

Head 275 - Report of the Auditor General on the District Secretariat, Polonnaruwa – Year 2017

The Appropriation Account, and Reconciliation Statement relating to Head and Item 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, Polonnaruwa under Head 275. The financial and physical performance reflected by those accounts and reconciliation statements were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

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

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 of the Democratic Socialist Republic of Sri Lanka. The Chief Accounting Officers have been appointed by the Minister of Finance to discharge the above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all the 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 Articles 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, Polonnaruwa – Head 275 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, apply of internal control systems, compliance with laws, rules and regulations and maintenance of books, registers, records and reconciliation statements in an updated manner, 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 02 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, Polonnaruwa the year ended 31 December 2017 revealed in audit, appear in the Management Audit Report in detail, 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 2.21 of this report. It was observed that the accountability as the Accounting Officer had been satisfactorily executed, to ensure the adequacy of the financial administration subjected to the following summarized audit observations revealed in the execution of the provisions of the Financial Regulation 127 & 128 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

General responsibilities of the Accounting Officers in terms of Financial Regulation 128	Non-compliance of the Accounting Officer to the Provision	Reference to the Paragraph of the report Containing Observations
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Financial Regulations

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 authorised and that an endeavour is made to complete the programme of work laid down for the year and / or attain the targets specified.	<ol style="list-style-type: none"> 1. Failure to prepare the Action Plan accurately. 2.3.1 2. Failure to prepare the budget estimated realistically. 2.11 3. Failure to maintain Books and Registers. 2.15 4. Failure to achieve the expected level of output. 2.3.2 (c) 5. Failure to obtain the expected outcome. 2.3.2 (d) 6. Abandonment of projects without being completed. 2.3.2 (e) 7. Deficiencies in the implementation of procurement Procedure. 2.4 8. Decline in the quality and value of assets. 2.5 (a) 9. Uneconomic transactions. 2.8
128 (1) (b)	The organisation for financial control and accounting in his department is effective, and provides adequately for the correct ascertainment, where necessary, of dues to	Deficiencies in rendering services to the public. 2.10

Government, the systematic, complete and prompt collection of dues , and bringing to account of monies received, the authorization of commitments, on behalf of the Government, the supervision and examination of services and supplies rendered, and the prompt and correct payment therefor from public funds.

128 (1) (c)	The Financial Regulations and other supplementary instructions of the Government are adhered to in his department, and that they are supplemented by departmental instructions where necessary.	1. Failure to maintain Books and Registers. 2. Non-compliances.	2.15 2.16
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 Advances to Public Officers Account.	2.12
128 (1) (e)	Adequate and proper 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.	1. Deficiencies in conducting Annual Boards of Survey. 2. Deficiencies in the management of assets.	2.5 (e) 2.5
128 (1) (f)	Such information, statements and returns as are called for by the Chief Accounting Officer or the Treasury, are rendered correctly and promptly.	Deficiencies in the preparation of Imprest estimates.	2.13
128 (1) (h)	Special arrangements are made to recover outstanding dues and that the officers assigned that task report to him at least once a quarter or as otherwise directed	Recovery of outstanding dues in the Advances to Public Officers Account.	2.12 (a), (b)

regarding arrears and action pursued to expedite their recovery.

128 (1) (i)	The activities of his department are undertaken with due regard to economy, efficiency, propriety, and integrity expected in the transaction of public business.	<ol style="list-style-type: none"> 1. Failure to achieve the expected level of output. 2. Failure to obtain the expected benefits. 3. Projects commenced after a delay. 4. Uneconomic transactions. 	<p>2.3.2 (c)</p> <p>2.3.2 (d)</p> <p>2.3.2 (f)</p> <p>2.8</p>
128(1) (m)	An Appropriate Account is rendered to the Chief Accounting Officer at the end of the financial year in respect of each Program of a Head of Expenditure for which he is responsible as Accounting Officer (See F.R. 150)	Deficiencies in the Appropriation Account.	2.6
128 (1) (n)	Officers liable to provide security do so in terms of the law and instructions in force.	Deficiencies in obtaining securities from the relevant officers.	2.20
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, negligence, faults or frauds on the part of officers / employees and surcharges are imposed on officers / employees responsible for such losses in terms of F. R. 156 (1).	<ol style="list-style-type: none"> 1. Disposal of assets without cost efficiency. 2. Losses and damages. 	<p>2.5 (c)</p> <p>2.7</p>

2. Material and Significant Audit Observations

2.1 Key Activities of the District Secretariat

- a) Execution of powers vested through the Statutory Acts.
- b) To verify that main development programs and projects of the Government (Samurdhi, and Decentralized Programs), are implemented in accordance with guidance, instructions, and directives of the Government.
- c) To provide guidance, coordination, and regulation required for the proper implementation of development programs and administrative activities implemented

by all of the public institutions and Non-governmental Organizations in the area relating to the betterment of the public.

- d) To act as the district representative of the Government.
- e) Practical involvement when the district is hit by natural or other disasters.

2.2 Institutions Under Purview of the District Secretariat and the Activities to be Performed Thereunder

 The institutions functioning under purview of the District Secretariat, and the activities thereof , are as follows.

Institutions Functioning under the District Secretariat	Authority of Establishment	Functions
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(i.) Divisional Secretariat, Medirigiriya.	Transfer Of Powers (Divisional Secretaries) Act No. 58 of 1992.	Implementation of the administrative and development activities assigned by the Central Government and Provincial Councils at divisional level.
(ii.) Divisional Secretariat, Lankapura.		
(iii.) Divisional Secretariat, Elahara		
(iv.) Divisional Secretariat, Hingurakgoda.		
(v.) Divisional Secretariat, Thamankaduwa.		
(vi.) Divisional Secretariat, Dimbulagala.		
(vii.) Divisional Secretariat, Welikanda.		

2.3 Performance

2.3.1 Planning

Action Plan

 An Action Plan had been prepared in respect of the provision of District Secretariat, Polonnaruwa under Head 275; but, activities in regard to provision totalling Rs. 1,664 million received by the District Secretariat from other Ministries and Departments, had not been included therein.

2.3.2 Failure in Discharging Functions

a) Unawareness of the functions

A Divisional Secretary shall, with the concurrence of his appointing authority, exercise, perform and discharge within his Division, any power, duty or function conferred or imposed on, or assigned to, him by a Statute of a Provincial Council or any power, duty or function delegated to him by the Governor of a Province. However, the Divisional Secretaries had not been aware of that.

b) Failure to Carry out the Activities Mentioned in the Action Plan

The activities observed in the audit test checks not to have been carried out in the year under review, are as follows.

- (i.) Although 485 projects had been identified in the Action Plan of the Divisional Secretariat, Welikanda, only 72 projects therefrom had been implemented in the year 2017.
- (ii.) Plans had been prepared by the Divisional Secretariat, Lankapura to the value of Rs. 568,750,000 for the year under review. But, the value of projects for which provision had been allocated, amounted to Rs. 78,943,770 as at 31 December 2017. As such, provision had been allocated only for 14 per cent of the value of projects planned.
- (iii.) Eight projects with an estimated value of Rs. 2,670,000 planned to be implemented by the Divisional Secretariat, Elahara in the year 2017, had not been implemented.

c) Failure to Achieve the Expected Level of Output

The following matters were observed in this connection.

- (i.) A sum of Rs. 500,000 had been spent on the construction of “Dewata Road” besides the Buddhist temple at Puranagama, Girithalegama in the division of District Secretariat, Hingurakgoda under the project for the development of rural infrastructure. However, that road could not be made use of for other vehicles except bicycles and trishaws.
- (ii.) The thrashing floor of the Nigrodharama Temple , Katukeliyawa in the division of District Secretariat, Hingurakgoda constructed at an expenditure of Rs. 1,044,622 under the thrashing floor development programme-2017 of the Ministry of Rural Economic Affairs, had been cracked on the middle to a length of 14 meters.
- (iii.) A sum of Rs. 495,000 had been provided for the project to construct the Information Technology center of the Samagi funeral assistance association in Track 13 of the District Secretariat, Thamankaduwa. However, such an Information Technology center had not been constructed.

- (iv.) The drainage system in Marasinghewatta constructed under the provision of Rs. 1,361,397 from the Ministry of Disaster Management, had been cracked at certain places. The sidewalls thereof had not been made in accordance with the specifications stated in the estimate.

d) Failure to Achieve the Expected Outcome

The following observations are made.

- (i.) Of the 10,000 Kg of maize seeds worth Rs. 11,000,000 purchased for distributing among the farmers in the division of District Secretariat, Elahara under the Supplementary Food Crop Promotion Programme implemented by the Food Production National Programme-2016/2018, only 9,500 Kg of seeds had been provided for the Agrarian Service Committee in Bakamoona. An amount of 4,910 Kg had only been distributed therefrom.
- (ii.) The building of the Grama Niladhari office of Mutuwella, 285 had been modified to be used as a center for producing handicrafts at an expenditure of Rs. 1,007,784 under the rural infrastructure development programme – 2016. However, the said building had not been made use of for the said purpose even up to the end of the year under review.
- (iii.) The construction of weekly fair at the new town in the division of District Secretariat, Medirigirya, had been completed by 20 December 2016. But, action had not been taken to declare it open even by 29 December 2017.

e) Abandonment of Projects without being Completed

The District Secretariat had commenced the following projects in order to discharge the key functions, but those projects had been abandoned without being completed.

- (i.) Having spent a sum of Rs. 882,000 on construction of the factory to produce clay pots and ornaments under the rural development programme-2015 implemented by the Divisional Secretariat, Elahera, the constructions had been completed in the year 2016. However, the building had been abandoned by 31 December of the year under review without implementing the project.
- (ii.) A factory to manufacture products related to fiber had been constructed in the years 2013 and 2015 by spending a sum of Rs. 1,685,600 in the Divisional Secretariat, Elahara under the Rajarata Navodaya programme. However, no production activity whatsoever had been commenced even up to 09 November 2017.
- (iii.) Two decentralized projects valued at Rs. 415,000 had not been implemented in the year 2017 by the Divisional Secretariat, Lankapura.
- (iv.) Although a sum of Rs. 600,000 had been spent on the construction of a textile factory in the division of Divisional Secretariat, Dimbulagala under the decentralized provisions of the year 2016, the manufacturing process had not been commenced.

f) Projects Commenced after a Delay

The following observations are made.

- (i.) A provision amounting to Rs. 1,000,000 had been granted in the year 2017 for the renovations of public auditorium in Pulasthigama under the rural infrastructure development project. However, renovation activities had not been commenced even up to 31 December 2017.

- (ii.) Out of 9,000 Kg of maize seeds worth Rs. 10,890,000 purchased by the District Secretariat under the additional crops promotion programme, 7,450 Kg of seeds worth Rs.9,014,500 had been retained at the stores of the Cooperative Society of Dimbulagala even as at 22 February 2018 without being distributed.

2.4 Obtaining Supplies and Services through the Procurement Procedure

The District Secretariat, Thamankaduwa had awarded bids to purchase interlock paving blocks under the project , “Pibidemu Polonnaruwa”, to an institution from which quotations had not been obtained in accordance with bidding schedules and reports of the Technical Evaluation Committee, thereby paying a sum of Rs.5,442,301.

2.5 Assets Management

The following deficiencies were observed in the audit test checks carried out on the assets of the District Secretariat.

a) Failure to Verify the Safety of Assets

The following observations are made.

- (i.) Due to non-availability of a properly covered parking slot for the vehicles of the Divisional Secretariat, Welikanda, 10 bowsers with modern tractors granted for the Divisional Secretariat had remained parked at the premises of the Divisional Secretariat exposing to the elements.

- (ii.) A number of 25 Juki machines granted by the Ministry of Industry and Commerce in order to commence a textile factory in the Divisional Secretariat, Elahara, had remained unsecured at the stores.

b) Utilization of Vehicles

The following observation is made in this connection.

Failure to Test the Fuel Consumption

In terms of Section 3.1 of the Public Administration Circular, No. 30/2016, dated 29 December 2016, fuel consumption of every vehicle should be checked once per every 12 months, or after running for 25,000 Km, or following a major repair of the engine, whichever occurs first. However, fuel consumption of 15 vehicles belonging to the

District Secretariat and the vehicles belonging to the Divisional Secretariats of Welikanda, and Thamankaduwa, had not been checked.

c) Disposal of Assets without Cost Efficiency

As 364 items withdrawn from being used by the Divisional Secretariat, Thamankaduwa had remained unsold after the auction held on 31 May 2017, those items remained at the stores even as at the date of audit, 29 November 2017.

d) Idle and Underutilized Assets

(i.) It was observed in audit test check that certain assets had remained either idle or underutilized as shown below.

Type of Asset	No. of Units.	Period of Remaining idle or Underutilized	
		Less than 03 Years	Over 03 Years
vehicles	05	04	01
Government Quarters	01	-	01
Water Bowsers	02	02	-
Computers and Accessories	08	08	-
Equipment Purchased for the e-NIC Programme.	223	223	-

(ii.) A number of 67 items worth Rs. 2,075,018 purchased and received by the Divisional Secretariat, Thamankaduwa under miscellaneous programmes, had been retained at the stores even as at the date of audit without being distributed to the relevant parties.

(iii.) The chairs pertaining to the White House Theatre in Polonnaruwa worth Rs. 391,092, had remained idle due to changes in the plans for installing audio systems and preparing control rooms.

(iv.) The Divisional Secretariat, Lankapura, had stored 175,650 QR (Quick Reader) Codes sufficient for 87 years in excess of the average annual requirement of 2,000 stickers. There existed a risk for those stickers to be damaged.

(v.) Four Singer sewing machines and 137 plastic chairs had remained at the stores of the Divisional Secretariat, Elahara without being distributed among the beneficiaries.

(vi.) Although 07 "Seva Piyasa" buildings had been constructed in the division of Divisional Secretariat, Elahara at an expenditure of Rs. 10,849,152, those buildings remained idle over a period of one year due to lack of water and electricity.

e) Conducting Annual Boards of Survey

In terms of Section 3.1.6 of the Public Finance Circular, No. 05/2016, dated 31 March 2016, the annual Board of Survey for the year 2017 should have been conducted and the reports thereof should have been presented to the Auditor General before 17 March 2018. However, action had not been taken to conduct the Board of Survey at the Divisional Secretariat, Elahara thereby failing to present the report even up to 19 March 2018.

2.6 Commitments and Liabilities

Liabilities worth Rs. 233,604 relating to the Divisional Secretariats of Thamankaduwa, Elahara, Welikanda, and Medirigiriya had not been recorded in the year under review, nor had they been disclosed in the Appropriation Account as well.

2.7 Losses and Damages

Observations on the losses and Damages made in the audit test checks, are as follows.

- a) Action had not been taken to identify and recover the outstanding lease rents comprising a sum of Rs. 210,098 recoverable from an officer who had occupied an official quarters of the District Secretariat, Polonnaruwa, and a sum of Rs. 23,688 recoverable from the Government quarters of the District Secretary that had been provided for the Department of Civil Security along with the lease rent that had remained due since the year 2016 up to the present day from the house provided for the resident business manager of Mahaweli C Zone.
- b) Having given 02 applications each for the 04 kidney patients receiving allowances in the Divisional Secretariat, Elahara, allowances totalling Rs. 222,000 had been overpaid.
- c) A damage of Rs. 892,813 had resulted in following an accident that had taken place in the year under review involving a Lorry Bowser of the District Secretariat, and a Cab of the Divisional Secretariat, Dimbulagla. However, the parties responsible had not been identified by conducting an inquiry in terms of Financial Regulation 104.
- d) In order to implement constructions of the water projects within the area of authority of the Hingurakgoda Divisional Secretariate under the Rajarata Navodaya - 2016 programme, a sum of Rs.3,399,782 had been paid to the National Water Supply and Drainage Board during the year under review. However, the National Water Supply and Drainage Board had stated that action would be taken to refund the above money to the Divisional Secretariat, Hingurakgoda as National Water Supply and Drainage Board too had planned to implement these projects. These projects had not been commenced even by 20 October 2017 and money had also not been refunded.

- e) The outstanding tax revenue due from 11 taxpayers of the Thamankaduwa Divisional Secretary's Division as at 31 December of the year under review amounted to Rs.758,658.

2.8 Uneconomic Transaction

Expenditure comprising Rs.757,500, Rs. 250,000 and Rs.75,000 had been paid in respect of providing transport facilities for people, short eats packets and for dancing group respectively relating to the ceremony of laying foundation stone for the Nephrology Hospital.

2.9 Management Weaknesses

The following weaknesses were observed at the audit test checks.

- (a) The Vidatha Resource Centres established in affiliation with the Divisional Secretariats under the Ministry of Science, Technology and Search had not been established in Welikanda and Dimbulagala Divisional Secretariats.
- (b) The Department of Land Use and Policy Planning had revealed that about 316.81 hectares of lands in the Polonnaruwa district had been encroached, whereas attention had not been drawn on using these lands in keeping with proper plans.
- (c) Without being obtained a valid licence, two parties had maintains quarries within the Divisional Secretary's Division of Hingurakgoda while another party had maintain such quarry without obtaining environmental protection licence.
- (d) Tax relating to the land permits and mining charges of the Geological Surveys and Mines Bureau had not been recovered from the quarry maintained in a Government land situated within the jurisdiction of the Hingurakgoda Divisional Secretariat.
- (e) The Land Division of the Thamankaduwa Divisional Secretariat had not maintained ඉ.කෙ 157 Register and the original finalized selection list only had been maintained. The Successor had not been nominated in most of the Land Ledgers.
- (f) According to the accounts details of two Divineguma Bank Organizations of the Elahara Divisional Secretariat Division, repayment of loans of Rs.4,642,094 of 94 accounts had been defaulted for more than a period of 9 months as at 30 September 2017. Nevertheless, adequate attention had not been drawn on the recovery of those loan balances.
- (g) Balances totalling Rs.2,515,202 of 3293 accounts of the two Divineguma Bank Organizations of the Elahara Divisional Secretariat Division had remained unpaid for more than a period of 03 years as at 30 September 2017, whereas adequate measures had not been taken to bring them into active position.
- (h) Even though an officer who had been residing in an official quarters of the District Secretariat for nearly a period of 30 years had retired from the Government service from 27 April 2016, action had not been taken to hand over that quarters even by 28 February 2018, the date of audit.

- (i) When comparing the value computed relating to the raw materials remained in the worksite in making payments for the second bill of the second stage of the Administration Complex construction project with the prices quoted in the report of the Price Committee, an unfavourable price variation of Rs.718,750 could be observed.
- (j) Even though a quit notice had been issued to the cadet officer residing in the Kaduruwela Staff Head Quarters of the District Secretariat in terms of Section 03 of the Government Quarters (Recovery of Possession) Act, No.7 of 1969, future steps had not been taken with regard to failure in handing over the quarters even by the date of audit on 15 February 2018.

2.10 Rendering Services to the public

The following observations are made in connection with the services to be rendered to the public.

- (a) Action had not been taken to send replies to the Information Form No. NCP/EH/E/1/RIT/9 received by the Elahara Divisional Secretariat on 2 November 2017 under the Right to Information Act No.12 of 2016, even by 12 March 2018.
- (b) There are 2,396 files relating to the subject of pension for the Hingurakgoda Divisional Secretariat and one officer only had been attached to discharge the relevant duties. Accordingly, issues cropped up in providing much better services to the pensioners.
- (c) There was no sufficient enough space facilities in the Land Divisions of the District Secretariats in order for the disabled and the elderly persons, who arrive at the Divisional Secretariats, to get their work done conveniently from the Land Divisions of those offices.
- (d) Under the Land Development Ordinance, the number of applications made by the Divisional Secretariat, Hingurakgoda stood at 1,263 by 01 November 2017 and the number of permits granted during the year under review amounted to 44. Similarly, only one Land Kachcheries had been held.
- (e) Even though people had made complaints from time to time from the year 2001 on the inconveniences caused to them and damages caused to the environment from a quarry maintained within the jurisdiction of the Hingurakgoda Divisional Secretarte Division, it had continued without any control. According to the filed inspection report of the Divisional Secretary and the field inspections carried out by the Audit, there was no possibility to issue an Environmental Protection Licence for this location. Nevertheless, while being included forged data by the Regional Environmental Officer on 15 November 2017 and 08 December 2017, Environmental Protection Licences had been issued. Action in terms of the provisions of the Establishments Code had not been taken to this officer who had prepared faked reports so causing threats to the existence of the environment.

- (f) Even though Land Kachcheries maintained for 828 land sellers at the Elahara Divisional Secretariat Division in the year 2015 had been cancelled, after being identified suitable persons from among the above land sellers, permits had been granted.

2.11 Utilization of Provision Made by the Parliament for the Execution of Activities

Information relating to the provision made for the District Secretariat during the 05 year period ended as at 31 December 2017, utilization, and the saving along with audit observations thereon, are as follows.

Year	Category of Expenditure	Net provision	Utilization	Savings	Savings as a percentage of the Net Provision
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		Rs. Millions	Rs. Millions	Rs. Millions	
2013	Recurrent	273.61	260.46	13.15	4.8
	Capital	406.75	403.55	3.20	0.8
	Total	680.36	664.01	16.35	2.4
2014	Recurrent	367.36	357.47	9.89	2.7
	Capital	85.90	85.11	0.79	0.9
	Total	453.26	442.58	10.67	2.4
2015	Recurrent	351.50	340.53	10.97	3.1
	Capital	604.20	228.46	375.74	62.2
	Total	955.70	568.99	386.71	40.5
2016	Recurrent	369.80	363.81	5.98	1.6
	Capital	5,693.94	3,512.33	2,181.61	38.3
	Total	6,063.74	3,876.14	2,187.60	36.1
2017	Recurrent	416.27	415.27	0.99	0.2
	Capital	522.00	430.96	91.04	17.4
	Total	938.27	846.24	92.03	9.8

The following observations are made in this connection.

Preparation of Budget Estimates

Since the Budget Estimate meant for procuring necessary provisions for the discharge of functions relevant to the District Secretariat had been prepared unrealistically, the following deficiencies had occurred.

As provisions amounting to Rs.500 million allocated for the construction of Administration Office Complex of the District Secretariat could not be used within due period, provisions amounting to Rs.17.12 million had been transferred to purchase necessary furniture and office equipment for the Elahara Divisional Secretariat.

2.12 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account under the Item No. 27501 of the District Secretariat, 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
31.00	30.97	21.00	22.76	120.00	91.67

The following Observations are made in this connection

(a) Failure to Recover the Outstanding Loan Balances

- (i) The loan balances due from six deceased and retired officers of the District Secretariat, Polonnaruwa and Divisional Secretariats of Welikanda, Lankapura, Elahera and Dimbulagala totaled Rs.933,145 by the end of the year under review and a sum of Rs.448,247 of the above balance had not been recovered even by 30 June 2018.
- (ii) Loan balances of Rs.1,164,963 relating to three interdicted officers of the Lankapura, Elahera and Dimbulagala Divisional Secretariats and Rs.363,150 relating to 06 officers who had vacated the service from the District Secretariats and Thamankaduwa, Dimbulagala and Welikanda Divisional Secretariats had remained unrecovered over a period ranging from 01 to 16 years.

(b) Unidentified Debit Balances

According to the reconciliation statement presented by the District Secretariat, the balance shown as unidentified debit balance during the year under review amounted to Rs.487,518.

2.13 Imprest Account

The following observations are made.

- (a) As adequate amount of imprests had not been received for the provisions allocated for the District Secretariat and the Divisional Secretariats functioning thereunder, bills in hand totalling Rs.2,568 million could be observed.
- (b) In terms of Financial Regulation 317 (5) as amended by the State Finance Circular No.03/2015 dated 14 July 2015, sub-imprests should be settled within 10 days from the completion of the relevant purpose. Nevertheless, ad hoc sub-imprests totaling Rs.758,750 granted to the District Secretariat and Elahara, Hingurakgoda, Medirigiriya, and Thamankaduwa Divisional Secretariats in 35 instances had been

settled after delays ranging from 16 days to 03 months from the completion of the works.

2.14 General Deposit Accounts

The balance of 7 General Deposits maintained under the District Secretariat totaled Rs.440.36 million. The following observations are made in that connection.

- (a) Action in terms of Financial Regulation 571 had not been taken in connection with 67 deposits worth Rs.4.07 million elapsed for a period of 02 years as at 31 December 2017 relating to 02 General Deposits of the District Secretariat.
- (b) Kidney Allowances of Rs.75,000 unpaid by the Elahara Divisional Secretariat from October 2015 to January 2017 and a sum of Rs.141,400 sent by the Department of Buddhist Affairs for the payment of Dhamma School Teaching Allowances had not been used for the relevant purposes and those had been returned to the relevant institution in December, after being retained in the General Deposit Account.
- (c) Unclaimed Elderly Persons Allowances of Rs.76,000 relating to the year 2016 of the Hingurakgoda Divisional Secretariat and a sum of Rs.75,000 received from the Helping Sri Lanka on 19 June 2017 for providing water for the persons displaced by the drought had been retained in the General Deposit Account without being used for the relevant purpose.

2.15 Non-maintenance of Registers and Books

It was observed at the audit test checks that the District Secretariat and the Divisional Secretariats had not maintained the following documents while some other documents had not been maintained in an updated manner.

Type of Register -----	Relevant Regulation -----	Observation -----
(a) Register of Fixed Assets	Treasury Circular No.842 dated 19 December 1978.	Not updated by the Lankapura, Hingurakgoda and Welikanda Divisional Secretariats.
(b) Register of Fixed Assets on Computer, Accessories and Software.	Treasury Circular No.AIA/2002/02 dated 28 November 2002.	Not maintained by the Dimbulagala and Elahara Divisional Secretariats.
(c) Petty Cash Book	F.R.446	Not updated by the Elahara Divisional Secretariat.

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| (d) | Inventory of Electric Fittings | F.R.454 (2) | Not maintained by Hingurakgoda, Medirigiriya, Elahara and Dimbulagala Divisional Secretariats. |
| (e) | Record of Losses | F.R.110 | Not maintained by the Thamankaduwa Divisional Secretariat. |
| (f) | Register of Liabilities | F.R.214 | Not updated by Thamankaduwa and Hingurakgoda Divisional Secretariats. |
| (g) | Counterfoil books | F.R.341 | Not updated by Hingurakgoda Divisional Secretariat. |
| (h) | Register for Vehicle Listing | F.R.1647 (e) | Not maintained by Hingurakgoda, Medirigiriya and Dimbulagala Divisional Secretariats. |
| (i) | Attendance Registers of Procurement Committees and Technical Evaluation Committees. | Guideline 2.11.2 of the Government Procurement Guidelines. | Not maintained by the Elahara Divisional Secretariat. |
| (j) | Bidding Documents | Guideline 5.2.1 of the Government Procurement Guidelines. | Not maintained by the Medirigiriya Divisional Secretariat. |
| (k) | Official Telephone Register | F.R.845 (I) | Not maintained by the Thamankaduwa Divisional Secretariat. |

2.16 Non-compliances

2.16.1 Non-compliances with Laws, Rules, Regulations

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

Reference to Laws, Rules and Regulations -----	Value -----	Non-compliance -----
(a) Statutory Provisions -----	Rs.	
Section 9 (d) of the Voluntary Social Service Organizations (Registration And Supervision) <i>Act, No. 31 of 1980.</i>		- Although arrangements should be made to audit accounts of the duly registered voluntary organizations at least once in every year, such supervision had not been carried out in Hingurakgoda, Elahara, and Welikanda Divisional Secretariats.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka -----		
(i) F.R.237	1,014,340	A certificate to substantiate that all the goods purchased by the District Secretariat during the year under review had been entered in the stock registers had not been submitted along with the payment vouchers.
(ii) F.R.1642		- Although it had been informed that the accidents should be reported to the Police on the date of accident, an accident caused to a vehicle of the Welikanda Divisional Secretariat had been reported to the Police after a delays of 09 days.
(c) National Budget Circular -----		
Letter No.MNPEFNCD/AG/MIS/Paddy dated 31 January 2017 of the Ministry of National Policies and Economic Affairs.		- It had been informed to maintain a computer data system on the paddy stock, whereas the District Secretariat had not maintained such computer data system.

- (d) Letter No.20/197/27/02359 for taking action in accordance with Sub-section 13 (h) of Excise Notice No.902 dated 16 April 2015 of the Excise Commissioner General.
- (e) Circular No.04/2008 dated 20 August 2008 of the Commissioner General of Land.
- (i) Paragraph 1.3.3 (f)
- (ii) 1.3.3 (f)
- The Welikanda Divisional Secretariat had granted Excise licences for 03 institutions reported to not have been situated within the prescribed distance from the schools and reputed places of worship.
 - Original selection register should be published within 14 days for objections and objections should be obtained accordingly. Nevertheless, the Land Division of the Thamankaduwa Divisional Secretariat had published the original selection register for objections after a delay ranging from 13 days to 106 days from the expiry of the prescribed period. Having completed the inquiries on initial objections and prepared final registers, those should be published within 14 days after the lapse of 14 days given for obtaining objections for the original selection register. Nevertheless, a period ranging from 61 days to 129 days had been taken for the preparation of final registers exceeding the 14 days during which the inquiries should have been completed.

2.16.2 Non-compliance with tax requirements

Section 115 of the Inland Revenue Act No.15 of 2015

In the payment of salaries of the employees whose monthly salary exceeds Rs.62,500 or annual salary exceeds Rs.750,000, all the employers should deduct the Pay As You Earn Tax and remit it to the Commissioner General of Inland Revenue. Nevertheless, the Medirigiriya Divisional Secretariat had not taken action accordingly.

2.17 Internal Audit

It has been stated in the Financial Regulation 133 that the Accounting Officers should establish Internal Audit units in their departments for the purpose of the discharge of their duties and responsibilities indicated in F.R.128. The following observations are made in this connection.

- (a) The internal audit programme prepared relating to the financial activities during the year under review had not included an internal audit programme of the Thamankaduwa Divisional Secretariat and therefore, the Internal Audit Unit had not audited that Divisional Secretariat during the year under review.
- (b) Ten copies of the reports relevant to internal audits conducted in 05 Divisional Secretariats during the year under review had not been furnished to the Auditor General.

2.18 Audit and Management Committee

Having been established Audit and Management Committees and conducted 04 meeting sessions by the end of the year under review at one session per quarter, the decisions taken therein should be implemented within the institution by the Accounting Officer. Nevertheless, some decisions taken at 03 meeting sessions held during the year under review had not been implemented by the District Secretariat during the year 2017.

2.19 Human Resource Management

2.19.1 Approved Cadre, Actual Cadre and Expenditure on Personal Emoluments

Particulars on the approved cadre, actual cadre, vacancies and excess staff for the execution of duties referred to in Paragraphs 2.1 and 2.2 above as at 31 December 2017 are given below. The District Secretariat had spent Rs. 312.1 million in respect of personal emolument category for the year under review. Accordingly, per capita expenditure had been Rs. 377,444.

Category of Employees	Approved Cadre	Actual Cadre	No.of vacancies
Senior Level	41	35	6
Tertiary Level	22	8	14
Secondary Level	979	702	277
Primary Level	92	82	10
Total	1134	827	307

The following observations are made in this connection.

- (a) The total number of vacancies of the District Secretariat and 7 Divisional Secretariats as at the end of the year under review stood at 307 and 161 posts of Development

Officers, 28 posts of Government Management Assistant and 52 Grama Niladhari posts had mainly fallen vacant.

- (b) Even though 8 posts of Information Technology Officer had been included in the approved cadre of the District Secretariat and 7 Divisional Secretariats, necessary steps had not been taken to make recruitments to those posts in any of the above offices.
- (c) The post of Administrative Officer remained in vacant at Welikanda, Elahara, Lankapura and Medirigiriya Divisional Secretariats and attention had not been drawn on filling 05 vacancies of the Administrative Grama Niladhari existed in 05 Divisional Secretariats. Action in terms of Section 13.2 of Chapter II of the Establishments Code had not been taken on those posts which remained in vacant for more than a period of one year.
- (d) Although there are 14 posts of Technical Officers in the approved cadre of the 7 Divisional Secretariats, 6 vacancies of the above posts could be observed in 06 Divisional Secretariats despite the implementation of development projects in large scale in the district. Nevertheless, attention of the top management had not been focused on filling those vacancies.
- (e) The number of Divisional Secretaries approved for the Polonnaruwa district was 7 and 3 of such posts had fallen vacant. Accordingly, duty assignment appointments had been given for more than a period of one year. Attention for the Section 13.2 of Chapter II of the Establishments Code had not been drawn in this connection.
- (f) The officers whose continuous period of service exceeded 05 years had been employed at 10 officers in Welikanda Divisional Secretariat, 11 officers in Hingurakgoda Divisional Secretariat, 34 officers in Elahara Divisional Secretariat and 30 officers in Thamankaduwa Divisional secretariat, without being transferred.

2.20 Depositing Securities by Public Officers

Officers who are administratively responsible for, or who under delegation are entrusted with, the receipt or custody of public money, revenue stamps or stores, or the disbursement of public money or the issue of stamps or stores and those who certify vouchers or sign cheques on Government Account will be required to give security in accordance with the Public Officers (Security) Ordinance (Cap. 612) for the faithful discharge of their duties. Nevertheless, securities had not been obtained from the officers of the Medirigiriya and Thamankaduwa Divisional Secretariats who should give securities as indicated above.

2.21 Preparation for the implementation of Sustainable Development Goals

- (a) It was not established that the policy strategies 03 introduced by the Circular No. BD/CBD/4/1/2-2018 dated 31 July 2017 had been adopted in the preparation of Budget, 2018 of the National Budget Department.
- (c) It was not established as to what were the awareness programmes conducted for the parties who showed interest on the implementation of sustainable development goals.

- (d) Although necessary data system had been in operation for the implementation of objectives, necessary facilities had not been sufficiently provided for the officers who had been deployed in that connection.