

General information relating to Accounts under the District Secretariat are included in Paragraphs 1 to 2 of this report and the audit observation relating to the Head appear in Paragraph 3.

1. Divisional Secretariats under the District Secretariat

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|------------------------------|---------------------|
| (a) Padaviya | (k) Nochchiyagama |
| (b) Kebittigollewa | (l) Mahawilachchiya |
| (c) Medawachchiya | (m) Thalawa |
| (d) Rambewa | (n) Thambuththegama |
| (e) Horowpothana | (o) Rajanganaya |
| (f) Galenbindunuwewa | (p) Galnewa |
| (g) Kahatagasdigiliya | (q) Mihintale |
| (h) Nuwaragampalatha East | (r) Palugaswewa |
| (i) Nachchaduwa | (s) Kekirawa |
| (j) Nuwaragampalatha Central | (t) Palagala |

1:1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the District Secretariat, Anuradhapura for the year ended 31 December 2014 was carried out 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 27 August 2015. 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.

1:2 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 Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Finance 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.

2. Accounts

 2.1 Appropriation Account

 (a) Total Provision and Expenditure

 The total net provision made for the District Secretariat amounted to Rs.1,021,368,000 out of which, a sum of Rs.1,016,727,744 had been utilized by the end of the year under review. Accordingly, savings from the net provision amounted to Rs.4,640,256 or 0.45 per cent. Details are as follows.

Expenditure	As at 31 December 2014			
	Net Provision	Utilization	Saving	Saving, as a Percentage of Net Provision
	Rs.	Rs.	Rs.	
Recurrent	606,191,592	605,252,378	939,214	0.15
Capital	415,176,408	411,475,366	3,701,042	0.89
Total	1,021,368,000	1,016,727,744	4,640,256	0.45

(b) Utilization of Provision made available by other Ministries and Departments

Provision amounting to Rs.3,886,278,903 and Rs.2,096,102,529 respectively totalling Rs.5,982,381,432 had been made available by 26 other ministries and 19 Departments for various activities. Of this, a sum of Rs.3,223,615,979 and a sum of Rs.1,866,571,900 totalling Rs.5,090,187,879 had been Utilized. Accordingly, the savings out of the provision amounted to Rs.662,662,924 and Rs.229,530,629 totalling Rs.892,193,553.

2.2 Advances Account

Advances to Public Officers' Account

The limits authorized by Parliament for the Advances to Public Officers' Account of the District Secretariat and the actual values are given below.

Item Number	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
27401	49,000,000	48,850,519	35,000,000	38,177,458	200,000,000	167,640,932

2.3 Imprest Account

The balance of the Imprest Account of the District Secretariat as at 31 December 2014 amounted to Rs.5,038,774.

2.4 General Deposit Accounts

The balances of Deposit Accounts of the District Secretariat and 22 Divisional Secretariats thereunder as at 31 December 2014 aggregated Rs.516,400,540.

2.5 Audit Observation

According to the Financial Records and Books for the year ended 31 December 2014, it was observed that subject to the audit observations appearing in the Management Audit Report referred to in paragraph 1.1, the Appropriation Account and the Reconciliation Statements of the Anuradhapura District Secretariat have been prepared satisfactorily. The material and important observations out of the observations included in those Management Audit Reports appear in paragraph 3.

3. Head 274 – District Secretariat Anuradhapura

3.1 Non-maintenance of Registers and Books

The following observations are made

- (a) The District Secretariat and Divisional Secretariats had not maintained registers of fixed assets in terms of the Treasury Circular No.842 of 19 December 1978.
- (b) According to the test checks the following Divisional Secretariats had not maintained registers indicated against them.

Divisional Secretariat	Register Not Maintained	Related Regulation
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Nuwaragama Palatha Central	Register of fixed assets for computer accessories and software	Treasury Circular No. IAI/2002/02 of 28 November 2012.
Medawachchiya	Register of Liabilities	Financial Regulation 214.

3.2 Appropriation Account

3.2.1 Utilizations of Provision made available by other Ministries and Departments

The following observations are made.

- (a) The total net provision made by and 26 Ministries and 2 Departments to the District Secretariat for various activities totalled Rs.143,169,621. However, the District Secretariat had utilized provision totalling Rs.146,014,004 exceeding the limit by Rs.2,844,383.

- (b) The District Secretariat had entirely saved the provision of Rs.29,000 made available by a Ministry without utilizing it for the said purpose.
- (c) The District Secretariat had utilized Rs.6,556,740 for expenditure of recurrent nature out of the provision made available for capital expenditure by the Ministry of Economic Development.

3.3 Imprest Account

The balance of the Imprest Account of the District Secretariat as at 31 December 2014 amounted to Rs.626,108 of which a sum of Rs.210,872 existed since 2010.

3.4 General Deposit Accounts

Action had not been taken in terms of Financial Regulation 571 with regard to deposits of Rs.1,104,797 exceeding 2 years as at 31 December 2014 belonging to 4 Divisional Secretariats.

3.5 Advance to Public Officer's Accounts

According to the Reconciliation statement relating to the Advances to Public Officers' Account No.27401 as at 31 December 2014, the individual balances recoverable as at that date totalled Rs.3,675,865. Those loan balances exist for a period ranging from 6 months to 7 years. However, the District Secretariat had not taken action to recover those arrears of loan balances.

3.6 Good Governance and Accountability

3.6.1 Annual Action Plan

The Ipalogama and Galenbidunuwewa Divisional Secretariats had not prepared Annual Action Plans according to the Public Finance Circular No. 01/2004 dated 17 February 2014.

3.6.2 Annual Procurement Plan

The Divisional Secretariats had not prepared Procurement Plans in terms of the National Budget Circular No. 128 dated 24 March 2006 to utilize the provision granted by the Ministry of Economic Development, other Ministries and Department for implementation within the Anuradhapura District.

3.7 Assets Management

The following deficiencies were observed at audit test checks carried out at Divisional Secretariats.

(a) Idle and Underutilized Assets

The following observations are made.

- (i) Equipment purchased for 6 beneficiaries within the Medawachchiya Divisional Secretariat Area by spending Rs.487,900, contravening norms applicable to Livelihood Development Projects remained idle without being utilized for the Livelihood Development Programme even by 21 May 2015, the date of audit.

- (ii) Three hundred and sixty two sets of equipment valued at Rs.758,052 had been purchased for distribution among beneficiaries under the Door to

Door, Village to Village Development Programme within the Thirappane Divisional Secretariat Area remained at the stores even as at 15 April 2015 without being distributed to beneficiaries.

- (iii) Government Funds amounting to Rs.10,700,300 obtained from the Ministry of Economic Development and other expenditure Heads during the past years had been utilized by the Thirappane Divisional Secretariat for 7 projects. Those projects had not been completed. Necessary provision to complete those projects had not been made even during the year under review. As such, the government funds utilized for 7 projects had become fruitless.

3.8 Non-compliance

Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provision of laws, rules and regulations observed at audit test checks appear below.

Reference to Laws, Rules and Regulations	Non-compliance
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(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

Financial Regulation 237(2)

Cheques for Rs.333,974,496 had been drawn in favour of beneficiaries to purchase goods and services for the Livelihood Project within the district under the Door to Door, Village to Village Programmes of the

Ministry of Economic Development. Of these, cheques amounting to Rs.204,069,522 had been released to beneficiaries and cheques valued at Rs.129,904,974 had been retained at the Divisional Secretariat.

(b) Government Procurement
Procedure

Guideline 3.2

(i) National Competitive Bids should be called for, for selection of contractors for procurement exceeding Rs.2 million. Instead, 3 water projects and an irrigation project implemented in the Kekirawa Divisional Secretariat Area with an estimated value of Rs.10,315,083 had been split into 6 projects so as to make them less than Rs.2 million and awarded to approved societies at the estimated value.

(ii) The project for construction of access roads at the Ritigala Archeological Centre with an estimated value of Rs.6,875,889 had been split into 3 parts of less than Rs. 2 million and awarded to 3 approved societies without calling for National Competitive Bids.

(c) Divindeguma Circular
No.2014/15(1) of 30 September
2014 of the Director General of

Animals valued at Rs.100,000 had been given to 2 beneficiaries at Rs.50,000 each for implementing the Animal Breeding

Divineguma.

Livelihood Programme of the Kekirawa Divisional Secretariat Division. Bills, veterinary reports and identification numbers to identify them so as to confirm the purchase of those animals could not be produced and as such the success of the project could not be confirmed.

3.9 Implementation of Projects

Instances of projects abandoned without commencing projects, abandoned without completion and the project delays revealed during the course of audit test checks are given below.

(a) Projects Abandoned without Commencing

Forty five projects estimated at a cost of Rs.21,517,053 of 10 Divisional Secretariat areas had been abandoned without implementation during the year under review.

(b) Projects Abandoned without Completing

A sum of Rs.2,249,033 had been spent on 15 projects with an estimated cost of Rs.30,307,198 of 03 Divisional Secretariats. However, those projects had been abandoned without completion during the year under review.

(c) Projects without Progress Despite the release of Money

Cheques valued at Rs.162,886,978 drawn in favour 8807 beneficiaries and debited to the Objects concerned for implementation of Livelihood Development Projects in 15 Divisional Secretariats of the Anuradhapura District by 31

December 2014 had not been issued to beneficiaries. Those projects had not been executed even by 21 May 2015, the date of audit and the cheques concerned kept remained with the respective Divisional Secretaries due to reasons such as proper unidentification of beneficiaries, non-procurement of expected goods and lack of co-operation of beneficiaries.

(d) Weaknesses in the Execution of Projects

The following observations are made.

- (i) Construction of a building for the weekend fair and construction of a security fence had been carried out in Madawachchiya town of the Madawachchiya Divisional Secretariat Area by spending a sum of Rs.8,648,070. But, the necessary sanitary facilities had not been facilitated in this regard.
- (ii) Initial feasibility study had not been carried out for construction of the crematorium at Medawachchiya town and it had been planned to construct the crematorium in the mid of the town. As a result, the work had to be stopped due to protests made by the public and the public of the area had been deprived of the above project worth Rs.10,552,972.

(e) Release of Money without Supply of Goods and Services

Payments had been made to supply organizations by 31 December 2014 for purchases to be made under the 2014 Divisional Development Decentralized Special Programme of the Kekirawa Divisional Secretariat Area. The value of goods not received by beneficiaries or to stores of the Divisional Secretariat or at any other responsible centres even by 22 April 2015, the date of audit amounted to Rs.2,644,070.

3.10 Performance

Observations relating to the progress of the District Secretariat as per Budgeted Estimates and the Action Plan of the year 2014 appear below.

(a) Project for Distribution of 100,000 Coconut Plants-Stage vi

The Ministry of Economic Development had granted Rs.10 million for distribution of 100,000 coconut plants within the Anuradhapura District during the year 2014. 40,000 coconut plants alone had been distributed within the district. A test check carried out in this regard revealed that only 1905 coconut plants out of the targeted 5,900 plants had been distributed in the Thirappane Divisional Secretariat Area. 60 of those plants had been decayed before being planted in fields. The progress at the Thirappne Divisional Secretariat Area was about 31 per cent and the progress at the district level was about 40 per cent.

(b) Revolving Fund for Grains

A sum of Rs.300 million had been granted to the District Secretary for establishing a Revolving Fund for Grains for the Anuradhapura District through the Annual Budget Estimates of 2014 and the entire provision of the year under review had been debited to the particular object concerned as expenditure. Of this amount, a sum of Rs.61,976,460 representing 21 per cent had been spent on purchasing maize which had been stored at the Oyamaduwa stores. 5 per cent of the balance amounting to Rs.11,813,305 had been spent to pay the arrears of bills of 3 paddy stores constructed at the Deyata Kirula premises. The balance that represented 74 per cent remained idle in the General Deposit Account.

(c) Collection of Maize Production belonging to Farmers and Stock Collectors

Approval had been granted to purchase stock of maize at a guaranteed price of Rs.42 per kilo by the letter of the Director General of the Department of Development Finance No. DRD/Agri/Poultry/maize dated 10 October 2014. The reason for fixing this certified price was to purchase the stock belonging to farmers and stock collectors with the intention of offering a reasonable price for the farmers' cultivation. Accordingly, it was necessary to confirm that those maize had been purchased from farmers and stock collectors at a reasonable price. Instead, the above stock had been purchased only from 7 wholesale traders. According to the data available at the Institute of Farmers' Activities and Research, it was confirmed that the farmers had sold one kilogramme of maize at the rate of Rs.26-35 during this period. Accordingly, the objective expected by fixing a guaranteed price for maize had not been fulfilled.

(d) Project for Development of Week End Fairs

The Ministry of Economic Development had made a provision of Rs.122,850,000 for 12 Divisional Secretariat Areas of the Anuradhapura district to construct 14 weekend fairs under the 2014 Door to Door, Village to Village Programme. A sum of Rs.26,001,761 had been spent by 22 July 2015. But, the progress of the project was at a low level. The following observations are made in this connection.

- (i) The work pertaining to two out of 14 of these weekend fairs, namely Padaviya and Galabinduruwewa alone had been completed during the year 2014. The work relating to the remaining 12 weekend fairs with an estimated value of Rs.118,000,000 had not been completed.
- (ii) The expenditure incurred on 12 projects which had not been completed amounted to Rs.21,292,981 and the construction works by incurring

expenditure too were incomplete. Until the construction were completed the public would not derive any benefits and there was no plan to complete the project even by 22 July 2015.

(e) Land Awarding Letters not handed over to Beneficiaries

According to test checks, 579 registered awarding letters signed by the President and received at 4 Divisional Secretariats and 386 awarding letters which had not been registered had not been handed over to beneficiaries although a period of 01 to 20 years had elapsed.

(f) Weaknesses in Recovery of Loans

A sum of Rs.130,536,181 had been granted as loans for 21,303 projects on the basis of recovery of 50 per cent from beneficiaries under the Livelihood Development Programme from 2007 to 2011. Of these, a further sum of Rs.22,132,755 remained recoverable by 31 December 2014.

3.11 Transactions of Contentious Nature

Certain transactions entered into by the District Secretariat had been of contentious nature. It was revealed at test checks that although it was planned to issue cheques to 600 beneficiaries at the rate of Rs.5,000 each for purchasing agricultural equipment within the Thirappane Divisional Secretariat Area and cheques had been drawn without identifying whether they are engaged in agriculture in the area. According to the test checks, cheques had been drawn at the rate of Rs.5,000 for each unit of family residing in 4 Grama Niladhari Divisions.

3.12 Operating Inefficiencies

The project for purchasing traditional paddy had been implemented during the year under review by spending Rs.8,390,803. The administrative expenditure incurred in this connection was high and that amounted to Rs.3,235,684 which represented 38.5 per cent of the amount spent on purchasing paddy. This was observed as a management inefficiency.

3.13 Management Weaknesses

Negligence in Obtaining Licences for Fire Arms

Licences for fire arms issued within the Anuradhapura district by the Anuradhapura District Secretariat by 31 December 2014 were 1920. Obtaining licences for fire arms by that date had been neglected relating to 181 fire arms and these licences had not been renewed for a long time. The District Secretary had not taken proper action in respect of those licence owners who neglect renewal of licence.

3.14 Transactions in the Nature of Financial Frauds

A sum of Rs.156,975 had been overpaid for 69 roofing sheets exceeding the requirement for construction of a hall for a Death Donation Society within the Kekirawa Divisional Secretariat Area.

3.15 Human Resources Management

Approved Cadre and the Actual Cadre

The position of cadre as at 31 December 2014 is as follows.

Category of Employee	Approved Cadre	Actual Cadre	No.of Vacancies	Surplus
(i) Senior Level	73	61	12	-
(ii) Tertiary Level	45	20	25	-
(iii) Secondary Level	1,331	1,071	260	-
(iv) Primary Level	1,682	1,361	329	8
Total	3,131	2,513	626	8

The following observations are made.

- (a) Test checks carried out regarding utilization of staff revealed vacancies of 12, 25, 346 and 407 in the senior level, tertiary level, secondary level and primary level respectively.
- (b) The District Secretariat had not taken action to fill 790 vacancies, as shown above by end of the year under review.