

Head 272- District Secretariat - Kurunegala
Report of the Auditor General – Year 2013

1.1 Main Activities of the District Secretariat

- (a) Coordination and Guidance required for Implementation of Government Development Programmes and Projects in terms of Government requirements.
- (b) Coordination and Guidance of functions of the Divisional Secretariats.
- (c) Execution of authority and responsibility vested by Statutory Laws and Acts.
- (d) Functioning as the District Agency of other Line Ministries and Departments.
- (e) Maintaining a good rapport with Security Section in order to maintain law and order within the District and to ensure Public Security.
- (f) Functioning as an agency centre for government revenue collection and accounting on behalf of Government Revenue Accounting Officers.

1.2 Divisional Secretariats under the District Secretariat

- | | |
|---------------------------|--------------------|
| (a) Kurunegala | (p) Rideegama |
| (b) Pannala | (q) Mallawapitiya |
| (c) Wariyapola | (r) Maspotha |
| (d) Ibbagamuwa | (s) Bingiriya |
| (e) Ganewaththa | (t) Narammala |
| (f) Mahawa | (u) Polpithigama |
| (g) Giribawa | (v) Galgamuwa |
| (h) Ambanpola | (w) Ehatuwewa |
| (i) Panduvasnuwara (West) | (x)Nikaweratiya |
| (j) Panduvasnuwara (East) | (y) Kobeigane |
| (k) Kuliypitiya (West) | (z) Rasnayakaepura |

(l) Kuliypitiya (East)	(aa) Kotavehera
(m) Alawwa	(ab) Weerambugedera
(n) Mawathagama	(ac) Bamunakotuwa
(o) Polgahawela	(ad) Udubaddawa

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 Kurunegala for the year ended 31 December 2013 was carried out in pursuance of provisions in Article 154 (1) in the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the District Secretary on 22 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 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 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 (e) and major audit findings appearing in paragraphs 1.6 to 1.18 herein, The

Appropriation Account and the reconciliation statements of the District Secretariat Kurunagala had been prepared satisfactorily.

(a) Non-maintenance of Registers and Books

A Register of Fixed Assets relating to Computers, Accessories and Software had not been maintained by the District Secretariat, in terms of Treasury Circular No. IAI/2002/02 dated 28 November 2002.

(b) Lack of Evidence for Audit

A voucher for Rs. 1,800 relating to Giribawa, Divisional Secretariat not complied with the requirements in terms of Financial Regulation 272 (2) had been misplaced.

(c) Appropriation Accounts

Following observations are made.

(i) Total Provision and Expenditure

While the total net provision made for the District Secretariat amounted to Rs.1,398,406,025, a sum of Rs.1,398,236,067 had been utilized as at the end of the year under review. Accordingly, there was a saving of Rs.169,958 or 0.01 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	1,361,906,025	1,361,898,686	7,339	0.00
Capital	36,500,000	36,337,381	162,619	0.45
Total	1,398,406,025	1,398,236,067	169,958	0.01
	=====	=====	=====	

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

Twenty eight Ministries and 19 Departments had made available provisions amounting to Rs.8,540,969,924 to the District Secretariat for various activities and out of those provisions, Rs.3,853,111,538 and Rs.3,654,468,391 respectively totalling Rs.7,507,579,929 had been utilized. Accordingly, provisions amounting to Rs.994,963,282 and Rs.38,426,713 respectively totalling Rs.1,033,389,995 had been saved by the end of the year under review. Those savings represented 21 per cent and 1 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 Kurunegala 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.
27201	95,000,000	54,413,604	69,000,000	74,328,658	375,000,000	261,515,647

Following observations are made in this connection.

- (i) According to the Reconciliation Statement with regard the Item No.27201, Advance Account as at 31 December 2013, total of balances in arrears was Rs.4,685,974. Out of that, balances amounting to

Rs.2,003,449 had been outstanding for more than one year. Recovery of these arrears of balances had been at a weak level .

- (ii) While a Grama Niladhari attached to Wariyapola Divisional Secretariat had vacated post on 12 June 2013, property loan balance in arrear due from him as at that date was Rs. 150,175. It was reported that the property furnished as security for that loan has been sold by preparing a forged deed to some other persons.

(e) General Deposits Account

The balance of the General Deposits Account No. 6003/000/00/0048/0000/000 of the District Secretariat, as at 31 December 2013 was Rs.460,847,238. Following observations are made in this connection.

- (i) Action had not been taken in terms of Financial Regulation 571 with regard to deposits relevant to 09 Divisional Secretariats totalling Rs.3,885,652 for more than 02 years.
- (ii) A total sum of Rs.3,927,004 made available to 09 Divisional Secretariats by other Ministries and Departments for various activities had been retained in the deposit account without performing the relevant works.
- (iii) A total sum of Rs. 5,304,301 made available to 07 Divisional Secretariats by various institutions for payment of compensation for land had been retained in the deposit account without settling after identification of relevant parties.
- (iv) Disable Housing Assistance totalling Rs.100,000 received in three stages during the years 2010 to 2012 had been retained in the Deposit Account even up to 31 December 2013.

1.6 Good Governance and Accountability

1.6.1 Annual Action Plan

Annual Action Plan had been prepared by the District Secretariat during March 2013 in terms of Paragraph 1.4.1 of the letter No.PF/R/2/2/3/5(4) dated 10 march of the

Director General of Public Finance.

1.6.2 Annual Procurement Plan

Annual Procurement Plan relevant to the year 2013 had not been prepared even as at 31 December 2013 in terms of National Budget Circular No. 128 dated 24 March 2006.

1.6.3 Internal Audit

While an internal audit unit had been established having appointed a senior Accountant as Chief Internal Auditor, transactions of the Divisional Secretariats had been audited and reports had been issued. Audit of transactions of the District Secretariat had not been carried out through that unit. Instead of engaging experienced senior officers for the audit, most of the graduate officers attached to the District Secretariat had been engaged.

1.6.4 Operation of Audit and Management Committee

Only 03 meetings of the Audit and management Committee had been held during the year 2013.

1.7 Assets Management

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

(a) Idle or underutilized assets

Certain assets were lying idle or underutilized as analyzed below.

Type of Assets	Divisional Secretariat	No. of Units	Idle or Under utilized Period
-----	-----	-----	-----
(i) Land (Hectares)	Alawwa	01- Extent not shown. (Land where Divisional Secretary's official residence is located)	About 13 years
(ii) Buildings	Alawwa	01 (Divisional Secretary's official residence)	About 13 years

(iii)	Motor Vehicles	Kobeigane	Cab Vehicle -1	About 1 year
		Rasnayakepura	Motor cycle -01 (Hero Honda)	Not shown
		Kotavehera	Hand tractor -01	From 1993
			Trailer -01 Reg. No. not indicated	From 1993
		Motor cycle -01	From 1993	
(iv)	Machinery	Rasnayakepura	Height measuring equipment –Child 01	Prior to 2007
			Telephone – 01	Prior to 2007
			Bicycle -01	Prior to 2007
			Water Filter – 01	Prior to 2007
			Wall Clock – 01	Prior to 2007
		Kotavehera	Calculators – 08	Prior to 2007
			Photo Copying Machine -01	Prior to 2007
			Glass Cutting Machine – 01	Prior to 2007
			Anvil – 01	From 1993
			Grinder – 01	From 1993
(v)	Other Assets	Rasnayakepura	Leather bags – 8	Prior to 2007
		Ambanpola	500 Litres Water Tanks -13	Not indicated
			1000 Litres Water Tanks-12	- do -

(vi) Although the Finger Print Machine of the Maspotha Divisional Secretariat had been connected to the computer network, it had not been possible to get the reports and therefore it had become underutilized.

(vii) Seven Items of Equipment valued at Rs.40,940 purchased under Decentralized Budget -2012 for providing to voluntary organizations in Bingiriya Divisional Secretariat had been retained underutilized in the stores for more than one year.

(b) **Conducting Annual Board of Survey**

Following observations are made.

- (i) A large quantity of condemned items recommended to destroy in 2012 and prior years in board of survey reports, had been stacked in a number of places in office premises. A stock of inventory items which could not be used too, had been stored over a number of years in the stores of the Alawwa Divisional Secretariat.
- (ii) While the Fixed Assets Register of the Kobeigane Divisional Secretariat had not been up dated, a vehicle not belongs to the office had been shown in the assets register. Further, land, buildings and 02 vehicles had not been included in the Fixed Assets Register.
- (iii) Five Singer Sewing Machines and an Over lock Machine provided to the Kobeigane Divisional Secretariat by the Ministry of Social Service and Social Welfare during the year 2008 had not been taken to the Fixed Assets Register. Although it was informed that those items were recorded in the Fixed Assets Register after pointing out in audit, those assets had not been produced to the board of survey for the year 2013.
- (iv) A Fixed Assets Register had not been maintained by the Maspotha Divisional Secretariat even as at the end of the year 2013.
- (v) The generator which was recommended to be repaired and use as mentioned in the board of survey report of the Ganewaththa Divisional Secretariat for the year 2012, had not been repaired and had not been able to use during the year 2013 as well.
- (vi) A Photo Copying Machine sold as recommended in the Board of Survey Report for the year 2009, had not been removed by the purchaser and remained in the stores of the Ganewaththa Divisional Secretariat as at the end of the year 2013.

(c) **Improper Use of Assets not Vested.**

Following observations are made.

- (i) The land where the Maspotha Divisional Secretariat is located belongs to the Department of Education, North-West and had not been properly vested. However, Buildings had been constructed since the year 2007 utilizing Treasury provisions.
- (ii) The Bingiriya multipurpose development building had been constructed having spent a sum of Rs.1,625,002 in a private land of 10 perches in extent, not vested by the Government.

(d) Unsettled Liabilities

The unsettled liabilities by the District Secretariat as at 31 December 2013 totalled to Rs.20,958,186 and out that, a sum of Rs. 15,384,370 for more than one year and less than 03 years and a sum of RS. 5,573,816 for less than one year respectively had remained unsettled.

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.	Value	Non-compliance
	-----	-----
	Rs.	
(a) Establishments Code of the Democratic Socialist Republic of Sri Lanka		

(i) Sections 5 and 6 of Chapter XIX	-	(i) Out of the 16 occupants of (husband/wife) official and common quarters, action had not been taken to recover rent by taking in to consideration the salary increases on account of the salary increments and increased values through

salary revisions. A fixed rent based on their salary drawn at the time of taking over of their official and common quarters had been recovered.

- (ii) On the spot audit check revealed that an unauthorized officer was residing in a government common house, situated in Around Tank area, instead of the officer to whom the legal residency had been entrusted on 18 June 2012.

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

(i) Financial Regulation 1645

- Daily running charts relating to two vehicles own by the Kobeigane Divisional Secretariat had not been furnished to audit.

(ii) Financial Regulation 1645(a)

- Log books relating to two vehicles own by Maspotha Divisional Secretariat had not been updated.

(c) Public Administration Circulars

Circular No. 41/90 dated 10 October 1990.

- The fuel consumption tests of the vehicles own by the District Secretariat and 30 Divisional Secretariats had not been carried out.

(d) National Budget Circular

Circular No.118 dated 11 October 2004. Section 1.1.6

252,712 Loan balances recoverable from two officers left on transfers from Panduvasnuwara (East) and Nikaweratiya Divisional

Secretariats had not been settled within two months.

(e) Other Circulars

Letter No. A2/VAT/Cir/2012/04 dated 23 October 2012 of the Conservator General of Forests.

7,948 While cash collected by the Wariyapola Divisional Secretariat under Revenue Head of the Department of Forests had not been remitted within the first week of the ensuing month and Register of Permits had also not been updated.

1.9 Weaknesses in implementation of Projects

Instances of abandonment of project without commencing, abandonment without completion and delays in projects observed in audit sample checks are shown below.

(a) Abandonment of Projects without Commencing

Following Projects had not been commenced by six Divisional Secretariats under District Secretariat.

Project -----	Estimated Cost ----- Rs.	Date to be commenced -----	Reasons for non-commencement in Brief -----
Forty nine Projects including, roads, buildings and drinking water under Decentralized, Gama Neguma, Vayamba Pubuduwa, Deyata Kirula Projects.	13,757,740	From 02.02.2013 to 28.12.2013	Non- performance by contractors who undertook works, inadequate provision, delay in receiving provisions, bad weather, land disputes, making provisions under Maga Neguma and inability to perform due to Deyata Kirula development works.

(b) Abandonment of Projects without Completion

Although the following Projects had commenced in 05 Divisional Secretariats under the District Secretariat, those projects had been abandoned without completion.

Divisional Secretariat	Project	Estimated Cost	Date commenced	Expenditure as at 31 December 2013	Reasons for abandonment
		Rs.		Rs.	
Maspotha	Construction of drinking water well in Presidential Girls College, Saragama (5000 Preliminary Schools Program)	693,825	14.05.2013	227,098	Falling down the dug well
Polgahawela	Water Projects 03	3,633,551	From 20.08.2012 to 28.11.2012	Not indicated	Defaulting Contract works by agreed organizations
Pannala	Decentralized Projects 01	14,549	31.10.2013	Not indicated	Failing to construct in the specified place
	Vayamba Pubuduwa 05 Projects	555,229	From 11.09..2013 to 19.12.2013	Not indicated	Unable to complete due to inadequate time period
Kuliyapitiya (West)	Vayamba Pubuduwa 01 Minor Irrigation Projects	197,764	06.11.2013	Not indicated	Non implementation until finalization of paddy cultivation works
Mahawa	Road Projects 04	245,857	From 16.09.2013 to 03.10.2013	Not indicated	Objections of villagers although the Pradeshiya Sabaha had entered in to agreements

(c) Delays in Completion of Projects

Delays in completion of Projects were observed in 04 Divisional Secretariats under the District Secretariat.

Divisional Secretariat	Project	Estimated Cost	Date Commenced	Date to be Completed	Date Completed	Expenditure as at 31 December 2013	Reasons for the Delay
		Rs.				Rs.	---
Rideegama	Water Projects -01 Minor Irrigation -03	7,136,720	11.10.2013 26,19,18.12.2013	31.12.2013	-	88,480	Inadequacy of time due to delay in getting provisions
Ibbagamuwa	Deyata Kirula-Minor Irrigation -02	2,308,760	24.12.2013 30.12.2013	31.12.2013	Not indicated	216,627	Inadequacy of time
Pannala	Vayamba Pubuduwa Minor Irrigation 03	396,000	30.08.2013 24, 23.10.2013	30.11.2013 08.12.2013	-	356,400	Rain and difficulty in obtaining raw material
Panduvassuwa ra (East)	Bathing Pass-02 Tank restorations -17, Minor Irrigation - 01, Culverts- 01, Aniuits- 01	12,548,829	From 04.12.2013 To 26.12.2013	31.12.2013	-	1,099,971 (For 05 Projects)	Inadequacy of time, High water level in tanks

(d) **Unprogressive Projects in spite of funds released.**

Following observations are made.

- (i) Although funds amounting to Rs.9,952,600 had been released for 36 Projects to expand electricity supply in 14 Divisional Secretaries' Divisions under Vayamba Pubuduwa, those Projects had not been implemented during the year due to non- payments of money.
- (ii) Although a sum of Rs.2,092,036 had been paid to the Electricity Board for 14 Electricity Projects under decentralized budget, in 08 Divisional Secretaries' Divisions, those projects had not been performed.

- (iii) Although provisions amounting to Rs. 4,490,000 had been made to implement 36 Projects in 07 Divisional Secretaries' Divisions, those projects had not been implemented.
- (iv) Although a sum of Rs.420,000 had been paid to the Ceylon Electricity Board to implement 05 electricity projects under Decentralized Budget - 2012 in Kobeigane Divisional Secretary's Division, out of that, construction work of only one project costing Rs.40,000 had been commenced during the year 2014. Another project costing Rs.55, 000 had been covered by some other electricity extension work, but action had not been either to propose an alternative project or to get back the money.

1.10 Performance

Observations regarding the progress of the District Secretariat's Annual Action Plan – 2013 are shown below.

(a) Activities Contrary to main Functions.

Instances of deviations from the own objectives of the Divisional Secretariats functioning under the District Secretariat were observed. Few such instances observed in audit sample checks are shown below.

- (i) 54,870 Chicks had been distributed among 5,487 families having spent a sum of Rs. 11,475,164 under Divineguma Program – 2012. It was observed that this program has been implemented deviating from the basic objectives on the basis of following reason.
- Providing Farm Chicks instead of Village Chicks contravening the instructions given in Divineguma Circular No. 2/2012 dated 10 July 2012.
 - Causing high cost for maintaining the farm chicks provided and looking after them under special conditions in cages due to non - adjustment to the environmental conditions.
 - Inability to breed the required chicks for continuous poultry farming from those eggs.

- Incurring an average loss of Rs. 13,517 per beneficiary in maintaining the chicks.
 - Distribution of male birds as well without sorting out the sex.
 - Beneficiaries were not provided with a proper training with regard to farm chicks rearing.
 - Deaths of large number of chicks due to diseases/viruses.
 - Correct data had not been reported due to lack of proper follow up procedure.
 - Distributions of chicken to persons having large scale faulty farms (Naramwala Divisional Secretariat Division) and to husband and wife of the same family (Mahawa Divisional Secretariat Division) contrary to the Divinaguma circular instructions.
- (ii) A sum of Rs. 617,400 had been provided among 18 beneficiaries to construct cattle sheds with the objective of encouraging small scale dairy farmers in the Kobeigane Divisional Secretary's Division. On the spot examination revealed that, three beneficiaries out of them who got assistance amounting to Rs.102,900 had not constructed cattle sheds and they were not engaged in cattle rearing.

(b) Main Activities not Adequately Performed

The main activities of the following Divisional Secretariats under the District Secretariat had not been adequately performed. Few such instances observed are shown below.

- (i) Eight hundred Chicks had been distributed among 80 selected families in Alawwa Divisional Secretary's Division incurring expenditure amounting to Rs.251,700. Purchase of chicks and selection of beneficiaries had not been done with the objectives of up lifting the living condition, promoting nutrition condition and directing toward self-employment and therefore the project had been a failure.
- (ii) Although goods and equipment valued at Rs. 391,044 had been provided to 12 voluntary organizations in Alawwa Divisional Secretary's division, details relating to those had not been recorded.
- (iii) 4786 Plants out of 8300 Mea and Mahogany plants valued at Rs. Rs. 42,800, and 626 Plants, out of 06 varieties of 1650 fruit plants valued at Rs. 70,500 , had been destroyed, in the Ganewaththa Divisional Secretary's Division under the Divineguma Program.

- (iv) Although goods and equipment had been purchased in 12 instances incurring an expenditure amounting to Rs. 305,210 by the Ganewaththa Divisional Secretariat through the decentralized budget and distributed among voluntary organizations, attention had not been paid with regard to the standard of those items.
- (v) Second code of paint had not been applied to the valance boards of the roof of the main hall of the Thalaspitiya Junior School under the Project for Improvements to 5000 Primary Schools in Bingiriya Divisional Secretary's Division. Panel boards had been cracked in three places. Work relating to repair of decayed roof ends and replacing new tiles after removing broken tiles too had not been done. While five places of the surrounding wall had been cracked certain places were empty in relation to the improvement to Bowaththa Junior School.
- (vi) 15,600 African Mahogany (Kaya) plants had been obtained having spent a sum of Rs.97,600 on transport and labour for distribution in Bingiriya Divisional Secretary's Division under Divineguma Program – 2012. Out of those, 13,734 Plants or 88 per cent had been destroyed before and after distribution causing a loss of Rs.85,926. Further, 2000 Short-Drumsticks Plants had been provided for distribution through Bingiriya Divisional Secretary, by the District Secretariat having spent a sum of Rs.26,840. Those plants had been destroyed before distribution to beneficiaries and that expenditure too had become fruitless.
- (vii) Lapses such as decaying of the roof due to improper covering of the roof top, water flowing into class rooms and not concreting the floor were observed with regard to the rehabilitation of old building of the Vepathanga Junior School, under the Project for Development of 5000 Preliminary Schools in Wariyapola Divisional Secretary's Division.
- (viii) It had been estimated to get 250 feet lengths of size 220m.m.x20 valance boards and payment had been made for repairing the Mirihanagama Junior School in Wariyapola Divisional Secretary's Division, under the above mentioned Project. However, the planks that had been dismantled and removed had been utilized and valance boards fixed had been ruptured.
- (ix) Although a sum of Rs.3.041,999 had been spent to provide 37 plant protective houses under Divineguma Program 2011/2012 in Wariyapola Divisional Secretary's Division, a proper training had not been given to the beneficiaries and due to that expected objectives had not achieved

- (x) Although provision amounting to Rs.1, 473,000 had been made for crop cultivation in green houses, mushroom cultivation, bee culture, goat husbandry, construction of cattle sheds, gorgeous flower growing and gorgeous fish growing under Divineguma Samurdhi Development Program –2012 in Maspotha Divisional Secretary's Division, Gorgeous Fish Growing Project had not been implemented. While a sum of Rs. 1,335,000 had been spent for the balance 06 Projects, beneficiaries had not taken much interest due to lack of proper follow-up action and had not been able to reach the expected objectives.
- (xi) Although 1504 k.g. of green gram, chilies, soya and peanut seeds had been distributed among selected farmers in Maspotha Divisional Secretary's Division under Yala Season Additional Crop Cultivation Program – 2013, except chilies 228 Kg of other 03 crops had not been cultivated. Although the balance crops had been cultivated in 34.34 hectares cultivation in 18.18 Hectares had been damaged due to bad climatic condition.

1.11 Lapses in the Operation of Bank Accounts.

Following observations are made.

(a) Dormant Bank Accounts

Balances in two current accounts maintained by Ibbagamuwa Divisional Secretariat amounting to Rs.20,322 and Rs.2,891 respectively, as at 31 December 2013 had been dormant over 15 and 12 years.

(b) Balances to be Adjusted

According to analysis of adjustments shown in the bank reconciliation statements prepared by the District Secretariat and 04 Divisional Secretariats for December 2013, value of cheques issued, but not presented for payment for a period from 06 months to one year amounted to Rs.5,321. Action in terms of Financial Regulation 396(d) had not been taken in this regard.

1.12 Transactions of Contentious nature.

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.

- (i) Although a sum of Rs.18,456,659 had been paid as Government contribution for concreting 19 roads belongs to Kurunegala Pradeshiya Sabah in the Maspotha Divisional Secretary's Division under the Program "One Job for One Village" during the year 2012, those works had been finalized without performing the earth filling on either sides of the roads which should have been performed by community participation amounting to Rs.79,458.
- (ii) Capital Expenditure relating to the year under review valued at Rs.74,265 had been accounted under recurrent expenditure in 03 instances by the District Secretariat.

1.13 Improper Transactions

Certain transactions entered in to by the District Secretariat were improper. Some instances of such transactions are shown below.

- (i) The contract for running the District Secretariat's canteen for the first 04 months had been awarded without entering in to a proper agreement to a lease holder, who had to settle lease rent and electricity charges totalling Rs.138,113 for the year 2013. The contract for the whole year had been entrusted to the same lease holder subsequently.
- (ii) Lease Rent registers relating to official/Common Service quarters own by the District Secretariat had not been properly updated.
- (iii) Pension payments had been made without obtaining life certificates from 15 pensioners by the Wariyapola Divisional Secretariat. Certificates required from Grama Niladhari for the confirmation of dates of death of 23 pensioners too had not been obtained. Wariyapola Divisional Secretariat had not obtained Grama Niladhari reports relating to pensioners properly, when preparing the pension payments during the year 2013. Due to that, pension payments had been prepared in respect of 06 deceased pensioners during a period ranging from 02 months to 09 months and a sum of Rs.464,333 had been remitted to their bank accounts. Information relating to totally disabled pensioners who had not been present for pension payment too had not been obtained from Grama Niladhari offices.

1.14 Transactions of Fraudulent Nature

 While running charts for the period from January to November 2013 relating to a vehicle belongs to Maspotha Divisional Secretariat had been fraudulently altered by the driver, the Divisional Secretary had reported that the Milo Meter of the vehicle was properly working. 37.1 liters of fuel had been defrauded by showing a wrong fuel balance on 27 February 2013. Although 162.3 liters of fuel obtained from March to end of May 2013, fuel order numbers had not been entered in the running charts

1.15 Losses and Damages

Observations relating to losses and damages revealed in audit sample checks are shown below.

- (a) Although a sum of Rs. 1,832,271 had been recovered during the year under review from insurance and those who are responsible on account of losses amounting to Rs.2,166,360 occurred to three vehicles attached to Ganewaththa, Weerambugedera and Mawathagama Divisional Secretariats, it had not been disclosed in the Appropriation Account.
- (b) It had been decided to recover a sum of Rs. 334,090 in installments from the driver on account of a loss occurred to an allocated vehicle attached to Ganewaththa Divisional Secretariat. While a sum of Rs. 55,682 relating to two months of the year 2013 had not been recovered, the District Secretary had reported that the formal inquiry has not been finalized and therefore the relevant loss was not recovered.

1.16 Uneconomic Transactions.

Details relating to uneconomic transactions revealed in audit sample checks are shown below.

- (a) Spare parts and equipment removed at the time of repairing the vehicles attached to Ganewaththa Divisional Secretariat had not been recorded in a separate register.
- (b) Action had not been taken to carry out fuel consumption tests once in 06 months, relating to vehicles attached to District Secretariat and 30 Divisional Secretariats in terms of instructions given in Public Administration Circular No. 41/90 dated 10 October 1990.

1.17 Management Weaknesses

 Following weaknesses were observed in audit sample checks.

- (a) Grama Niladhari officers in other divisions of the District had been appointed to act in the posts where Grama Niladhari posts are vacant due to lack of officers required, as per instructions given in the letter No. HAF/3/ADMIN/CMA/15 dated 12 August 2011 of the Secretary to the Ministry of Public Administration and Home affairs. However, they had been appointed to act in the same Division for a very long period contrary to Sections 12 and 13 of Chapter VII of the Establishments Code.
- (b) Licence fees amounting to Rs. 40,495 collected on account of Sand/Earth/Gravel Excavating/Transport etc. during the period from January to August 2013 by the Wariyapola Divisional Secretariat had not been remitted to Geological Survey and Mines Bureau within the specified time.
- (c) It was revealed that there had been an overpayment of Rs.2,741,893 on account of pension payments to 23 individuals by the Maspotha Divisional Secretariat. Although it had been reported that over payment will be recovered, methodology of recovery had not been disclosed.
- (d) Proper course of action had not been taken to recover arrears of loan balances totaling Rs. 2,003,450 as at the end of the year under review, due from 24 officers who had left on transfer, deceased, retired, interdicted and vacated post in the District Secretariat and Divisional Secretariats.

1.18 Human Resources Management

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

According to information furnished by the District Secretariat and 30 Divisional Secretariats Cadre position as at 31 December 2013 was as follows.

Category of Employee	Approved Cadre	Actual Cadre	Number of Vacancies	Number of Surplus Cadre
-----	-----	-----	-----	-----

(i)	Senior level	116	110	07	01
(ii)	Tertiary Level	79	62	19	02
(iii)	Secondary Level	3,159	2,609	565	15
(iv)	Preliminary Level	345	284	61	-
(iv)	Others (Casual/ Temporary/ Contract basis)	02	11	-	09
	Total	3,701	3,076	652	27
		=====	=====	=====	=====

Following observations are made.

- (a) District Secretary had failed to fill 625 vacant posts as at the end of the year under review.
- (b) One officer of senior level in Kuliyaipitiya (East) Divisional Secretariat, two officers of tertiary level in Kuliyaipitiya (West) and Nikaweratiya Divisional Secretariats, 15 officers of secondary level in Ibbagamuwa and Kuliyaipitiya (West) Divisional Secretariats and 09 other employees in Ibbagamuwa, Ganewaththa, Giribawa, Kuliyaipitiya (East), Polgahawela, Nikaweratiya, Weerambagedera and Bamunakotuwa Divisional Secretariats had been engaged in service outside the approved cadre.
- (c) While two secondary level officers in Mallawapitiya and Mahawa Divisional Secretariats had been released to serve in private staff of two Members of Parliament, a secondary level officer in Polgahawela Divisional Secretariat had taken no pay study leave abroad for a period of two years.