

## Report of the Auditor General on Head 257 – District Secretariat, Kaluthara - Year 2015

The audit of the Appropriation Account, and the Reconciliation Statements including the financial records, books, registers and other records of the Head 257 – District Secretariat, Kaluthara 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 26 May 2016. 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 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. 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.916.40 million and out of that Rs.912.20 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.4.20 million or 0.46 per cent. Details appear below.

Expenditure	<u>As at 31 December 2015</u>			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	796.20	795.59	0.61	0.07
Capital	120.20	116.61	3.59	2.99
Total	916.40	912.20	4.20	0.46

**(b) Utilisation of provisions made available by other Ministries and Departments**

Provisions totalling Rs.3,446 million had been made available to the District Secretariat by other 29 Ministries and 15 Departments for various activities. Out of that a sum of Rs.3,306 million had been utilized by the end of the year under review. Accordingly, the savings out of the provisions received, amounted to Rs.140 million or 4 per cent.

**2.2 Advance Account**

**2.2.1 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 under Item No.25701 and the actual amounts are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
<u>Maximum Limit</u>	<u>Actual</u>	<u>Minimum Limit</u>	<u>Actual</u>	<u>Maximum Limit</u>	<u>Actual</u>
Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
60.76	55.88	46.76	56.68	265.00	196.41

**2.3 Imprest Account**

The balance of the Imprest Account of the District Secretariat as at 31 December 2015 amounted to Rs.108.29 million.

**2.4 General Deposit Accounts**

The balances of the 07 Deposit Accounts of the District Secretariat as at 31 December 2015 totalled Rs.368.62 million. Details appear below.

<u>Deposit Account Number</u>	<u>Balance as at 31 December 2015</u>
	Rs.Millions
6000/0000/00/0001/0059/000	0.17
6000/0000/00/0002/0077/000	0.40
6000/0000/00/0016/0030/000	218.32
6000/0000/00/0017/0008/000	40.05
6000/0000/00/0018/0037/000	94.78
6000/0000/00/0019/0006/000	14.79
6000/0000/00/0033/0000/000	0.09
Total	368.60

## 2.5 Audit Observation

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

## 3. Material and Significant Audit Observations

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### 3.1 Non – maintenance of Registers and Books

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

Type of Registers	Relevant Regulation	Observations
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Register of Fixed Assets	Treasury Circular No.842 dated 19 December 1978.	Not updated.
Register of Fixed Assets on Computers, Accessories and Software	Treasury Circular No. IAI/2002/02 dated 28 November 2002.	Divisional Secretariats had not maintained the Registers of Fixed Assets on Computers, Accessories and Software.
Register of Security	Financial Regulation 891	District Secretariat and Divisional Secretariat, Kaluthara had not prepared the Register.

### 3.2 Reconciliation Statement of the Advances to Public Officers Account

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According to the Reconciliation Statement of the Advances to Public Officers Account, Item No.25701 as at 31 December 2015, the balances that remained outstanding as at that date totalled Rs.196,410,844. Even though a sum of Rs.342,164 out of those outstanding balances remained over periods ranging from 01 year to 05 years, the District Secretariat had failed to recover those outstanding balances.

### 3.3 Good Governance and Accountability

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#### 3.3.1 Annual Performance Report

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In terms of the Public Finance Circular No.402 dated 12 September 2002, the Annual Performance Report should be tabled in Parliament by the District Secretariat within 150 days after the closure of the financial year. Nevertheless, the Performance Report had not been tabled in Parliament even by 22 June 2016.

### 3.4 Assets Management

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The value of the buildings belonging to the Divisional Secretariats which constructed by utilizing the provisions made available by other Ministries had not been computed and included in the Registers of Fixed Assets. A Board of Survey not been conducted in respect of the vehicles belonging to District Secretariat and had not been included in the Registers of Fixed Assets.

### 3.5 Non – compliances

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#### Non-compliance with Laws, Rules and Regulations

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

<b>Reference to Laws, Rules and Regulations</b>	<b>Non-compliance</b>
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<b>(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka</b> ----- Financial Regulation 880 and Letter No.E/2/Security of 07 October 1993 of the Secretary to the Ministry of Public Administration, Home Affairs and Plantations.	Securities had not been obtained from the officers who are responsible for custody of goods and money and who signing cheques of the 14 Divisional Secretariats.
<b>(b) Pension Circulars</b> ----- Pension Circular No.1/2009 dated 07 January 2009	Even though Disabled Pensions should not pay for the illnesses suffer due to ageing, the Disabled Pensions had been paid by the Divisional Secretariats Milleniya and Beruwala to the 4 pensioners who had such type illnesses.

### 3.6 Implementation of Projects under Domestic Financing

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

#### (a) Delays in the Execution of Projects

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The following delays were observed.

- (i) Even though 43 project works totalling Rs.223,350,271 implemented within the District in the year 2014 should have been completed by 31 December 2015, those projects had not been completed even by March 2016 while a sum of Rs.125,882,490 had been incurred thereon.

- (ii) Approval had been given to implement the project as stages in respect of the construction of Swimming Pool and the Pavilion of the St.Mary College, Matugama. Nevertheless, an overall cost estimate of the project and a building plan had not been prepared. The implementation of the project had been commenced from the year 2009 and a sum of Rs.17,291,614 had been incurred for the constructions by 31 December 2015. Even though utilisation of this Swimming Pool had been commenced on training needs, the constructions had not been completed even by March 2016.

**(b) Projects without Progress despite the Release of Money**

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The following observations are made in this connection.

- (i) Construction and Completion of the Volley Ball Ground, Yatiyana
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Under the Western Ran Aruna Regional Development Programme 2014 the Divisional Secretary Agalawatta had handed over the project to implement for the Pradeshiya Sabha, Agalawatta.

As the constructions had been completed satisfactorily, the retention money of 10 per cent of the contract sum of Rs.465,157 had also been paid to the contractor. However, it was observed in the physical examination of audit carried out on 13 November 2015, that the playground had been constructed using GI Pipes around a marshy land which is absolutely not suitable for a Volley Ball Playground at all.

- (ii) Construction of the Bridge, Horanagoda
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An agreement had been entered into with Provincial Roads Development Authority by the Divisional Secretary, Mathugama to construct the, Horangoda Bridge under the “Dorin Dorata Gamin Gamata Programme, 2014”. A sum of Rs.4,376,639 had been incurred thereon. According to the Pre - investigation Report of the project, the main objective of this project was Development of Infrastructure facilities and avoid difficulties in transportation. Nevertheless, it was observed a paddy land which is not cultivated at the end of the bridge, and a road also had not been constructed from the other side of the bridge.

- (iii) Reconstructions up to Katugahawatta Anicut Via Gonaliyadda
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Under the “Palath Neguma” Programme 2014, above contract had been assigned by the Divisional Secretary, Matugama at an estimated value of Rs.980,000 to a farmer organisation. A sum of Rs.338,624 had been incurred by October 2015 and the project had been stopped halfway.

**(c) Under Utilisation of the Assets of the Project**

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A sum of Rs.4,179,056 had been incurred by the Divisional Secretariat, Kaluthara for the project of the construction of Maternity Clinic, Ethgama commenced in the year

2014. The clinic had not been opened even by March 2016. Even though equipment amounting to Rs.552,544 had been purchased for the clinic in December 2014, those had been dumped in the National Health Academy without being utilized. Even though the equipment necessary for the clinic had been listed by the Medical Officer of Health, DVD machines, Television Sets, Cookers, Tables and Cupboards had been purchased incurring money as above.

### **3.7 Transactions of Contentious Nature**

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An agreement had been entered into with the State Engineering Corporation by the District Secretariat on 10 November 2014 to complete the Project of the Development of Playground, Moderavila at a cost of Rs.31,768,585. Advances amounting to Rs.6,353,717 had been paid as mobilization advance on 02 December 2014. Even though 01 year and 3 months had been passed by March 2016 the work had not been executed even up to covering the advance amount.

### **3.8 Losses and Damage**

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Observations on losses and damage revealed during course of audit test checks are given below.

- (a) Even though losses amounting to Rs.813,233 had been incurred due to 05 accidents caused to the vehicles of the District Secretariat, Kalutara, during the year under review those had not been included in the Appropriation Account.
- (b) Action in terms of the Financial Regulations had not been taken in respect of 09 losses totalling Rs.3,214,040 incurred by the District Secretariat during the period from the year 1989 to 2013 and it was failed either to recover those losses from responsible parties or to write off.

### **3.9 Management Weaknesses**

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

- (a) Disabled pension had been paid by the Divisional Secretariat, Milleniya to a pensioner at the rate of Rs.18,656 per month from the year 1996 without the approval from the Medical Board to prove the disabled condition.
- (b) Disabled pension had been paid to a pensioner at the rate of Rs.16,502 per month from May 1991 without ensuring the disabled condition. A care taker had not been appointed as well on behalf of the pensioner.
- (c) A sum of Rs.186,138 had been paid by the Divisional Secretariat, Beruwala up to October 2015 to a person older than 26 years by 25 February 2015 under minor payments.
- (d) In the examination of the Register of Pensions and the Register of Ejecting Pensions and Deaths maintained by the Divisional Secretariat, Kaluthara it was observed that a sum of Rs.205,797 had been overpaid due to delays of informing deaths of the

pensioners by the Grama Niladaris and the posting delays in the Register of Ejecting Pensions.

- (e) According to the Register of Ejecting Pensions Register of Deaths informing by Grama Niladharis, it was revealed that the posting relating to the deaths in the year 2015 had not been properly done. Accordingly, the deaths of 62 out of 83 pensioners in the Divisional Secretariat, Bandaragama and 131 deaths of pensioners out of 278 deaths in the Divisional Secretariat, Panadura had only been informed by the Grama Niladharis.
- (f) A sum of Rs.41,873,341 had been spent to obtain state lands situated in the Divisional Secretariat, Beruwala for the constructions of the houses in respect of the re-settlement of Tsunami displaced persons. Those houses had been constructed without considering the provisions of the laws within the construction of houses and as such it not completed providing title deeds to the residents of those houses had not been completed even by March 2016.

### 3.10 Human Resources Management

#### (a) Approved Cadre and Actual Cadre

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

	<b>Category of Employees</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>Number of Vacancies</b>
(i)	Senior Level	68	64	04
(ii)	Tertiary Level	35	18	17
(iii)	Secondary Level	1,964	1,713	251
(iv)	Primary Level	170	162	08
	<b>Total</b>	<b>2,237</b>	<b>1,957</b>	<b>280</b>