

## Report of the Auditor General on Head 257 – District Secretariat, Kaluthara - Year 2016

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 2016 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 12 June 2017. 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 as 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. 1,072.00 million and out of that Rs. 1017.74 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. 54.26 million or 5.06 per cent. Details appear below.

Expenditure	As at 31 December 2016			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	834.00	832.62	1.38	0.17
Capital	238.00	185.12	52.88	22.22
Total	<b>1,072.00</b>	<b>1,017.74</b>	<b>54.26</b>	<b>5.06</b>

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

Provisions totaling Rs. 3,268.52 million had been made available to the District Secretariat by other 26 Ministries and 15 Departments for various activities and out of that a sum of Rs. 3,126.02 million had been utilized by the end of the year under review. Accordingly, the savings out of the provisions received amounted to Rs.142.50 million or 4 per cent.

2.2. **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.

	<b>Expenditure</b>		<b>Receipts</b>		<b>Debit Balance</b>	
	<b>Maximum Limit</b>	<b>Actual</b>	<b>Minimum Limit</b>	<b>Actual</b>	<b>Maximum Limit</b>	<b>Actual</b>
	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
2.3	80.00	79.91	55.00	63.72	265.00	213.84

**General Deposit Accounts**

The balances of the 06 Deposit Accounts of the District Secretariat as at 31 December 2016 totaled Rs. 353.28 million. Details appear below.

<b>Deposit Account Number</b>	<b>Balance as at 31 December 2016</b>
	Rs. Millions
6000/0000/00/0001/0059/000	0.89
6000/0000/00/0002/0077/000	20.19
6000/0000/00/0016/0030/000	183.46
6000/0000/00/0017/0008/000	39.74
6000/0000/00/0018/0037/000	97.09
6000/0000/00/0019/0006/000	11.91
<b>Total</b>	<b>353.28</b>

## 2.4 Audit Observation

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The Appropriation Account, and the Reconciliation Statements for the year ended 31 December 2016 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.

	<u>Type of Registers</u>	<u>Relevant Regulation</u>	<u>Observations</u>
(i)	Register of Fixed Assets	Treasury Circular No.842 dated 19 November 1978	Had not been updated.
(ii)	Register of Fixed Assets on Computers, Accessories and Software	Treasury Circular No. IAI/2002/2 dated November 2002.	Registers had not been maintained by the Divisional Secretariats.
(iii)	Register of Security	Financial Regulation 891	Had not been maintained by District Secretariat and Kaluthara Divisional Secretariat

### 3.2 General Deposit Account

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Action in terms of Financial Regulation 571 had not been taken on deposit balances older than 02 years totaling Rs. 9,064,783.

### 3.3 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 2016, the balances that remained outstanding as at that date totalled Rs. 204,121 and even though that outstanding balances were remained over periods ranging from 1 year to 5 years, the District Secretariat had failed to recover those outstanding loan balances.

### **3.4 Assets Management**

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Following deficiencies were observed during the audit test checks carried out in District Secretariat.

#### **(a) Idle and Under-utilized Assets**

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The following observations are made.

- (i) The Grama Niladari Secretariat in Pahala Millawa South constructed in the area of authority of Horana Divisional Secretariat by spending a sum of Rs. 1,476,706 during the period ranging from the year 2014 to the year 2016 had not been utilized.
- (ii) Estate Pharmaceutical building constructed in Horana town by spending a sum of Rs. 6,883,222 during the period ranging from the year 2014 to the year 2016 had not been utilized or business activities due to non-constructing with the standard.
- (iii) Out of the 46 schools in Kaluthara District closed during the period ranging from the year 1994 to the year 2011, the land extent of 38 acres and 15 school buildings belonging to 15 schools had been kept idle without utilizing.
- (iv) The cafeteria building constructed in the premises of Dodangoda Divisional Secretariat by spending a sum of Rs. 4,969,625 had not been utilized for business activities even as at the month of June 2017.

### **3.5 Losses and Damage**

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Necessary actions in terms of the Financial Regulations had not been taken in respect of losses totalling Rs. 2,476,817 incurred in 04 items during the period from the year 1989 to 2013.

### **3.6 Management Weaknesses**

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The following observations are made.

- (a) Though the notice of land acquisitions for a public activity should be published in the Gazette, the notice with relating to acquisition of 07 land lots had not been published in the Gazette by Horana Divisional Secretariat. Further a sum of Rs. 9,896,915 had been paid during the year under review without obtaining a valuation report with relating to the values of those land lots.
- (b) Though only 2 soil cubes should be transported from one license issued by Horana Divisional Secretariat in the year 2016 for excavation and transportation of soil, it was observed that the instances where transportation had been done more than the allowed quantity.

- (c) A sum of Rs. 22,483,500 had been over paid with relating to supply 24149 cubic meters of soil to Urban Development Authority for development of Horana weekly fair in the years 2014 and 2015.

### 3.7 Human Resources Management

#### Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2016 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
(i)	Senior Level	75	74	4	03
(ii)	Tertiary Level	56	34	22	--
(iii)	Secondary Level	2,423	1,965	464	06
(iv)	Primary Level	167	146	22	01
	<b>Total</b>	<b>2,721</b>	<b>2,219</b>	<b>512</b>	<b>10</b>
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- Four hundred sixty four secondary level vacancies were included 86 Grama Niladari and 303 Development Officers.