

Paragraphs 1 and 2 of this Report contain the general information on the Accounts of the District Secretariat and the Audit Observations on Head appear in paragraph 3.

1. Divisional Secretariats under the District Secretariat

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|---------------------------|---------------------|
| (a) Kurunegala | (p) Rideegama |
| (b) Pannala | (q) Mallawapitiya |
| (c) Wariyapola | (r) Maspotha |
| (d) Ibbagamuwa | (s) Bingiriya |
| (e) Ganewatta | (t) Narammala |
| (f) Mahawa | (u) Polpithigama |
| (g) Giribawa | (v) Galgamuwa |
| (h) Ambanpola | (w) Ehatuwewa |
| (i) Panduwasnuwara (West) | (x) Nikaweratiya |
| (j) Panduwasnuwara (East) | (y) Kobeigane |
| (k) Kuliyaipitiya (West) | (z) Rasnayakapura |
| (l) Kuliyaipitiya (East) | (aa) Kotavehera |
| (m) Alawwa | (ab) Weerambugedara |
| (n) Mawathagama | (ac) Bamunakotuwa |
| (o) Polgahawela | (ad) Udubaddawa |

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, Kurunegala 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 30 June 2015. The audit observations, comments and findings on the accounts and 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 Reconciliation Statements in accordance with the provisions in Article 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 also includes; the 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 for the year under review amounted to Rs.1,564.46 million and out of that Rs.1,559.77 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provision of the District Secretariat amounted to Rs.4.69 million and represent 0.30 per cent of the net provisions. The particulars are given below.

Expenditure	As at 31 December 2014			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs.Millions	Rs.Millions	
Recurrent	1,202.21	1,200.39	1.82	0.15
Capital	362.25	359.38	2.87	0.79
Total	1,564.46	1,559.77	4.69	0.30

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

Provisions totalling Rs.12,591.97 million made up of Rs.8,261.17 million and Rs.4,330.80 million respectively had been made available by 28 other Ministries and 21 Departments for various activities. Out of that, a sum of Rs.9,963.99 million made up of Rs.5,697.71 million and a sum of Rs.4,266.28 million respectively had been utilized. Accordingly, the savings out of the provisions amounted to Rs.2,627.98 million were made up of Rs.2,563.46 million and Rs.64.52 million respectively and represented 31.03 per cent and 1.49 per cent of the provisions respectively. The particulars are given below.

2.2 Advance Account

2.2.1 Advances to Public Officers' Account

Limits Authorized by Parliament

The limits authorized by Parliament for Item No. 27201, the Advances to Public Officers' Account of the District Secretariat and the actual amounts are given below.

Item No.	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.millions	Rs.millions	Rs.millions	Rs.millions	Rs.millions	Rs.millions
27201	80.00	78.51	75.00	67.54	323.00	272.32

2.3 General Deposit Account

The balances of the Deposit Accounts of the District Secretariat as at 31 December 2014 totalled Rs.916.09 million.

2.4 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 District Secretariat, Kurunegala have been prepared satisfactorily. The material and important observations out of the observations included in that Management Audit Report appear in paragraph 3.1 to 3.18 herein.

3. Head 272- District Secretariat, Kurunegala

3.1 Non- maintenance of Registers and Books

It was observed during the audit test checks that the District Secretariat had not maintained the following registers while certain registers had not been maintained in the proper and updated manner.

Type of Register -----	Relevant Regulation -----	Observation -----
(i) Fixed Assets Register	Treasury Circular No. 842 dated 19 December 1978	Not maintained.
(ii) Fixed Assets Register of Computer Accessories and Software	Treasury Circular No. IAI/2002/02 dated 28 November 2002	Not maintained.
(iii) Official Telephone Register	Appendix 26 in terms of Financial Regulation 845(1)	Not maintained.
(iv) Register of Electrical Appliances	Financial Regulation 454(2)	Not maintained.
(v) Register of Losses and Damages	Financial Regulation 110	Not updated.
(vi) Register of liabilities	Financial Regulation 214	Not maintained.

3.2 Non-compliance with limits

The minimum limit authorized by Parliament for the Advances to Public Officers' Account of item No. 27201 of the District Secretariat had been Rs.75,000,000, the limit had not been complied with by Rs.7,454,669 since a sum of Rs. 67,545,331 had been aggregated as at the end of the year under review.

3.3 Appropriation Account

3.3.1 Budgetary Variance

The following observations are made.

- (a) After the utilization of provision provided for 10 objects, balance had achieved the liabilities of Rs.420,347 exceeding a sum of Rs.2,616,895.
- (b) Expenses totalling Rs.196,188 of the District Secretariat had been brought to account as the expenditure of the Ministry of Economic Development.

3.3.2 Utilization of the Provision made available by other Ministries and Departments

The following observations are made in this regard.

- (a) The Provisions amounting to Rs.92,500 made available by the Ministry of Fisheries and Aquatic Resources had been totally saved due to non-utilization.
- (b) After the utilization of provisions made available by 20 Ministries and 07 Departments, balance had been amounted over 5 per cent.

3.4 General Deposit Account

The balances of the Deposit Accounts of the District Secretariat as at 31 December 2014 totalled Rs.916,092,649.

The following observations are made in this regard.

- (a) Action in terms of Financial Regulation 571 had not been taken on lapsed deposits totalling Rs.17,187,207 over 02 years of District Secretariat, Kurunegala and 12 Divisional Secretariats.
- (b) Cash retention of the Divisional Secretariat, Panduwasnuwara West amounting to Rs.1,009,306 for purchases under Gama Neguma and decentralized Budget lapsed over 02 years as at the end of the year under review had been retained in the General Deposit Account for a long time without executing the intended activities.

3.5 Reconciliation Statement on Advances to Public Officers Accounts

The following deficiencies were observed during the course of test checks of the Reconciliation Statement as at 31 December 2014 relating to the Advances to Public Officers Account Item No. 27201.

- (a) It was observed in the Audit that a erroneous debit amounting to Rs.378,625 in the debit balance of the Divisional Secretariat, Rasnayakapura in the year under review.
- (b) The District Secretariat had granted a sum of Rs.2,505,000 to the Divisional Secretariat, Kuliyaipitiya West to make payment of loan for the public officers in the year 2014 and the Divisional Secretariat had paid loans totalling Rs.2,764,465 exceeding that limit by Rs.259,465.
- (c) Action had not been taken to recover the loan balance of Rs.214,630 made of Rs.211,130 and Rs.3,500 respectively even by 31 December 2014 from two officers died on 30 June 2004 and 08 April 2011.
- (d) Even though more than a year had been lapsed after the retirement of 09 officers from 08 Divisional Secretariats, action had not been taken to recover the loan balance totalling Rs.245,736 from their Pension gratuity.
- (e) Loan balance amounting to Rs.53,187 recoverable from an officer of Divisional Secretariat, Mallawapitiya interdicted in the year 2013 had not been posted in the Reconciliation Statement in the year under review. Further, above loan balance had been posted in the account in the name of an officer who had reported to have vacated the service on 03 February 2014. Verification could not be made as to whether this loan balances were of the same officer.
- (f) Even though the closing balance of the Public Officers 'Advance Account was amounting to Rs.272,849,772 according to the documents presented, it was Rs.272,322,431 according to the Treasury books. Hence there had been a difference of a sum of Rs.527,341.

3.6 Good Governance and Accountability

3.6.1 Implementation of the Audit and Management Committee

Three sessions of Audit and Management Committee meetings had been held in the year 2014.

3.7 Assets Management

The following deficiencies were observed during the course of audit test checks of the assets of the District Secretariat.

(a) Idle and Underutilized Assets

It was disclosed during the course of audit test checks that certain assets categorized below had been either idle or underutilized.

Category of Assets	Divisional Secretariat	Number of Units	Idle / Underutilized Period
Land (Hectares)	Alawwa	01(No. of Units had not been stated. The land where Divisional Secretary's residence was located.)	About 14 years
Buildings	Alawwa	Official Quarters of the Divisional Secretary	About 14 years
	Panduwasnuwara West	Official Quarters of the Divisional Secretary	About 05 years
Motor Vehicles	Galgamuwa	Motor Bicycle Cab Vehicle	About 01 year About 1½ years
	Ibbagamuwa	Motor Bicycle	About 02 years
	Bamunakotuwa	Motor Bicycle	About 07 years
	Giribawa	Cab Vehicle Motor Bicycle	About 01 year About 06 years
Electrical Appliances, Computer	Panduwasnuwara West	01 Television of Panasonic brand and 06 computer accessories	About 03 years
	District Planning Division	Video Camera and accessories valued at Rs.1,017,790.	About 01 year

(b) Conduct of Annual Board of Survey

The following observations are made.

- (i) According to the Public Finance Circular No. 02/2014 of 17 October 2014, the Board of Survey for the year 2014 should be conducted and reports thereon should be furnished to the Auditor General before 17 March 2014. Nevertheless, the Boards of Survey of the official Quarters of the District Secretary, Kurunegala had not been conducted and the relevant reports had not been furnished to the audit even by 19 June 2015.
- (ii) Action on 17 unusable items according to the Reports of the Board of Survey for the year 2013 in the Division Secretariat, Weerambagedara had not been taken in terms of the Financial Regulation 772.
- (iii) Even though the Registers of Inventory items of the Divisional Secretariats of Narammala, Polpithigama, Bingiriya, Kobeigane, Weerambagedara, Ambanpola, Panduwasnuwara (East), Ganewatte and Pannala had been prepared correctly in checking the relevant Reports of the Boards of Survey in the year 2014, it had been difficult to identify whether those inventory items belong to the Central Government or the Provincial Council in calculating the actual balances.
- (iv) Even though the official vehicle of the Divisional Secretariat, Bingiriya had been provided to the Divisional Secretariat, Polpithigama, it had been included in the Register of Inventory Items of the Divisional Secretariat, Kuliypitiya West.
- (v) Official Vehicles of the Divisional Secretary of the Divisional Secretariat, Bingiriya had not been included in the Register of Fixed Assets.
- (vi) Even though 2391 items and Equipment in 764 categories had been posted as unusable items in checking the reports of the Boards of Survey for the year 2014 in respect of 30 Divisional Secretariats, action had not been taken to remove or take any other action on these items remained unused for years.

3.8 Non-compliance

Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed and shown below.

References to Laws, Rules and Regulations	Value Rs.	Non-compliance
(a) Establishments Code of the Democratic Socialist Republic of Sri Lanka. ----- Section 5.4.1 of Chapter XIX .	38,210	Rent for the official quarters recoverable from the Assistant Divisional Secretary, Ibbagamuwa and his spouse had been under-recovered.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka -----		
(i) Financial Regulation 237(b)	57,877	3.6 cubes of sand and 5.25 cubes of concrete stones obtained for the construction work of Deyata Kirula Exhibition, Kuliypitiya had not been included in the relevant stock books.
(ii) Financial Regulation 264	129,605,403	Receipts formally numbered with Serial Nos. for 47 payments made for Deyata Kirula Exhibition had not been affixed to the voucher.
(iii) Financial Regulation 341	54,688	Keeping the books of counterfoils, maintenance, issuance and returning of documents, posting

correctly the receipts and issues of inventory items in registers of stores and in inventory registers had not been done properly at the Divisional Secretariats of Galgamuwa and Weerambagedara.

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| (iv) | Financial Regulation 371 | 11,360,140 | Even though the ad hoc imprest obtained should have settled immediately after completing the relevant work, advances granted at 09 instances totalling Rs.11,317,990 for Deyata Kirula Exhibition, at 03 instances amounting to Rs.10,000 in Ambanpola, and Giribawa Divisional Secretariats respectively and 04 instances amounting to Rs.32,150 had not been settled. Further, the Institution which obtained the advances had not furnished the bills. |
| (v) | Financial Regulation 540(2), (3) and 541 | 12,610 | No proper internal control had been available for banking cash and making daily payments at Divisional Secretariat, Galgamuwa. Thus an excess of Rs.12,610 had been remained in the custody of Shroff in physical verification of cash. |
| (vi) | Financial Regulation 1645(b) and 1646 | | - Daily Running Charts and monthly Performance Reports of the pool vehicles of Divisional Secretariats, Galgamuwa, Mahawa and Giribawa and two pool vehicles of the District Secretariat had not been presented to the Auditor General. |

(c) Public Administration
Circulars

(i) Circular No.41/90
dated 10 October
1990

-- Testings on combustion of fuel had not been carried out once in 06 months in 13 vehicles in the District Secretariat and in various Sections thereunder and vehicles in 30 Divisional Secretariats.

(ii) Circular
No.13/2008 dated
26 June 2008

-- The pool vehicle of the office in addition to the official vehicle used by the District Secretary had been engaged in duty.

(iii) Circular No.09/2009
dated 16 April 2009

-- A finger marking machine had not been used for recording the arrival and departure at the Divisional Secretariat, Weerambugedara.

(d) Pension Department
Circulars

(i) Circular No.
Pension 2006
dated 15 December
2009.

-- • Pension had been paid throughout 08 months by Divisional Secretariat, Mahawa without obtaining certificates from three individuals as to being alive.

• Certificates from the relevant Grama Niladharis had not been obtained to prove the deaths of 17 pensioners out of 34 died up to August 2014.

(ii) Circular No.
05/2011 dated 30
June 2011

21,125 Cost of living allowance had been overpaid to a pensioner of the Divisional Secretariat, Giribawa for the period he travelled abroad on 05 August 2013 to October 2014.

(e) Paragraph 6 of the Circular No. MED/5/RD/4 dated 02 April 2014 of the Ministry of Economic Development. 720,394,506 Even though it had been emphasized to implement and continue the Development projects of the year 2014 in the year 2014 itself, 1,416 Projects of 30 Divisional Secretariats which should have been implemented in the year 2014 according to the instructions in the manual on implementation of Development Programmes had not been done so and continued for the following year.

3.9 Implementation of Projects under Domestic Financing

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

Four Hundred and Ninety three projects planned to complete spending a sum of Rs.183,644,452 by 17 Divisional Secretariats under District Secretariat had not been implemented adducing various reasons.

(b) Delays in the Execution of Projects

Eight hundred and Sixty projects amounting to Rs.668,760,214 had not been completed within the prescribed period by 19 Divisional Secretariats under the District Secretariat. Period of delay to complete such project had been ranging from 01 month to 06 months. Even though many reasons had been adduced for not completing the projects, written evidences to prove such reasons had not been presented to Audit.

(c) Projects without Progress despite the release of Money.

The following observations are made.

- (i) Even though a sum of Rs.23,727,448 had been paid to the National Water Supply and Drainage Board in the year under review for three water projects under Deyata Kirula Development Programme of the Divisional Secretariat, Ambanpola, any progress of the water projects had not been reported.
- (ii) A sum of Rs.19,817,582 for 60 electrical projects for the year 2014 had been paid to the Ceylon Electricity Board. About 15 electrical projects amounting to Rs.5,941,798 in connection with 12 Divisional Secretariats had not been completed and implemented. Neither any supervision nor post-investigation had been made in this respect.
- (iii) The road which runs to the village Nelawulla of Division of Divisional Secretariat, Ridigama had been laid concrete under an estimation amounting to Rs.1,816,719. A sum of Rs.1,626,814 had been paid for that purpose. A part of the road of about 60 feet length had cracked and fallen in. As this part is too steep, estimations had not been made to make it reinforce suitably. The part broken down had not been made as per the prescribed standard with the mixture of 1:3:6 (40mm) according to the estimate.

3.10 Performance

The observations on the progress of the District Secretariat according to the Action Plan for the year 2014 are given below.

(a) Key Functions not Executed Adequately

The key functions of the Divisional Secretariats under the District Secretariat had not been executed adequately and several such instances so revealed are given below.

- (i) Action had not been taken to execute adequately two construction works valued at Rs.443,428 under “Gama Neguma (Village development) 2014 - programme of one project for one village” by Divisional Secretariat, Bamunakotuwa. Action had not been taken to get completed two construction works valued at Rs.1,273,656

under “Palath Negume (Provincial Development) 2014” before elapsing the contractual period.

- (ii) Even though provision of a sum of Rs.60,000,000 had been granted to make payment for Coconut Development Board for the distribution of 600,000 coconut seedlings in Kurunegala District under Stage VI of Divi Neguma National Programme, 414714 coconut seedlings had been purchased at the end of the year under review and only a sum of Rs.23,830,600 had been paid out of its value of Rs. 41,471,400. Accordingly, a sum of Rs.18,528,600 out of the provisions granted had not been utilized. A sum of Rs.17,640,800 had not been paid for coconut seedlings purchased.

- (iii) Even though part of work valued at Rs.135,458,278 out of the cost for 5466 projects of 30 Divisional Secretariats as at 31 December 2014 under livelihood development programme had been executed, only 20 Divisional Secretariats had distributed the relevant equipment to the beneficiaries. Nevertheless a sum of Rs.31,082,340 for 3,629 equipment had been payable to the Institutions from where they had been purchased.

- (iv) One thousand seven hundred and thirty nine equipment valued at Rs.13,360,068 purchased under Livelihood Development Programme had been stored at 05 Divisional Secretariats without being distributed.

(b) Planning

Annual Action Plan

Action Plans for 30 Divisional Secretariats had not been prepared in terms of Public Finance Circular 01/2014 dated 17 February 2014.

3.11 Deficiencies in Operation of Bank Accounts

Balances to be Adjusted

According to the analysis of the adjustments shown in the Bank Reconciliation Statement prepared by District Secretariat, Kurunegala and 02 Divisional Secretariats for December 2014, action had not been taken in terms of Financial Regulation 396(d) regarding Cheques amounting to Rs.4,233, which had been issued but not presented to Bank for making payment, ranging the period from 06 months to 01 year. Action had not been taken to account unidentified debit amounting to Rs.9,955 and unidentified credit amounting to Rs.20 in that Reconciliation Statement.

3.12 Transactions of Contentious Nature

Certain transactions entered into by the District Secretariat and Divisional Secretariats thereunder had been of contentious nature. Particulars of several such instances observed during the course of test checks appear below.

- (a) A sum of Rs.37,621,110 had been paid to the Land Reclamation Commission in the year 2005 by the Divisional Secretary, Ganewatta for the land called “Korakahawatte” transferred to the Divisional Secretary, Ganewatte in the year 1999 by “Kurunegala Plantation Company Ltd.” Such land had been leased out for 30 years to the “Hiriyala Agrarian Company Ltd.” subject to the payment of a rent of Rs.304,000 annually from the year 1999, but action had not been taken to increase the lease amount further from Rs.304,000 being recovered since the year 1999 in respect of the land of 75 acres in extent. One hundred and eleven Teak trees valued at Rs.6,386,867 in this land had been felled in the year 2014 without a proper approval and Forest Range Officers had also not been given approval for such purpose. Even though the Grama Seva Niladhari of the Pothuvil Division No. 472 of the Divisional Secretariat, Ganewatta had certified that 93 Teak trees out of the trees illegally felled down were more than 14 years old for the maximum and their girths were also correct, the attention of the management had not been drawn in that respect.

- (b) Even though 234,257 coconut seedlings valued at Rs.23,425,700 had been granted for 14 Divisional Secretariats by the Coconut Development Board under the stage of “Divi Neguma National Programme”, as 140871 coconut seedlings valued at Rs.14,087,100 had been issued to beneficiaries, 93,986 coconut seedlings valued at Rs.9,398,600 had not been issued to the relevant beneficiaries.
- (c) Even though the maximum annual volume of fuel that can be obtained by the District Secretary, Kurunegala is only 2700 liters, total volume of fuel obtained for the year 2014 along with 3675 liters obtained through the order of fuel of the District Planning Section was 6375 liters valued at Rs.772,012. In addition to the fuel allowance obtainable in the year 2013, the excess volume of fuel obtained by four Sections of the District Secretariat was 3188 liters valued at Rs.383,124.
- (d) Four hundred and fifty nine liters of fuel amounting to Rs.54,810 and 287 liters of fuel amounting to Rs.34,756 had been obtained through orders of fuel in the years 2013 and 2014 respectively, beyond the limit of fuel for the vehicle reserved for the Directress of Planning, Kurunegala District.

3.13 Irregular Transactions

The following observations are made.

- (a) Even though the Pension File of a Pensioner obtained pension at Divisional Secretariat, Panduwasnuwara West had been misplaced, a sum of Rs.23,900 had been paid to such pensioner for October 2014 without assuring the accuracy of making payment of Pension.
- (b) Payment of pension had been made for four Pensioners of the above Divisional Secretariat without obtaining certificates as to alive them.
- (c) It was observed at the audit test check made on granting the distress loan of the Divisional Secretariat, Bamunakotuwa, that Distress loan amounting to Rs.519,000 had been paid for three officers on incomplete agreements.

- (d) The winners had neither placed their signatures on paying vouchers nor presented receipts as to acknowledge the receipt of a sum of Rs.1,974,500 paid for 41 winners of the bicycle race held for Deyata Kirula Exhibition.
- (e) An expert on the subject for procurement had not been appointed in terms of Guideline 2.8.5 of the Procurement Guidelines of the Government and its Technical Evaluation Committee in purchasing 155 computers valued at Rs.14,545,225 for the District Secretariat, Kurunegala and Divisional Secretariats. Any Divisional Secretariat had not made request on the requirement of Tab computers and feasibility study had not been carried out for purchasing such computers. Also, the Stock certificates had not been presented as to acknowledge the receipt of such computers by 15 Divisional Secretariats.
- (f) A video camera and accessories had been purchased spending Rs.1,017,790 for the District Planning Section, Kurunegala and formal study had not been carried out for the purpose. Video camera had been kept inactive approximately for one year due to unavailability of a person with professional skills for it.
- (g) Even though the payment had to be made after being satisfied as to supply the goods and services as per the due specifications required in purchasing/ supplying services for the Government purposes, a sum of Rs.62,820 had been paid for 09 Welfare Societies before receiving the purchased goods in contravening to such rules of the Divisional Secretariat, Mahawa.

3.14 Losses and Damages

The observations on losses and damages observed during the course of audit test checks are given below.

- (a) Even though a sum of Rs.6,406,140 had been recovered for leasing out the Korakahawatte land for the period of 16 years from 18 January 1999 to 31 December 2014 according to the Ledger at Divisional Secretariat, Ganewatte, Government had deprived of an income further recoverable amounting to Rs.19,213,504.
- (b) The loss amounting to Rs.114,650 incurred due to an accident of a vehicle of the Divisional Secretariat, Udubeddawa had not been recovered from the relevant parties even by 31 March 2015.

- (c) Even though a private Institution had presented a bid of Rs.350,000 for the 03rd Canteen when fresh bids were invited again as the bids had not been presented for Canteens No.03 and 04 of the Deyata Kirula Exhibition premises, Government had deprived of a revenue receivable to the government since the procurement Committee had rejected such bid.
- (d) The land where telephone transmission tower had been erected by a private Institution in the year 2008 in the Division of Divisional Secretariat, Giribawa had not been leased out under a long-term Lease Agreement to such Company. Thereby the Government had been deprived of a revenue receivable for about 06 years.
- (e) Action had been taken to construct a well at the cost estimate of Rs.693,825 for the purpose of obtaining drinking water to President's Balika Vidyalaya, Saragama by the Divisional Secretariat, Maspotha. A loss amounting to Rs.227,097 had been incurred due to collapse of it.

3.15 Uneconomic Transactions

Even though a sum of Rs.294,512 had been spent for a drinking water project in Uhumeeya Anura Colony under "Palath Neguma 2014" Programme of the Divisional Secretariat, Weerambagedara, amount spent had been an uneconomic expenditure as such project was unsuccessful.

3.16 Operating inefficiencies

The following deficiencies were observed at audit test checks.

- (a) Even though it had lapsed over 04 months after distributing coconut seedlings, instances of not taking action duly to plant coconut seedlings ranging from 30 per cent to 40 per cent were observed at the audit test check carried out in several Divisional Secretariats under "Divi Neguma Stage VI". Even though for a successful plantation, the ground coconut seedlings had to plant within a week after transporting them in this manner Divisional Secretariats had not carried out a formal supervision in this respect.
- (b) Even though it had planned to prepare post-investigation reports on the coconut seedlings distributed as per paragraph 05 of the letter of Divi Neguma National Programme dated 18 November 2013 of the Secretary to the Ministry of Economic Development, Divisional Secretary as well as the Development Officers in charge of each Garama Niladhari Division had not carried out post-investigation activities.

- (c) Provision amounting to Rs.1,000,000 had been provided for constructing abutment walls at required places and laying concrete on the road from Malliyagoda to Arcade in the Division of Divisional Secretariat, Mawathagama. Completion of such performance during the period from 25 August 2014 to 25 November 2014 had been entrusted to Arcade United Rural Development Society. But project work had not completely finalized according to the estimates. Only a part thereof had been done and a sum of Rs.305,196 had been paid for the purpose. But formal action had not been taken regarding the contractor.
- (d) Provisions amounting to Rs.1,000,000 had been granted to concrete the road from the 1st Lane of Sinhapura up to the place where it joins with Weligepola road in the Division of the above Divisional Secretariat. It had been entrusted with “Alhamra Rural Samurdhi Society” to finalize the work during the period from 15 July 2014 to 15 October 2014. But project work had not been completely finalized according to the estimates. Only a part thereof had been done and a sum of Rs.505,608 had been paid for that purpose. But formal Action had not been taken regarding the Contractor.

3.17 Management Weaknesses

The following weaknesses were observed during the course of audit test checks.

- (a) It was observed during the course of audit test check on the Development Projects of the Divisional Secretariat, Galgamuwa that the relevant Contractor and the Divisional Secretary had entered into Agreements stating false quotations contravening the Guideline 3.9.4 of the Government Procurement Guidelines. The attention of the relevant parties had not been drawn in that respect.
- (b) Action had not been taken by the relevant parties to get transferred the land, where water tanks of the Kurundawa (Jagama) and Kavetakaduwa drinking water project had been erected, to the Government under the Deyata Kirula Development Projects 2014.
- (c) Even though number of years had elapsed after the establishment of the Divisional Secretariat, Weerambagedara, the possession of the land had not been transferred to the Divisional Secretariat.

- (d) Even though items valued at Rs.34,450 had been purchased under “Decentralized Investments 2014” by the Divisional Secretariat, Ibbagamuwa, they had been posted as Receipts in the Registers of Stores even if they had not received to the Stores. Even though considerable period had been lapsed after purchasing 07 items of equipment valued at Rs.119,400 purchased for the distribution among the beneficiaries, action had not been taken to distribute them properly.
- (e) Only one file had been maintained for number of procurements, instead of keeping separate files for each procurement at the District Secretariat. Calling quotations and bank guarantees in respect of them had been kept irregularly.
- (f) In making payment of Pension, unpaid pensions of Divisional Secretariat, Ambanpola had not been documented regularly in the years 2012, 2013 and 2014.
- (g) Even though buildings had been constructed in lands in extent of 1 ½ Acres and 03 Acres in the Divisional Secretariats, Ambanpola and Giribawa respectively spending from the Head of the District Secretary, Kurunegala at least the surveying or marking the boundaries had not been done.
- (h) Seven 500 liter water tanks valued at Rs.33,250 purchased under the decentralized Budget in the year 2014 by the Divisional Secretariat, Mahawa to hand over to Volunteer Organizations and musical instruments valued at Rs.9,440 purchased to grant to a temple had been retained at stores without distributing them.
- (i) Passbooks related to the accounts of three and two Minor Account holders below 18 years age had not legally been handed over at Giribawa and Ambanpola Divisional Secretariats respectively.
- (j) Even though the administrative activities of the building constructed by an Institution at the Divisional Secretariat premises, Giribawa during the period 2009/2010 had been transferred to the Pradesheeya Sabha, the possession of such building had not formally been transferred.
- (k) Social Service Officers had not made any post-investigation regarding nonpayment of adult allowance amounting to Rs.131,000 for 131 adults at the rate of Rs.1,000 per mensum for adults over 70 years of age and who are in sympathetic condition in the Division of Divisional Secretariat, Giribawa.

3.18 Human Resources Management

(a) Approved Cadre and Actual Cadre

The position on the cadre according to the relevant information of District Secretariat and 30 Divisional Secretariats as at 31 December 2014 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
(i) Senior Level	101	91	10	-
(ii) Tertiary Level	62	47	16	01
(iii) Secondary Level	3,015	2,809	209	03
(iv) Primary Level	316	303	21	08
(v) Others (Casual/Temporary/ Contract Basis)	03	08	--	05
Total	3,497	3,258	256	17

The following observations are made.

- (a) The District Secretariat had failed to fill 256 vacancies by the end of the year under review.
- (b) A Tertiary level officer and one Secondary level officer of the Ibbagamuwa Divisional Secretariat, two Secondary level officers of the Narammala and Wariyapola Divisional Secretariats, eight officers of the Primary level of the Panduwasnuwara (West), Alawwa, Ehetuwewa and Kobeigane Divisional Secretariats and 11 officers including 05 other employees of the Panduwasnuwara (East) Divisional Secretariat exclusive of the approved Cadre, had been deployed in service.

- (c) Eleven posts of Accountant, Administrative Officer, Technical Officer and Public Management Assistant and 07 posts of Grama Niladhari had been remained vacant at Divisional Secretariat, Bamunakotuwa.
- (d) The posts of Science and Technology Officer at Vidatha Centre established attached to the Divisional Secretariat, Mahawa had fallen vacant for more than 02 years and a lot of expensive equipment had been remained idle at such office due to that reason.