions. However, life certificates had not been obtained from 206 pensioners even up to March 2014 in the Pallama, Wanathavilluwa, Puttalam and Mahakumbukkadawala Divisional secretariats.
- (k) In terms of Circular No. 04/2011 dated 16 may 2011, monthly living allowance of Rs.2,000 should not be paid to pensioners living abroad. However, 42 pensioners living abroad had been paid a sum of Rs.1,036,325 as living allowance by the Mahawewa and Chilaw Divisional Secretariats.
- (l) A Land belongs to the government in extent of 0.158 hectares, located in the Nurani Industrial City, in the area of authority of the Divisional Secretary's Division, Wennappuwa, had been leased out during the year 1999 on a long term lease bond No. 4/10/18078. While the leaseholder of the land had not commenced industries as agreed and action had not been taken to transfer back the possession of the land in terms of the agreement.
- (m) A company possessing a land of 05 acres in extent located in the Nurani Industrial City, leased out on a long term lease bond No. 4/10/15695 by the Divisional Secretariat, Wennappuwa, since the year 1999 had requested in the year 2009 that only 2 1/2 acres of the land is sufficient for them. Although action had been taken accordingly, lease rent fixed had not been paid since the year 2010. District Secretary had not taken action to

cancel the agreement on the grounds of non-payment of lease rent to take possession of the land.

- (n) A sum of Rs.226,576 had been overpaid to 06 retired officers due to erroneous computation of pension during the year 2013 by the Madampe Divisional Secretariat. Those payments had not been recovered back during the year 2013. In terms of Circular No. 05/2012 dated 20 December 2012 of the Director General of Pensions, disciplinary action had not been taken against the officers responsible for the overpaid sum of Rs.226,576.
- (o) Nine Blocks of Government Land in extent of 03 Acres 03 Roods 20 Perches had been allowed to a private businessman and to a Co-operative Society for unauthorized use by the Madampe Divisional Secretariat, without entering into lease agreements and recovery of lease rent.

1.18 Human Resources Management

Approved and Actual Cadre

Cadre position as at 31 December 2013 was as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Number of Excess Cadre
(i)	Senior Level	55	47	08	--
(ii)	Tertiary Level	34	15	19	--
(iii)	Secondary Level	998	733	265	--
(iv)	Preliminary Level	172	153	19	--
(v)	Graduate Trainees	1,317	935	382	--
(vi)	Others (Casual/ Temporary/ Contract basis)	--	07	--	07
	Total	2,576	1,890	693	07

Following observations are made.

- (a) District Secretariat had not taken action to fill 693 vacant posts as at the end of the year under review.
- (b) Action had not been taken obtain proper approval for the 07 employees recruited on casual and temporary basis.