

Report of the Auditor General on Head 256 District Secretariat Gampaha – Year 2016

Head 256-The audit of the Appropriation Account and the reconciliation statements including the financial records, books, registers and other records of the District Secretariat Gampaha for the year ended 31 December 2016 was carried out in pursuance of provisions of 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 July 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 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 the Reconciliation Statements in accordance with the provisions of 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.1,178.80 million and out of that a sum of Rs.1,164.30 million had been utilized by the end of the year under review. Accordingly, the savings from the net provisions made for the District Secretariat amounted to Rs.14.50 million or 1.23 per cent . Details appear below.

Expenditure	As at 31 December 2016			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.million	Rs.million	Rs.million	
Recurrent	1,011.80	997.43	14.37	1.42
Capital	167.00	166.87	0.13	0.08
	1,178.80	1,164.30	14.50	1.23
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(b) Utilization of Provisions made available by other Ministries and Departments

Provisions totalling Rs.4,831.77 million had been received from 28 Ministries and 16 Departments for various activities. Out of this, a sum of Rs.4,391.45 had been utilized. Accordingly, provisions of Rs.440.32 million or 9 per cent had been saved.

2.2 Advances to Public Officers Account

Limits Authorized by Parliament

Limits Authorized by Parliament relating to the District Secretariat under the item No.25601 in respect of Advances to Public Officers Accounts and actual values are shown below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.million	Rs.million	Rs.million	Rs.million	Rs.million	Rs.million
75.00	74.99	60.00	68.39	300.00	238.01

2.3 General Deposit Account

The balance of the General Deposit Account of the District Secretariat Gampaha as at 31 December 2016 amounted to Rs.735.21 million.

Details are shown below.

Deposits Account Number	Balance as at 31 December 2016
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	Rs.million
6000/0000/00/0001/0061/000	0.48
6000/0000/00/0002/0079/000	0.87
6000/0000/00/0013/0049/000	58.20
6000/0000/00/0016/0031/000	240.00
6000/0000/00/0017/0010/000	433.15
6000/0000/00/0018/0039/000	2.51

	735.21
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2.4 Audit Observations

The Appropriation Account and the Reconciliation Statements of the District Secretariat for the year ended 31 December 2016, had been prepared satisfactorily subject to the audit observations, appearing in the Management Audit Report referred to in Paragraph 1.1 above. The material and important audit observations out of the audit observations included in the Management Audit Reports appear in paragraph 3.

3. Material and Significant Audit Observations

3.1 Appropriation Account

3.1.1 Provisions provided by other Ministries, Departments and Offices

The following observations are made.

(a) **Pensions Division**

- (i) The salary revisions of 1708 pension files of 11 Divisional Secretariats had not been done according to the Public Administration Circular No.6/2006 dated 25 April 2006.
- (ii) Pensions were being paid without pensions files for 978 persons by 8 Divisional Secretariats.
- (iii) When decease of a pensioner or a widower or a person who is rewarded a benefit of pension in another manner, the information of that person should be provided as soon as possible to the Divisional Secretariat .However, providing of those information in respect of 26 pensioners to the Divisional Secretariat Mahara had

been delayed from 1 month to 27 months and in respect of 18 pensioners in the Divisional Secretariat Minuwangoda had been delayed from 27 days to one year.

- (iv) A sum of Rs.1,550,665 had been deposited relevant to 09 instances to the Bank Accounts of the pensioners after their deaths also due to failure in formal reporting on the decease of the pensioners in the Divisional Secretariat Wattala.
- (v) A pensioner belonging to the Divisional Secretariat Minuwangoda had been deceased on 15 November 2015. A sum totalling Rs.173,995 had been paid as excess salary and Cost of Living allowance from 21 December 2011 to 30 September 2014 for him and it had not been recovered even by 30 October 2017.
- (vi) Pensions amounting to Rs.107,303 had been over paid to the 4 pensioners deceased in the years 2014 and 2015 due to failure in obtaining the life certificates according to a proper methodology and the deaths had not been reported in a proper manner in the Divisional Secretariat Kelaniya.
- (vii) Information about 3 persons who obtain pensions by the data system without the National Identity Card number and mentioning fraudulent Identity Card numbers in the Divisional Secretariat Mahara.
- (viii) As a result of failure in reporting by the Grama Niladharis to the Divisional Secretariat properly relevant to the decease of the pensioners in their own Grama Niladhari Area in the Divisional Secretariat Gampaha , a sum of Rs.49,861 had been remitted to the 02 pensioners who deceased before 31 December 2015. Suggestions had been made to take actions under F.R. 104 due to failure in finding out a person to recover the money as the relevant money had been withdrawn by ATM machines.
- (ix) As a result of failure in proper reporting of the information on 31 pensioners deceased in the years 2016 and 2017 by the Grama Niladharis in the Divisional Secretariat Gampaha , a sum of Rs.1,024,841 had been remitted to the Accounts after their deaths also and elimination of the same money from the Accounts had not been carried out as well.

(b) Divineguma Programme

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- (i) In terms of Divineguma Circular No.07/2015 dated 08 June 2015 of the Director General of the Divineguma Development Department, the methodology of the selection of beneficiaries in the distribution of items of goods for the Livelihood Development Programme in Divisional Secretariats in the Gampaha District was at a level of un acceptable . No any report had been available in the Divisional Secretariats whether a fruitful contribution had been received to the beneficiaries or the country from the goods and equipment supplied as follow up activities not carried out on the activities of the beneficiaries.

- (ii) At the physical verification carried out in the Divisional Secretariat Dompe, at the examination of receiving of 06 Juki machines valued at Rs.161,838 for 06 persons and usage of those by that persons , it was observed that proper benefit had not been taken from that equipment.
- (iii) A sum of Rs.4,848,705 had been spent for the purchase of goods in the years 2015/2016 in the Divisional Secretariat Dompe and it was observed at the physical verification that an adequate profit had not been gained by the beneficiaries from the goods . It was observed at the physical verification carried out that an additional attention should be paid by the responsible officers on receiving goods for the appropriate person of the requirement existed with a condition of allocating a huge money by the Government and it was most suitable to take actions considering the programmes which can be uplift the life condition of the community to match the rural economy instead of distribution of goods.
- (c) Loans amounting to Rs.194,415,115 had been issued to 7,892 beneficiaries in 04 Divisional Secretariats through the Loan Scheme granted for the Divineguma beneficiaries under the Sahana Arana Loan Scheme for expected Livelihood Development Projects in addition to the financial and loan facilities granted by the Divineguma Community Based Banks and Bank Societies with a view to uplift the life condition of the beneficiaries mentioned in the Divineguma Circular No.07/2014 dated 22 August 2014 of the Director General of the Divineguma. Out of that, an outstanding loan balance amounting to Rs.51,835,091 had been remained relevant to 3,782 beneficiaries by the year under review. As an adequate surety had not been obtained for the recovery of those loans , taking legal actions was at an inconvenient condition.
- (d) Out of the loans granted for various activities for 74 persons as at 31 March 2017 by the Divineguma Samurdhi Community based Banks at Mahara Divisional Secretariat, a sum of Rs.1,454,342 had been written off as bad debts.
- (e) Out of the loans granted for various activities by the Divineguma Community based Banks in the Divisional Secretariat area ,Wattala , a sum of Rs.3,684,640 had been remained as outstanding balances as at 31 December 2016 and a sum of Rs.3,509,286 had been written off as bad debts.
- (f) The estimated amount for 394 losses of household items occurred in terms of the Guideline for Cost Estimate of Post Disaster Housing Reconstruction for the housing damages occurred due to the floods arisen in May in the year 2016 in the Divisional Secretariat area Gampaha amounted to Rs.4,253,475. Even though the original copies of the relevant applications had been referred to the Relief Services Centre , payments had not been made for the damages occurred even by April 2017.

3.2 General Deposit Account

The following observations are made.

- (a) Action in terms of Financial Regulation 571(2) had not been taken in respect of the deposits amounting to Rs.12,788,451 relevant to 335 instances exceeding 2 years relevant to the District Secretariat and 13 Divisional Secretariats .
- (b) A sum of Rs.70,000 received from the Director of the Cultural Affairs to the Divisional Secretariat Dompe on 23 March 2016 and to the Divisional Secretariat Wattala within 4 days between 08 January 2016 to 10 September had been credited to the General Deposits Account.
- (c) Even though funds of the social security members should be sent to the Sri Lanka Social Security Board once in 15 days, receipts amounting to Rs.8,860 for the year 2015 , receipts amounting to Rs.26,572 up to November 2016 in the Divisional Secretariat Dompe, and a sum of Rs.84,211 received from 42 members relevant to the year 2015 and a sum of Rs.10,298 received from 09 members for the Divisional Secretariat Ja-ela had been brought forwarded to the General Deposits Account.
- (d) A sum of Rs.1,098,774 received in 04 instances for the implementation of various Projects in the Divisional Secretariat Mahara had been deposited in the General Deposit Account without being implemented those Projects.
- (e) A sum of Rs.449,847 relevant to 05 instances which had not been paid to the pensioners and returned based on various reasons the money directed to the Banks and Post Offices to pay the pensioners in the Divisional Secretariat Kelaniya ,had been brought to the General deposits Account and after that brought to the Government Revenue.
- (f) The cash amounting to Rs.26,000 and Rs.92,600 for the years 2015 and 2016 respectively received for the Divisional Secretariat Biyagama as library allowances for the Dhamma Schools Teachers had not been paid for the teachers and brought to the General Deposit Account.

3.3 Reconciliation Statements on Advances to Public Officers Account

The following matters were observed during the audit test checks carried out in respect of the Reconciliation Statement relating to the Advances to Public Officers Account Item No. 25601 as at 31 December 2016.

- (a) According to the reconciliation statement presented to the audit, balances totalling Rs.2,064,925 recoverable from 14 officers remained outstanding as at the end of the year under review. Even though those balances remained outstanding from 2 years to 5

years relevant to 9 Officers and over 5 years relevant to 5 Officers , the follow up activities of the recovery of those outstanding loan balances was at a weak level.

- (b) A difference of Rs.119,659 was observed between the balance of the Control Account of the Department and the total of the summary of the classification of individual balances .

3.4 Implementation of Projects under Domestic Financing

Projects abandoned without commencing

Implementation of 3 approved Projects of Rs.880,000 of the Divisional Secretariat Dompe had been failed due to the contractors had performed contrary to the Agreements.

3.5 Performance

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

Key Functions not executed adequately

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

- (a) A sum of Rs.250 lakhs had been approved for the development of the playground at Japalawatta under the Gamaneguma Project in the year 2014 at the Divisional Secretariat Minuwangoda and two tube wells had been constructed by spending Rs.2,021,952 in the same year. That Project was remained idle even by February 2017 and the two tube wells constructed had not been completed at a level of usage.
- (b) Twenty three Service Locale (“Seva Piyas”) constructed within the period of 2001-2016 in 05 Divisional Secretariats had not been used up to now.
- (c) Even though 64 “Seva Piyas” which had been constructed from the year 1987 to the year 2016 in 04 Divisional Secretariats has been utilized , the sanitary facilities of those buildings including water and electricity had not been completed.
- (d) Dungalpitiya Praja Shala and the “Seva Piyasa” which the constructions were commenced in the year 2014 in the Divisional Secretariat Area Negambo had been estimated at Rs.9,100,000 and the construction had been done by spending Rs.8,201,264, the work therein had been completed on 08 May 2015. Even though a period of nearly two years had elapsed after the completion of the work by March 2017, this building had not been nationalized.
- (e) The Maternity Home at Talahena and the “Seva Piyasa” in the Divisional Secretariat area of Negambo had been functioned on 09 October 2014 and the work of this building had

not been completed even by March 2017. Therefore ,the Maternity Home at Talahena which is at a very decayed condition could not have been shifted to the new building.

- (f) The sum totalling Rs.198,946 received for the Projects and the programmes of the Divisional Secretariat Biyagama by various Ministries and Departments in the years 2012,2013 and 2014 had been brought to the Government income in the year 2016 without being fulfilled the relevant activities.

3.6 Losses and Damage

The following observations are made.

- (a) Failure in recovering of vehicle damage totalling Rs.591,430 relevant to 05 Divisional Secretariats during the period from 1999 to 2016 and a damage in respect of a vehicle accident occurred in one Divisional Secretariat had not been computed.
- (b) Pensions amounting to Rs.454,918 had been paid by the Divisional Secretariat Wattala for a Sub Post Master who had not entitled for pensions. After reveal of this error a sum of Rs.46,000 had been recovered back as instalments. However, the aforesaid Officer had deceased on 31 July 2014 and it was observed that a loss of Rs.408,918 had been occurred to the Government due to the inefficiencies and carelessness of the Officers. Action had not been taken to recover the loss occurred to the Government from the officers responsible in this connection.

3.7 Management Weaknesses

The following weaknesses were observed during the audit test checks.

- (a) Errors of the educational certificates of a Grama Niladhari of the Divisional Secretariat Minuwangoda had been revealed 12 years elapse from the appointment.
- (b) Motor bicycles had been granted for 768 officers of 05 Divisional Secretariats according to the Circular No.2/2014 dated 23 July 2014 of the Secretary to the Minister of Finance and Planning. Out of that ,347 persons had not been obtained driving licenses.
- (c) Five thousand and fifty one families of 120 Grama Niladhari Divisions of 08 Divisional Secretariats had been reported as encroached families.
- (d) Information had not been disclosed by carrying out a survey relevant to the persons encroached in the Government lands in the Divisional Secretariat area ,Dompe. However, 93 encroachers encroached before the year 1995 had been identified by the Land Kachcheris held in 05 Colonies belonging to 07 Grama Niladhari Areas by February 2016.

Thirty three Colonies are consisted relevant to 29 Grama Niladhari Areas and the information relevant to the area of this Colonies and the residents in that Colonies had not been collected.

- (e) Grants (Swarnabhoomi and Jayabhoomi deeds) prepared to give the residents settled down in Government lands in the Divisional Secretariat Minuwangoda should be registered in the Land Registry after putting the signature of the President and handed over to the relevant owners . However, 3 Grants not so handed over had been remained even by 12 July 2017.The following observations are made in this connection.
- (i) External parties had been settled down without permission except the Grantee in 15 plots of lands.
 - (ii) Grantees had been deceased in 07 plots of lands.
 - (iii) Heirs had been settled down in 15 plots of lands due to the death of the Grantee.
 - (iv) The relevant Grantee had not been settled down in 05 plots of lands.
 - (v) It was observed that a Grant has been issued previously as well to the Grantee in one plot of land.
 - (vi) Another deeds has been issued previously for 3 plots of lands.
 - (vii) It had been received back to the office to rectify the deed numbers and diagrams of 3 plots of lands and observed that a license issued for one plot of land has been cancelled.
- (f) The number of families settled down before the year 2000 in Government lands without a Grant had been 150 and the number of families settled down after the year 2000 had been 108 in the Divisional Secretariat area Katana .The necessary actions had not been taken to make solutions for the persons on the problems of the ownership of their lands or evict them from that lands.
- (g) A Grama Niladhari of the Divisional Secretariat Negambo had been interdicted from 20 May in the year 2012 due to issuing of 02 forged certificates. No any action had been taken against that officer even by 31 December 2016 from the year 2012.

Even though the balance of the Distress Loan amounting to Rs.107,170 had been brought forward from 5 years , no any action had been taken for the recovery of that balance.

(h) Environmental Problems

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- (i) Complains on 24 activities occurred in a manner to annoy the people in the Divisional Secretariat area Minuwangoda had not been settled even at the end of the year under review. Further, it was observed that the follow up actions also had not been carried out in respect of incidents referred to the relevant institutions and persons.
 - (ii) It was observed that the environmental problems mentioned below are existed in the Divisional Secretariat area Meerigama.
 - Excavation of Soil and Sand Mining on Large Scale

Land erosion conditions could be happened as a reason of excavation of soil in agricultural lands and the places which the excavation of soil had been done on large scale could be identified in the Grama Niladhari areas such as Madabawita, Weweldeniya and Pamunuwatta.

- **Rapid Diminution of Forest Resource**
Forests have been spread more than 1000 hectares in extent in the Divisional Secretariat area of Meerigama and a tendency for rapid diminution of those forest resources could be visible. Rapid destruction of forest resources could be seen due to the reasons such as constructions done without a plan and deforestation done for the development activities, deforestation of forest reserves by timber racketeers.
- A large quantity of environmental problems are existed related to the quarries in the Grama Niladhari area of 16 F-Halugala and about 200 lorries with loads of granites have been run per day.
 - Respiratory disorders arisen due to spread of severe dust and pollution of houses.
 - A huge water scarce arisen due to metal crushing
 - Clearing of forest areas
 - Damages occurred to houses due to metal plates fallen on houses and injuries caused to villagers.
 - Noise pollution occurred due to a huge noise arisen from crushing machines.
 - Lands infertile due to soil erosion
 - Damages has been occurred to the buildings due to the vibration arisen from metal crushing.
 - Breeding of mosquitoes due to water remained on broken metals.

Even though it is a right and responsibility of the Officers to report those problems to the relevant authority and make solutions for that matters, attention in that connection had not been paid up to date.

(iii) Environmental problems had been existed in the Divisional Secretariat area Attanagalle as follows.

(a) Disposal of waste water and waste to the Attanagalle Oya

- Disposal of rubber latex waste in the Ruwanwella area to the Attanagalu Oya.
 - Disposal of the waste in the Lalan Institute at Unagahadeniya to the Attanagalu Oya.
- (b) Disposal of the waste emitted by the factories at Watupitiwala to the paddy fields and streams as well as to the cemetery area at Yatiyana.
- (c) The threat of pollution of water from wells of the houses near the Camp and afflicted with diseases through the emission of waste water and waste into the environment from the Army Camp at Weyangoda.
- (d) Environmental problems arisen due to emission of waste water and waste into surrounding paddy fields and streams by the service centre which is functioned at Urapola area.
- (e) The residents had to face drinking water problems due to scarce of water in digging of wells as a result of metal crushing in the area of Meegalla of 375 A Meewitigamma.
- (f) Extinction of the forest reserve at Pethiyakanda of 361 Godagama due to dumping and burning of waste emitted from the Investment Zone and other factories to the forest reserve. Extinction of water sources due to collection of waste on water sources. The residents have to face respiratory disorders due to bad smell.
- (g) The road subject to erode and block with polluted water due to non- draining of waste water as a result of failure to make the drainage system at Jaya Mawatha ,Webadagalla.
- (h) Breeding of mosquitoes in the waters collected in empty containers obtained from liquor shops which had been thrown on by -roads.
- (i) Bad smell spread in the area due to beef stalls and cattle slaughter houses functioned in the Grama Niladhari areas Thihariya North and East. Pollution of water and environment through the emission of waste and waste waters to the streams.

3.8 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
(i)	Senior Level	47	45	02
(ii)	Tertiary Level	28	22	06
(iii)	Secondary Level	3,051	2,677	374
(iv)	Primary Level	121	105	16
	Total	3,247	2,849	398

Three hundred and ninety eight vacancies were existed in 13 Divisional Secretariats at the end of the year under review.