

Report of the Auditor General on Head 277 – District Secretariat, Monaragala – Year 2015

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head – 277, Monaragala District Secretariat 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 07 July 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 amounted to Rs.483.32 million and out of that Rs.474.58 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.8.74 million or 1.81 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	429.55	429.38	0.17	0.04
Capital	53.77	45.20	8.57	15.94
Total	483.32	474.58	8.74	1.81

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

Provision totalling Rs.1,356.77 million had been made available by 29 other Ministries and 20 Departments for various activities and out of that Rs.1,274.25 million had been utilized by end of the year under review. Accordingly, out of the provision made, Rs.82.43 million or 6.08 per cent had been saved.

2.2 Advance Account

Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account of the Moneragla District Secretariat under the Item No.27701 and the actual amounts 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
36.80	25.74	28.80	30.74	125.00	92.91

2.3 General Deposit Accounts

The balances of 8 General Deposit Accounts of the Monaragala District Secretariat as at 31 December 2015 totalled Rs.454.45 million. Details appear below.

Deposit Account Number	Balance as at 31 December 2015
	Rs.Millions
6000/0000/00/0001/0060/000	0.01
6000/0000/00/0002/0078/000	0.74
6000/0000/00/0011/0602/000	300.00
6000/0000/00/0013/0079/000	21.20
6000/0000/00/0016/0027/000	128.19
6000/0000/00/0017/0009/000	0.09
6000/0000/00/0018/0038/000	4.15
6000/0000/00/0053/0000/000	0.07
	<u>454.45</u>

2.4 Audit Observation

The Appropriation Account and the Reconciliation Statements of the Monaragala District Secretariat for the year ended 31 December 2015 have been prepared satisfactorily subject to

the audit observations appearing in Paragraph 1.1 of the Management audit report referred to in paragraph 1.1 above. The material and significant observations out of the observations included in the Management Audit Reports appear in paragraph 3.

3. Material and Significant Audit Observations

3.1 Replies to Audit Queries

Reply to one audit query issued to the District Secretariat during the year under review had not been furnished even by 08 August 2016. The value of quantifiable transactions relating to the audit query amounted to Rs.3,115,699.

3.2 Utilization of Provision made available by other Ministries and Departments

3.2.1 Ministry of Economic Development

The following observations are made.

- (a) Six thousand three hundred and seventy units of goods belonging to 53 varieties purchased for Rs.3,898,093 by utilizing the provision obtained from the Ministry of Economic Development in the year 2015 and preceding years remained stored in 10 Divisional Secretariats of the District without being distributed to the beneficiaries even by 31 May 2016.
- (b) The following deficiencies were revealed at audit test checks carried out regarding projects implemented by the Ministry under the Divisional Secretariats of the District.

<u>Divisional Secretariat</u>	<u>Programme/ Project</u>	<u>Utilization</u> <u>Rs.</u>	<u>Audit Observation</u>
Badalkumbura	To provide a generator to a welfare society under the 2014 decentralized programme	67,500	The procurement committee decided to pay to Rs.67,500 to purchase a generator with a capacity of 3KW. However, a 2.5 KW capacity generator had been purchased with the same trade name for the same amount concerned.
Buttala	To provide plastic chairs to organization and societies under the 2014 Decentralized Programme.	480,256	Although there was a possibility to purchase a plastic chair for Rs.820 chairs had been purchased at the rate of Rs.1,024 per chair resulting in an overpayment of Rs.95,676.
Buttala	To purchase 17 Aluminum sheds for distribution under the 2014 decentralized programme.	816,000	Quotations had been received at the rate of Rs.48,000 per roofing sheet for 17 roofing sheets of 20' x 10' as per letter calling for quotations. However, roofing sheets of 20' x 8'

			had been purchased for the same price.
Wellawaya	Concreting the L 80 road at Thelulla Colony during the year 2014.	874,852	It was observed at a physical verification carried out on 22 October 2015 that there were lengthwise and breadthwise cracks on the road. Stones had emerged on the road surface resulting in pot holes so that the road was in an unsuitable condition for usage.
Wellawaya	To purchase goods for organizations and societies under the 2014 decentralized programme.	770,660	Four hundred and sixty two plastic chairs and 43 steel cupboards had been purchased without the recommendations of the Technical Evaluation Committee and without considering the lowest quotations. As a result, a sum of Rs.107,410 had been overpaid.
Madulla	To purchase a generator for a death donation society under the 2014 decentralized programme.	67,950	Money had been paid to purchase a generator with a capacity of 1 KW. However, a generator with a capacity of 0.6 KW with the same trade name had been purchased for the same amount.

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 retained money totalling Rs.585,990 which had exceeded a period of 2 years at the Badalkumbura Divisional Secretariat.
- (b) The sum of Rs. 104,152,020 given for various purposes by other Ministries and Departments had been retained in the deposit account without being used for the said purposes.
- (c) The Deposit Account bearing No.6000/0000/00/0011/0602 had been opened in the year 2014 to establish a revolving fund for production of grains. However, the account concerned remained dormant even by 31 December 2015.

3.4 Reconciliation Statement relating to Advances to Public Officers Account

According to the Reconciliation Statements of Item No.27701- Advances to Public Officers Account as at 31 December 2015, the balances that remained outstanding as at that date totalled Rs.5,227,946. Even though those outstanding balances remained over periods ranging from 01 to 16 years, the follow-up action to recover the outstanding balances had been at a weak level.

3.5 Good Governance and Accountability

3.5.1 Audit and Management Committees

According to the Management Audit Circular No.DMA/2009 (1) of 06 June 2009, meetings of Audit and Management Committee should be held at least once a quarter. However, the Monaragala District Secretariat had held only 03 meetings during the year 2015.

3.5.2 Assets Management

The following deficiencies were observed at audit test checks carried out with regard to the assets of the Monaragala District Secretariat.

(a) Idle and Underutilized Assets

It was observed during the course of audit test checks that certain assets the value of which were not given categorized below had been idle or underutilized.

Category of Assets	Number of Units	Idle/Underutilized period
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		years
Land (Hectares)	01	6
Buildings	02	2 to 6
Motor vehicles	01	10
Machinery	02	5 to 20

(b) Assets given to External Parties

A portion of the land of the Buttala District Secretariat had been released to a private nursery holder to conduct a nursery sales centre without the approval of the District Secretary.

3.6 Non-compliances

Non-compliance with Laws, Rules and Regulations

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

Reference to Laws, Rules and Regulations	Value Rs.	Non-compliance
(a) Public Administration Circulars		
(i) Circular No.9/2009 dated 16 April 2009	-	A finger print machine had not been used at the Medagama Divisional Secretariat to mark the arrivals and departures of officers of the Department of Divineguma.
(ii) Paragraph "a" (II) of the circular No. 41/90 dated 10 October 1990	-	Consumption of fuel had not been tested once in 6 months at Madulla and Sevanegala Divisional Secretariats with regard to 4 vehicles.
(b) Divineguma Circular		
Paragraph 7 of the Divineguma Circular No.2015/07 dated 08 June 2015	1,009,000	The government had incurred expenditure on the total cost of goods without recovering contributions from the beneficiaries while purchasing goods under the Divineguma Livelihood Development Programme by the Divineguma office at Siyambalanduwa.
(c) Public Finance Circulars		
Public Finance Circular No.395 dated 28 March 2001	300,239	The departmental charges had been recovered less while issuing revenue certificates by 5 Divisional Secretariats.
(d) Letter of the Ministry of Public Administration and Home Affairs		
Paragraph 7 of the letter No.HAF/03/ADMIN/02/002 dated	-	Action had not been taken to acquire the properties with regard to three encroachments

05 July 2013

at 3 Grama Niladhari Divisions of the
Sevenagala and Badalkumbura Divisional
Secretariats.

3.7 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

Divisional Secretariats had not commenced the following Projects.

Project	Estimated Cost	Due Date of Commence ment	Reasons for not Commencing
Bibila Divisional Secretariat			
To construct 14 water holes for wild animals	1,999,974	05.12.2014	Provision taken back.
Buttala Divisional Secretariat			
Laying moonstones at Unawatuna	490,000	21.10.2015	Due to adverse weather
Reconstruction of the culvert at Kumaragama Division	490,000	20.10.2015	Due to adverse weather

(b) Projects Abandoned without Completing

Even though the District Secretariat had commenced the following projects, those projects had been abandoned without being completed.

Project	Estimated Cost	Date of Commencement	Expenditure as at 31 December 2015	Reasons for Abandoning
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Medagama Divisional Secretariat				

To construct 03 water holes at Kotabowa Divuldena Road under the provisions of the Department of Wild Life Conservation	4,880,664	20.11.2014	334,664	Provision taken back as the society concerned failed to complete the activities of three projects due to heavy rain.
Bibila Divisional Secretariat				

To construct water holes close to Bambarakandura	1,999,974	18.11.2014	236,800	The society concerned failed to complete the work due to heavy rain
To construct water hole close to the 14 th mile post at Nilgala	1,999,974	05.12.2014	255,000	The contractual society concerned failed to complete the work due to heavy rain
To motorgrade the agricultural road at Alakolamada and to construct 03 culverts	499,814	01.08.2014	201,200	Not reported
To gravel the road upto Bulupitiya Maha Vidyalaya	499,814	01.08.2014	197,200	Not reported
Monaragala Divisional Secretariat				

To reconstruct the Irrigation left canal of Iththekattuwa	490,000	26.10.2015	180,046	Could not complete the work due to heavy rain

To construct the Kotigalhela Community Centre	490,000	23.10.2015	115,243	Due to heavy rain while doing the construction
Monarakelewatta Road	392,980	18.11.2015	241,429	Not reported

(c) Projects without Progress despite the Release Money

The following observations are made.

- (i) A sum of Rs.1,501,770 had been paid to the Monaragala Water Supply and Drainage Board as investigation charges and drilling charges of 2 tube well water schemes at Katugahawadiya and Bakinigalawela at the authority area of the Medagama Divisional Secretariat. However, the construction work of those two tube wells had not been completed even by 29 February 2015.
- (ii) A sum of Rs.148,867 had been paid to the Water Supply and Drainage Board by 31 December 2014 to supply water meters to 58 beneficiaries for obtaining drinking water for residents of the bye-road at Demataththa ara of the authority area of the Wellawaya Divisional Secretariat. Water meters had not been supplied to 18 beneficiaries even by 10 August 2016.
- (iii) A sum of Rs.350,000 had been paid to the National Water Supply and Drainage Board on 18 December 2014 to supply water meters to 14 families of the Bodagama Division of the authority area of Thanamalvila Divisional Secretariat under the 2014 Decentralized Development Programme. However, the project had not been implemented even by 04 August 2016.
- (iv) A sum of Rs.2,375,231 had been paid to a contractor to reconstruct the Kawdawa Mahawela Amuna and canal under the Jathika Saviya Gama Neguma Programme by the Monaragala Divisional Secretariat during the years 2009 and 2011. However, it was observed at the field inspections carried out on 18 May 2015 that a sum of Rs.1,178,178 had been paid for work not completed.

3.8 Transactions of Contentious Nature

The following deficiencies were observed at field inspections carried out on 27 August 2015.

- (a) An agreement had been entered into with an outsider to run the canteen at the District Secretariat from February to December 2015 at a monthly rent of Rs.41,000. The rent for 3 months amounting to Rs.123,000 had not been deposited as per conditions of the agreement and the canteen rent of Rs.102,500 had not been recovered up to May.

- (b) The Medagama Divineguma Office had paid Rs.1,434,125 to purchase 50,000 pepper plants from a nursery for beneficiations belonging to 30 divisions with the government contributions of 90 per cent and 40 per cent under the Divineguma Livelihood Development Programme of 2015. The certified price of a pepper plant of the Department of Export Agriculture, Monaragala was Rs.23 whereas purchases had been made at the rate of Rs.35 each from a private institution resulting in an overpayment of Rs.600,000.
- (c) The Madulla Divisional Secretariat had paid a sum of Rs.257,250 in 2015 to a private supplier to purchase 10,150 pepper plants at the rate of Rs.30 per plant for distribution among beneficiaries of the Divineguma Branch of the Madulla Divisional Secretariat in order to implement the Livelihood Development Programme by affording government contributions of 90 per cent and 40 per cent. Pepper plants had not been supplied by the supplier even by 17 February 2016.
- (d) The Monaragala Divisional Secretariat had paid a sum of Rs.475,000 to purchase 15 one thousand litre Hybrid Water Tanks at the rate of Rs.13,200 per tank from a private institution. It was observed at a field inspection that Autonmax water tanks had been distributed to the beneficiaries instead of Hybrid water tanks.

3.9 Irregular Transactions

Certain transactions entered into by the Divisional Secretariat had been devoid of regularity. Several such instances observed are given below.

- (a) Although it had been stated that the Procurement Committee of the Madulla Divisional Secretariat had decided to make purchases valued at Rs.3,269,280 during 09 days in 2015, the members of the Procurement Committee were not in the office in those days and away on duties as per register of attendance and work done programmes.
- (b) A sum of Rs.20,980,250 had been paid to a private company in 05 occasion to purchase water tubes and accessories for the extension of drinking water system in Buttala and Wellawaya Divisional Secretariat areas using the 2014 provision of the Ministry of Economic Development. Open competitive quotations had not been called for, in terms of the government Procurement Guideline 3.2 for these purchases. The Departmental Procurement Committee had called for limited quotations and selected the supplier.
- (c) A sum of Rs.9,595,924 had been paid to a private company on 03 occasions during 2014 and 2015 to purchase and install a 350 KVA generator for the Divisional Secretariat, Monaragala. Open national competitive bids had not been called for in terms of Guideline 3.2 of the Government Procurement Guideline for this purchase. The supplier had been selected by calling an limited quotations.

3.10 Losses and Damages

Investigations had not been held in terms of the Financial Regulation with regard to the broken of the windscreen of the water bowser of Wellawaya Divisional Secretariat on 22 October 2015 when it had been parked at the office premises.

3.11 Uneconomic Transactions

A supporter for the water tank had been constructed in a private land without confirming the public ownership by spending Rs.994,073 for the Meeyankandura Galhidamulla Water Scheme at the Medagama Divisional Secretariat Area under the programme named "One Work for One Village" of the year 2014.

3.12 Unresolved Audit paragraphs

Reference to the audit paragraphs relating to the District Secretariat included in the reports of the Auditor General of which correction had not been finalized is given below.

Reference to the Auditor General's Report		Subject under Reference
Year	Paragraph No.	
2006	8.7.2 (a) (i)	When construction of 26 sales stalls by the Thanamalwila Divisional Secretariat by spending Rs.1,950,000 without following the Guidelines 3.9.1 and 3.9.2 of the Government Procurement Procedure a report had not been obtained from the Accounting Officer/Chief Accounting Officer for offering sub contract.
2008	10.4 (f) (i)	Investigation reports had not been submitted in respect of shortcomings and malpractices occurred while constructing Jana Sabha offices at Bopitiya, Thenagallanda, Weheragala and Kahambana under the Gama Neguma Programme during 2006/2007.
2010	4.7 (i)	The cab belonging to the Wellawaya Divisional Secretariat had met with accident in 2002 causing a loss of Rs.375,000. Out of the loss, a sum of Rs.362,500 had not been recovered from the respective parties even by 31 July 2016.

3.13 Management Weaknesses

The following weaknesses were observed at audit test checks.

- (a) Arrears of lease rent amounting to Rs.8,746,969 had not been recovered by 29 February 2016 from long term 16 land licence holders who had been given lands on long term lease basis for commercial activities at the Siyambalanduwa and Athimale Colony Grama Niladhari Divisions.
- (b) A sum of Rs.200,000 remained unrecovered by 29 February 2016 in respect of the land given on annual lease rent of Rs.800 under the Auction Scheme in 2003 to 36 lessees of the Muthukandiya Colony and also action had not been taken even to prepare long term lease documents for those lessees.
- (c) Government contributions amounting to Rs.12,871,352 had been given to 763 beneficiaries of 72 Grama Niladhari Divisions by the Siyambalanduwa and Moneragala Divi Neguma Office in 2014 under the Divi Neguma Livelihood Development Programme in order to commence self-employment. In this connection, a sum of Rs. 453,995 had been paid as travelling expenses and subsistence allowances to Divineguma Development officers. Those officers had not furnished reports regarding the follow up action taken by them in this regard.
- (d) A scheduled government quarters meant for an Administrative officer bearing No.04 belongs to the Moneragala Divisional Secretariat had been allowed to be conduct a co-ordination office of a Deputy Minister since 2003. But, rent had not been recovered even by 31 July 2016. The value of water bills payable as at 04 March 2016 on behalf of this government quarters amounted to Rs.214,806.

3.14 Human Resources Management

Approved Cadre and Actual Cadre

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

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
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(i)	Senior Level	44	35	09	-
(ii)	Tertiary Level	23	02	21	-
(iii)	Secondary Level	792	682	110	-
(iv)	Primary Level	107	96	18	7
(v)	Others	02	-	02	-
	(Casual/Temporary/Contract Basis)				
	Total	968	815	160	7
		=====	=====	=====	=====

The following observations are made.

- (a) The post of the Administrative Officer at Sevanagala Divisional Secretariat had been vacant for 12 years.
- (b) The posts of Assistant Planning Director, Administrative Officer, Administrative Grama Niladhari and Assistant Information technology at the Wellawaya Divisional Secretariat had been vacant for 01,12,06 and 07 years respectively.