

Report of the Auditor General on Head 261 - District Secretariat, Galle – Year 2014

Paragraphs 1 and 2 of this report contain the general information on the accounts of the District Secretariat and audit observations relating to the Head are included from Paragraph 3 onwards.

1 Divisional Secretariats under the District Secretariat

- (a) Galle Town and Gravets
- (b) Thawalama
- (c) Niyagama
- (d) Ambalangoda
- (e) Karandeniya
- (f) Elpitiya
- (g) Neluwa
- (h) Nagoda
- (i) Balapitiya
- (j) Hikkaduwa
- (k) Akmeemana
- (l) Bentota
- (m) Habaraduwa
- (n) Baddegama
- (o) Yakkalamulla
- (p) Bope Poddela
- (q) Velivitiya - Divitura
- (r) Imaduwa
- (s) Gonapinuwala

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, Galle 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 21 July 2015. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and the reconciliation statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1.2 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 of 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

(i) Total Provision and Expenditure

The total net provision made for the District Secretariat amounted to Rs.936 million and out of that a sum of Rs.930 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provision amounted to Rs.6 million or 0.64 per cent. Details appear below.

Expenditure	As at 31 December 2014			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.million	Rs.million	Rs.million	
Recurrent	890	884	6	0.64
Capital	46	46	0	-
Total	936	930	6	0.64
	=====	=====	=====	

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

Twenty six other Ministries and 18 Departments had given provisions aggregating Rs.5,954 million for various purposes and out of this, a sum of Rs.4,926 million had been utilized. Accordingly, saving was Rs.1,028 million.

2.2 Advance Account

2.2.1 Advances to Public Officers' Accounts

Limits Authorized by Parliament

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

Item Number	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.Million	Rs.Million	Rs.Million	Rs.Million	Rs.Million	Rs.Million
26101	52	52	47	48	235	202

2.3 Imprest Account

The balance of the Imprest Account No 7002/0000/00/0308/0013/000 of the District Secretariat as at 30 April 2014 amounted to Rs.194,086.

2.4 General Deposit Account

The balance of the General Deposit Account No 6003/0000/00/0037/0000/000 of the District Secretariat as at 31 December 2014 amounted to Rs.445 million.

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 paragraph 1.1 of the Management Audit Report, the Appropriation Account, and the Reconciliation Statements of the District Secretariat, Galle have been prepared satisfactorily. The material and important observations out of the observations included in the Management Audit Report appear in Paragraph 3 herein.

3. Head 261 – District Secretariat, Galle

3.1 Utilization of Provisions made available by Other Ministries and Departments

The following deficiencies were observed at the audit test check carried out relating to the utilization of provisions made available by various Ministries and Departments.

(a) Road Development Projects

According to the Letter No.MED/RD/PR/01 dated 20 May 2011 of the Additional Secretary (Rural Development) of the Ministry of Economic Development, it was informed that approval of the Cabinet of Ministers had been received on 11 May 2011 to carpet 102 roads with a length of 310 kilometers within the Galle District. Under that approval, the responsibility of development of roads had been assigned to State Engineering Corporation and the supervision of the constructions had been assigned to Southern Provincial Road Development Authority. Agreements had been signed by District Secretary, Galle and General Manager of the State Engineering Corporation on 20 June 2011 to carpet roads to the length of 310 kilometers at a value of Rs.3,100,000,000

subject to completion within by 06 months. The following observations are made in this regard.

- (i) Even though 03 years had elapsed since the work of the project had been commenced, the work only for 297.78 kilometers had been completed according to the progress report.
- (ii) Advances totalling Rs,811,428,786 had been paid comprising Rs.694,400,000 (with Value Added Taxes) in 03 instances in the year 2011 and Rs.117,028,786 in the year 2013. Out of these advances a sum of Rs.485,280,069 or about 60 per cent out of the advances given, only had been settled by 30 August 2014.

(b) Laying Carpet Roads to the length of 10.5 kilometers from Sarana Junction, Aluthwala Junction, Kirindiela to Meetiyagoda Galagoda Junction

 The contract of the above project had been given to State Engineering Corporation on an estimated value of Rs.195,869,435. Even though a sum of Rs.17,248,000 had been paid by 20 June 2011, the contract had not been completed and handed over to District Secretary even by 14 October 2014. The following observations are made in this regard.

- (i) At the time of the audit, the road was in a dilapidated condition due to action had not been taken to lay ABC or lay carpet on the road section of 2.8 kilometers at the beginning of the road.
- (ii) Five places were observed that the carpet had been layed from road shoulder to 300 mm within the carpet layed 07 kilometers and the places where not completed upto road level also observed.

- (iii) Even though it was identified the extent for making concrete drains of the project as 1.820 kilometers, the concrete drains had not been made and as such it had been a threat to breaking ABC Layer and the carpet layer.
- (iv) Water stagnated in several places along both sides of the road due to non-constructing culverts that should be constructed in the places across the road constructed of 7 kilometers.

(c) Laying Carpet Road to the length of 3.5 kilometers from Gonapinuwala to Mahawella, Lelkada

An agreement had been entered into with the State Engineering Corporation for the above project at an estimated value of Rs.70,812,750 on 20 June 2011 and according to the agreement the work should be completed within six months. A sum of Rs.33,430,133 had been paid as at 30 August 2014, but the work of the road had not been completed and handed over even by 09 October 2014. The following observations are made in this regard.

- (i) After laying carpet on this road it had not been completed earth filling up to road shoulder level and compaction and the places in which the edge between the road layer and the shoulder more than 100 MM were observed.
- (ii) Due to absorb the water into the earth used for filling the shoulders, the earth got sloppy and made muddy holes. Due to non-compaction of shoulders with suitable gravel according to the proper standards the carpet layer had broken in the places at Meters of 480, 1360, 2000 and 2600.

- (iii) The carpet layer (Centre of the road) laid on the old culvert at the place of Meter 1490 had cracked and that was occurred due to non – fixing old culvert thoroughly.

(d) Project of Laying Carpet to the length of 6.5 kilometers - Pitiwella Ranapanadeniya Road

An agreement for the above project had been entered into between District Secretary and State Engineering Corporation on 28 July 2011 at an estimated value of Rs.145,435,380. A sum of Rs.73,281,600 had been paid thereon as at 10 October 2014. Even though the work should be completed as at 28 January 2012 such work had not been completed even by 10 October 2014. The following observations are made in this regard.

- (i) Action had not been taken to lay carpets at the beginning of the road section of 110 Meters even by 07 October 2014 the date of audit.
- (ii) According to the progress report furnished as at 30 August 2014 the physical progress had been shown as 100 per cent. But the carpet had not been layed on 08 places (from 2 meters to 110 meters) of the road. (including the places for Base Course and the places for construction of culverts.)
- (iii) ABC layer on above places in where carpet was not layed also got removed and were made big holes
- (iv) Several instances were observed that shoulders of the both sides of the road had constructed below the road level from 150 meters to 225 meters and the big holes also were observed on the places shoulders were filled. Approved soil had not been used to fill both sides.

- (v) It had been planned to construct a culvert on the road at the place of about 4 kilometres and therefore carpet had not been laid. But the culvert had not been constructed even at the time of the audit.
- (vi) The water drainage of the road was blocked due to non-taking action to remove hume pipe culverts remained in the place at 3,955 Metres of the road and non-constructing a culvert beyond that as planned.
- (vii) The ABC Layer laid on the road had damaged due to non-constructing concrete drainage in the places from 1400 Metres, to 1600 from 2300 Metres to 2400 Metres and from 2800 Metres to 3300 Metres in the place where should construct concrete drainage when constructing the road.
- (viii) Even though the places for Dish Drains to be made had been identified as 400 Metres, the dish drains had not been constructed and as such the shoulder of the road had washed away substantially.

3.2 Reconciliation Statement of the Advances to Public Officers Account

According to the Reconciliation Statement of the Advances to Public Officers Account, Item No.26101 as at 31 December 2014 the balances that remained outstanding for over 01 year as at that date totalled Rs.1,631,547.

3.3 Assets Management

Assets given to External Parties

The quarters of the Administrative Officer belonging to the District Secretariat had been utilized by an external party since for over 5 years and a house rental also had not been recovered.

3.4 Non- compliances

Non- compliance with Laws, Rules, Regulation etc.

According to the Section 23(3) of the Firearms Ordinance, the firearms license should be renewed once in a year. However, 29 licenses of firearms valued at Rs.12,700 had been in the custody of the District Secretariat without being renewed.

3.5 Implementation of Projects through Local Financing

Delays in Implementation of Projects

Even though a sum of Rs.1,400,000 had been spent as at 31 December 2014 for the Distance Education Project commenced in the year 2012, that project had not been implemented due to the delay of receipt of Multi Projector Machine included in that expenditure.

3.6 Deficiencies in Operations of Bank Accounts

Dormant Bank Accounts

The bank current account maintained by the District Secretariat had been dormant since the year 2006 and the dormant balance amounted to Rs.194,086.

3.7 Losses and Damage

Even though a period ranged from 3 years to 13 years had elapsed after 3 vehicles met with accidents in 3 Divisional Secretariats, action had not been taken to recover the loss amounting to Rs.184,851 from the responsible officers.

3.8 Human Resources Management

Approved Cadre and Actual Cadre

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

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
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(i)	Senior Level	68	64	04	-
(ii)	Secondary Level	39	22	17	-
(iii)	Tertiary Level	1,622	1,571	51	-
(iv)	Primary Level	175	173	03	01
	Total	1,904	1,830	75	01
		=====	=====	=====	=====

Action had not been taken by the District Secretariat to fill 02 vacancies in District Secretariat and 73 vacancies in Divisional Secretariats by the end of the year under review. Even though one employee in Primary Level was in excess in the District Secretariat, action had not been taken to obtain proper approval thereon.