

Report of the Auditor General on Head 256 – District Secretariat, Gampaha – Year 2015

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Gampaha District Secretariat, Head 256 for the year ended 31 December 2015 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 17 June 2016. 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 within the limitations of staff, other resources and time available to me.

1.2 Responsibilities 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. The responsibility includes designing, implementing, 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, Gampaha amounted to Rs.1244.23 million and out of that Rs.1022.30 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.221.93 million of the total net provision or 17.84 per cent of the provision. Details appear below.

Expenditure	As at 31 December 2015			Savings, as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.Millions	Rs.Millions	Rs.Millions	
Recurrent	949.43	944.99	4.44	0.47
Capital	294.80	77.31	217.49	73.78
Total	1,244.23	1,022.30	221.93	17.84

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

Provision totalling Rs.5,812.62 million had been made available by 28 other Ministries and 16 Departments for various activities for the District Secretariat and out of that Rs.5,534.27 million had been utilized by end of the year under review. Accordingly, out of the provision made, Rs.278.35 million or 4.79 per cent had been saved.

2.2 Advance Account

2.21 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account of the District Secretariat – Item No.25601 and the actual amount are given below.

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
75.90	64.42	59.90	64.80	250.00	228.59

2.4 Imprest Account

The balance of the Imprest Account No.7002/0000/000/0303/0015/000 of the District Secretariat as at 31 December 2015 amounted to Rs.52.17 million.

2.4 General Deposit Accounts

The balances of 6 General Deposit Accounts of the District Secretariat as at 31 December 2015 totalled Rs.705.07 million. Details appear below.

Deposit Account Number	Balance as at 31 December 2015
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	Rs. Millions
6000/0000/00/0001/0061/000	0.01
6000/0000/00/0002/0079/000	0.64
6000/0000/00/0013/0049/000	32.68
6000/0000/00/0016/0031/000	269.28
6000/0000/00/0017/0010/000	399.75
6000/0000/00/0018/0039/000	2.71
Total	<u>705.07</u>

2.4 Audit Observation

The Appropriation Account and the Reconciliation Statements of the Gampaha District Secretariat for the year ended 31 December 2015 have been prepared satisfactorily subject to the audit observations appearing in the Management audit report referred to paragraph 1.1 above. The material and significant observations out of the observations included in the Management Audit Report appear in paragraph 3.

3. Material and Significant Audit Observations

3.1 Non – maintenance of Books and Registers

The District Secretariat had not maintained certain registers shown below. It was observed at audit test checks that certain registers had not been properly maintained and updated.

Type of Register	Related Regulation	Observation
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(a) Register of security	Financial Regulation 891 (1)	Not maintained
(b) Register of fixed assets relating to computer accessories and software	Treasury Circular No IAI/2002/2 of 28 November 2002	Not maintained
(C) Register of fixed assets	Treasury Circular No 842 of 19 November 1978	Not updated and maintained
(d) Register of electricity equipment	Financial Regulation 454 (2)	Not updated and maintained

3.2 Provision made available by other Ministries and Departments

The following observations are made.

- (a) Two hundred and sixty one units of 8 varieties of goods and equipment valued at Rs.1,061,595 purchased under the People's Representative Programme of 2014 at the Mahara Divisional Secretariat remained without being distributed even by the month of January 2016.
- (b) A sum of Rs.1,726,744 had been spent to construct 2 community water schemes at the Mahara Divisional Secretariat Area in 2014. The said project had not been completed even by end of the year under review.
- (c) Nine Divisional Secretariats had overpaid Rs.15,277,332 by end of the year under review due to erroneous computation of pensions.

3.3 General Deposit Account

The following observations are made.

- (a) Action had not been taken in terms of Financial Regulation 571 with regard to 137 deposits amounting to Rs.3,221,479 exceeding 2 years, at 9 Divisional Secretariats.
- (b) Action had not been taken in terms of Financial Regulation 571 (2) with regard to land deposits of over 10 years amounting to Rs.6,107,605 at 3 Divisional Secretariats.
- (c) A sum of Rs.100,000 had been provided to grant housing aid to a disabled person of the Jaela Pradeshiya Sabha Division. This remained in the General Deposit Account from December 2014 without being used.
- (d) The value of unidentified cash and stamps retained in the General Deposit Account of the Ja Ela Divisional Secretariat for over 2 years amounted to Rs.105,038.

3.4 Reconciliation Statement relating to Advances to Public Officers Account

The following deficiencies were observed at audit test checks carried out with regard to the Reconciliation Statement of the Item No 25601, Advances to Public Officers Account.

- (a) According to the Reconciliation Statement presented, balances that remained outstanding as at that date aggregated Rs.2,185,294. Even though those outstanding balances remained over periods ranging from 1 to 5 years, the follow-up action to recover the outstanding balances had been at a weak level even as at the end of the year under review.

- (b) The value of summary of classification of individual balances aggregated Rs.231,376,873. However, the balances amounted to Rs.231,397,342 as per Control Account showing a difference of Rs. 20,469. Action had not been taken to identify the difference and settle it.

3.5 Good Governance and Accountability

3.5.1 Annual Action Plan

The District Secretariat should prepare an Action Plan in terms of the Public Finance Circular No.01/2014 of 17 February 2014. However, an Action Plan had not been prepared for the year under review.

3.5.2 Annual Performance Report

The District Secretariat should table the Annual Performance Report in Parliament within 150 days of the end of the financial year in terms of the Public Finance Circular No.402 of 12 December 2002. However, the report had not been tabled in Parliament even by 25 June 2016.

3.6 Implementation of Projects under Domestic Funding

Instances of projects abandoned without commencing Projects revealed during the course of audit test checks are given below.

(a) Project Abandoned without Commencing

The District Secretariat had not commenced the following Projects.

Project	Estimated Cost	Due date of Commencement	Reason for Not-commencing
(i) Sixteen Projects approved for implementation by the Divulapitiya Divisional Secretariat under the 100 days Programme during the year 2015.	9,100,00	Before 31.12.2015	Due to adverse rainy weather
(ii) Five projects approved for implementation by the Mahara Divisional Secretariat under the 100 days Programme during the year 2015.	2,494,836	Before 31.12.2015	Reason for delay had not been furnished

3.7 Performance

The observations on the progress of the functions of the Gampaha District Secretariat are given below.

Functions not Executed Adequately

The functions of the District Secretariat had not been executed adequately and certain instances so revalued are given below.

- (a) It had been planned to purchase 364 milk cows by spending Rs.18,200,000 for distribution among dairy farmers in order to improve production of milk within the Minuwangoda Divisional Secretariat Area. 197 cows only had been distributed during the years 2014 and 2015. As such, the Progress was 54 per cent by end of the year under review.
- (b) A sum of Rs. 1,512,546 had been spent by end of the year under review to implement the continued work of 2014 pertaining to supply of betel stems to 350 betel cultivators of the Mahara Divisional Secretariat Area to improve their livelihood. Betel stems had been distributed to 69 betel cultivators only by end of the year under review and the physical progress of the project was 20 per cent only.

3.8 Irregular Transactions

Forty five cheques valued at Rs.1,588,906 had been issued for purchasing goods for self employment projects. The value of these cheques had been credited to revenue due to reasons such as, absence of an account of the owner of the institution, closure of the institutions, death of the owner and confirmation of beneficiaries as unsuitable. As a result, the benefit due to the self employed out of the provision made to the Mirigama Divisional Secretariat could not be rendered to them due to reasons such as, not adopting the procurement policy properly while purchasing goods, non identification of suitable beneficiaries, lack of awareness of the institution from which purchases had been made and lack of proper supervision.

3.9 Management Weaknesses

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

- (a) The pass books of savings account of minors in the custody of Divisional Secretaries should be released to them when they complete 18 years of age. However, the pass books of savings account of 17 children of 6 Divisional Secretariats who had completed 18 years of age not been released to them.
- (b) The correctness of educational certificates of 6 Management Assistants of the Negombo Divisional Secretariat had not been verified from the institutions concerned.
- (c) It was observed that 21 out of 91 non school going children under 18 years of age at the Katana Divisional Secretariat Area were child labourers.

- (d) It was revealed that out of the 69025 families of the Katana Divisional Secretary Area, there were 355 families without water and 951 families without latrines.
- (e) It was observed that 256 unauthorized occupants were in occupation of crown lands for about 15 years at the Katana Divisional Secretariat Area.
- (f) According to the Registers of Land Acquisition maintained at the Divulapitiya Divisional Secretariat, lands had been acquired on 5 instances under the Land Ordinance No.38 (a) under provisions for various objectives of the government. Even though over 10 years had elapsed since the acquisition of these land, compensation to owners of land had not been paid and settled.
- (g) Action had not been taken to identify the respective persons or institutions and pay compensation amounting to Rs.10,095,425 payable on 9 instances with regard to acquisition of land at the Katana Divisional Secretariat.
- (h) Daily activities relating to payments had not been administrated by planning the office procedure by obtaining correct information together with proper examination and supervision. As a result, 69 new cheques had been issued on 06 occasions in 2015 at the Ja Ela Divisional Secretariat due to extension of time, cheques written in lieu of cancelled cheques, cancellation of crossings, change of names, alteration of amounts, dishonouring of cheques, rectification of the account numbers and cancellation of the term named “client only” etc.
- (i) The Grama Niladhari of the area concerned should intimate the death of a pensioner to the Divisional Secretariat within 07 days of his death. But, there were delays ranging from 4 to 10 months in reporting deaths of 7 pensioners by Grama Niladharis at the Wattala Divisional Secretariat Area. As such, pension aggregating Rs.911,444 had been remitted to the post offices/banks. Those offices had retained the unpaid pensions with them for several months.
- (j) All pensioners of the Negombo Divisional Secretariat were required to furnish their life certificates at the commencement of the year, to the Divisional Secretary, through their Grama Niladhari. However, 746 persons had not furnished their life certificates even by 31 March 2016.
- (k) Suitable action had not been taken with regard to 3895 pension files remaining dormant at the Negombo and Katana Divisional Secretariats.
- (l) Pensions had been revised according to the salary structure of the government service effective from 01 January 2006 in terms of the Public Administration Circular No.16/2015 of 25 June 2015. At the time of revision 75 out of 109 pension files to be maintained at the Negombo Divisional Secretariat were not available at the office.

3.10 Human Resources Management

Approved Cadre and Actual Cadre

The position on cadre as at 31 December 2015 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i) Senior Level	46	45	01
(ii) Tertiary Level	27	17	10
(iii) Secondary Level	3,076	2,645	431
(iv) Primary Level	124	109	15
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Total	3,273	2,816	457
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