

Head 257 - Report of the Auditor General of the District Secretariat, Kaluthara – Year 2017

The Appropriation Account and the Reconciliation Statement under Head and Item Number stated in the First Schedule and Third Schedule of the Appropriation Act No. 24 of 2016 as amended by the Appropriation (Amendment) Act No.32 of 2017 were presented to audit by the District Secretariat, Colombo. The financial and physical performance reflected from the account and the reconciliation statement were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

1.2 Responsibility on the Financial Management and Accountability of the Chief Accounting Officer and the Accounting Officer

The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124. The Minister of Finance appoints the Chief Accounting Officers to discharge above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all financial transactions of his Department in terms of Financial Regulation 125(1)(a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament in accordance with the provisions in Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Government Financial Regulations and Administrative Regulations.

1.3 Scope of Audit

The audit of the District Secretariat, Kaluthara – Head 257 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources, applying of internal control systems, compliance with laws, rules and regulations and maintenance of updated books, registers, records and reconciliation statements, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The Management Audit Report for the year under review was issued to the District Secretary on 16 July 2018. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports 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.

1.4 Audit Observation

The audit observations of the District Secretariat, Kaluthara for the year ended 31 December 2017 revealed in audit appear in Management Audit Report mentioned in paragraph 1.3 above. The material and significant audit observations out of the audit observations included in the Management Audit Report appear in paragraph 2.1 to 2.10 of this report. It was observed that the accountability had been satisfactorily discharged as the Chief Accounting Officer and the Accounting Officer to ensure the adequacy of the financial control, subjected to the audit observations summarized in the under mentioned table revealed in the execution of the provisions of Financial Regulation 128 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka

Accountability of the Accounting Officer in terms of Financial Regulation 128 (1)	Non-compliance with that Provision by the Accounting Officer	Reference to the Paragraph included Observation
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Financial Regulation -----		
128(1)(a)	The work of his Department is planned and carried out with due despatch, having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provision for the activities authorized and that an endeavour is made, to complete the programme of work laid down for the year and/ or to attain the targets specified.	1. Non-preparation of realistic Budget Estimates 2.5 2. Deficiencies in preparation of Imprest Estimates. 2.7(a) 3. Non-maintenance of Registers and Books 2.9 4. Non-execution of Expected Results 2.2(a)(1) 5. Projects abandoned without Completion 2.1.1 6. Non-implementation of Planned Projects 2.1.2
128(1)(d)	An adequate system of internal check for receipts, payments and issues is maintained and tested from time to time	Deficiencies mentioned in the Public Officers Advance Account 2.6
128(1)(e)	Adequate and proper	Deficiencies in Assets 2.2

arrangements are made for the safe custody and preservation of money, stores, equipment and other assets belonging to the Government, or is in its custody, and that these are verified from time to time and where they are disposed of such disposal is according to prescribed Regulations and instructions.

Management

128 (1)(o)	The procedure laid down in Financial Regulations 103 to 108 is adhered to in case of losses to Government by the delays, negligences, faults or frauds on the part of officers/ employees and surcharges are imposed on officers/ employees responsible for such losses in terms of FR 156(1) (Adhere adequate provisions for the responsibility will be his special role of duty.)	1. 2. 3. 4.	Misused of Government Assets Irregular use of Assets not Vested Transactions in the Nature of Financial Irregularities Losses and Damage	2.2(b) 2.2.(c) 2.3 2.4
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2. Material and Significant Audit Observations

2.1 Performance

2.1.1 Projects abandoned without Completion

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 up to 31 December 2017	Reasons for Abandoning
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		Rs.		Rs.	
(i)	Malambehena Crematorium Welivita Iththapana South	8,116,833	2014	8,732,219	Burners not constructed
(ii)	Sewa Piyasa Building Millaniya, Welikala	-	2014	2,500,000	Non-completion of work
(iii)	Health Centre Building Bulathsinhala Diwalakada	-	-	500,000	Money not allocated.
(iv)	Polegoda West Community Hall, Bulathsinhala	-	2014	1,000,000	Had not opened.
(v)	Uduwela Meeting Hall, Agalawatta	-	2014	4,030,174	Non-completion of works
(vi)	Wandurabba Community Hall, Agalawatta	-	2015	983,276	Non-completion of works.
(vii)	Godaudahena Community Hall, Agalawatta, Yatiyana East	-	2014	490,200	Non-completion of works
(viii)	Kindelpitiya Water Project, Horana	-	2011	400,000	Non-adequacy of provisions
(ix)	Sewa Piyasa of Grama Niladhari Division 661 A Kotalawala, Bandaragama	1,250,000	2016	100,000	Non-adequacy of provisions
(x)	Pothuwila Crematorium	14,172,680	2014	7,205,467	Burner not constructed.
(ix)	New Building of Ballapitiya Primary College	1,939,646	2014	1,397,561	Non-completion of work
(x)	Construction of Handunthenna Crematorium, Medagama	19,145,870	-	8,523,967	Non-completion of work.
				----- 35,862,864 =====	

2.1.2 Non-implementation of Planned Projects

A land extent of 22.58 hectares valued at Rs.54 million, out of the land extent of 40.957 hectares purchased for a sum of Rs.98 million from the land belonging to the Soysawatta of the Nimalagama Grama Niladhari Division 620 D, Ingiriya in the year 2001 under Extension of Villages Programme had not been utilized so far due to non-implementation of the following projects.

Name of the Proposed Project	Allocated Land extent
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Play ground	5.0
School	2.4281
Sri Lanka Institute of Development Administration	6.0312
Osu Uyana	3.1250
For Ruwanpura Express way	6.0

	22.5843
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2.2 Assets Management

The following deficiencies were revealed during the course of audit test checks on the assets of the District Secretariat.

(a) Non-utilisation of Assets belonging to Government with Maximum Efficiency

- (i) A new air conditioned auditorium with 850 seats had been constructed in the premises of the Divisional Secretariat, Dodangoda by spending Rs.127.84 million in the year 2015. Even though, the earned revenue from 13 shows performed and the programmes held, up to 30 November 2017 from the date of opening of this auditorium on 04 June 2016 amounted Rs.875,000, a sum of Rs.1,735,750 had been incurred as maintenance expenditure during that period.
- (ii) The Beruwala Malewangoda Sewa Piyasa, Horana North Osusala and Bulathsinhala Niggala Pahiyangala rest room had not been utilized for a period ranging from 3 years to 5 years respectively.

(b) Misused of Government Assets

Even though, the Magistrate Courts had given an adjudication in the year 2005 to remove the unauthorized constructions made in a reservation land of the Walana Grama Niladhari Division Panadura, that adjudication had not been implemented up to now.

(c) Irregular Use of Assets not vested

- (i) A land in extent of 5.048 hectares in the Nagahakanda land of the Grama Niladhari Division Kananwila had been distributed among the public under 100 days programme implemented in the year 2002, the above land had not been vested by the Government up to now.
- (ii) The land in which the Sewa Piyasa constructed by incurring Rs.1,864,499 in the Grama Niladhari Division, Hettimulla in the Divisional Secretariat, Beruwala had been a private land while action had not been taken to vesting the ownership of that land to the Government.

2.3 Transactions in the Nature of Financial Irregularities

It was reported that 15 Grama Niladhari Officers had defrauded a sum of Rs.6,770,210 by producing fake bills and documents, that 62,376 cooked food parcels had been supplied during the period from 27 May to 01 June 2017 for 7,089 persons in the 15 Grama Niladhari Divisions of the authoritative area of the Divisional Secretary, Kaluthara in the flood disaster situations affected in May 2017.

2.4 Losses and Damages

Even though, a sum of Rs.2,293,295 had been reimbursed from the banks out of Rs.3,023,699 paid as pensions during the period between 2006 and 2016 on behalf of 5 deceased persons among the persons who obtained pensions from the Divisional Secretariat, Beruwala, a sum of Rs.730,404 could not be recovered.

2.5 Utilisation of Provisions made by Parliament for execution of Activities

The particulars relating to the provisions made to the District Secretariat and utilisation and savings for the 05 years period ended 31 December 2017 and audit observations thereon are given below.

Year	Category of Expenditure	Net Provision	Utilization	Savings	Savings as a Percentage of Net Provision
		Rs.Millions	Rs.Millions	Rs.Millions	
2013	Recurrent	646.37	639.10	7.27	1.12
	Capital	60.60	60.05	0.55	0.91
	Total	706.97	699.15	7.82	1.11
2014	Recurrent	613.07	612.20	0.87	0.14
	Capital	263.75	178.79	84.96	32.21
	Total	876.82	790.99	85.83	9.79

2015	Recurrent	796.20	795.59	0.61	0.17
	Capital	120.20	116.60	3.59	2.99
	Total	916.40	912.19	4.20	0.46
2016	Recurrent	834.0	832.62	1.38	1.06
	Capital	238.0	185.12	52.88	22.22
	Total	1,072.0	1,017.74	54.26	5.06
2017	Recurrent	848.44	832.99	15.45	1.82
	Capital	1,237.43	377.22	860.21	69.52
	Total	2,085.87	1,210.21	875.66	41.98

The following observations are made in this connection.

- (a) Sums of Rs.1,036.430 million and Rs.170 million as provisions had been made by the Divisional Secretariat to institute the real position of the infrastructure facilities damaged due to the floods and earth slips and for buildings and constructions respectively. After the execution of activities relating to a feasibility study and the activities on procurement process by the end of the year under review, the total provisions could not be utilized and as such provisions of Rs.316.217 million and Rs.28.62 million or 31 per cent and 16 per cent had been saved out of the provisions respectively.
- (b) Out the provisions of Rs.1,036.43 million proposed for distribution for Divisional Secretariats under a Capital Object, a sum of Rs.37.25 million had been retained.
- (c) Utilisation of Provisions made available by other Ministries and Departments

Provisions totalling Rs.3,871.75 million comprising of Rs.3,457.47 million and Rs.414.28 million had been made available by other 21 Ministries and 15 Departments respectively. Provisions totalling Rs.2,868.65 million only out of that had been utilized by the end of the year under review. Accordingly, provisions of Rs.1,003.10 million or 26 per cent had been saved out of the provisions. The following deficiencies were observed during the course of audit test checks thereon.
- (i) The walking path constructed without a feasibility study in the Calido Coastal line on the provisions of Rs.7.58 million of the Ministry of Sports had not been utilized. The Kalu Ganga streaming near this land but the approval of the respective institutions had not been obtained and the project had been implemented.

- (ii) Out of the provisions totalling Rs.1,160.89 made available by 08 Ministries and Departments to accomplish various purposes, the amount incurred as at the end of the year under review had been Rs.416.22 million. As such the savings out of the provisions had been Rs.744.67 million without being completed the respective purposes. The percentage of that savings out of the provisions made available by each Ministry and Department had ranged from 53 per cent to 79 per cent.

2.6 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. 25701 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
122.00	116.56	62.00	63.98	320.00	266.17

The following observation is made in this connection.

Non-recovery of outstanding Loan balances

According to the Reconciliation Statement presented to audit, the balances that remained outstanding as at 31 December 2017 except the loan balances of the officers transferred on station transfers, totalled Rs.813,145 and those outstanding loan balances remained over the periods ranging from 03 months to 05 years. The follow-up action on the recovery of those outstanding balances had been at a weak level.

2.7 Imprest Account

The following observation is made

As it was decided to carry out the respective works at the end of the year without being executed in the specified periods as planned, required imprests had not been received from the Treasury. Accordingly, out of the provisions of Rs.1,036 million made available to institute the actual position of the infrastructure facilities damaged due to the floods and earthslips, the provisions given as imprests amounted to Rs.180.02 million. The value of the bills not paid for the works executed in 02 programmes amounted to Rs.584.80 million.

2.8 General Deposit Accounts

The balances of the 06 General Deposits Accounts of the District Secretariat as at 31 December 2017 totalled Rs.441.047 million. The following observations are made in this connection.

- (a) Action in terms of Financial Regulation 571 had not been taken on 10 deposits older than two years totalling Rs.9,187,619.
- (b) A sum of Rs.6.86 million payable as compensation in acquisition of lands of the Divisional Secretariat, Madurawela had been retained in the Deposit account from the year 2010.

2.9 Non-maintenance of Registers and Books

It was observed during the audit test checks that the District Secretariat had not maintained the following registers while certain other registers had not been maintained in the proper and updated manner. Details appear below.

Type of Register	Relevant Regulation	Observation
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(a) Register of Fixed Assets	Treasury Circular No.842 dated 19 December 1978	Not updated.
(b) Register of Fixed Assets on Computers, Accessories and Software	Treasury Circular No.IAI/2002/02 dated 28 December 2002	Not updated
(c) Attendance Register of Procurement Committee and Technical Evaluation Committee.	Guideline 2.11.2 of the Government Procurement Guidelines	Not maintained
(d) Register of Electrical Equipment	Financial Regulation 454(2)	Not maintained
(e) Register of Officers obtained Motor Bicycles and Scooters	Guidelines of BD/GPS/130/9/14/MC/1 of Office of the Director of National Budget dated 14	Not maintained

November.

2.10 Human Resources Management

Approved Cadre, Actual Cadre and Expenditure of Personal Emoluments

The Particulars of approved and actual cadre and the vacancies as at 31 December 2017 to accomplish the functions are given below. The District Secretariat had incurred a sum of Rs.744.39 million for personal emoluments expenditure category for the year under review. Accordingly the expenditure per person amounted to Rs.322,245.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i)	Senior Level	75	68	7
(ii)	Tertiary Level	56	39	17
(iii)	Secondary Level	2,427	2,054	368
(iv)	Primary Level	168	149	19
	Total	2,721	2,310	411

The following observation is made.

Fifty six officers out of 273 officers attached to the Planning Section in the District Secretariat ,Kaluthara and 14 Divisional Secretariats had employed in the same place for a period ranging from 5 years to 19 years.