

## **Appropriation Head – 256 - District Secretariat, Gampaha**

---

### **Report of the Auditor General - Year 2011**

---

#### 1.1 Key Activities of the District Secretariat

---

- (a) Poverty alleviation Initiatives
- (b) Co-ordination of Elections
- (c) Planning and Supervision of Development Projects
- (d) Administration of Disaster Relief Projects and Rehabilitation Projects
- (e) Administration and Direction of District Projects
- (f) Collection of Revenue

#### 1.2 Divisional Secretariat under the District Secretariat

- (a) Attanagalla
- (b) Biyagama
- (c) Dompe
- (d) Divulapitiya
- (e) Gampaha
- (f) Ja-Ela
- (g) Katana
- (h) Kelaniya
- (i) Mahara
- (j) Minuwangoda
- (k) Mirigama
- (l) Negombo
- (m) Wattala

### 1.3 Scope of Audit

-----

The Appropriation Account including the financial reports, reconciliation statements, books, registers and other records of the District Secretariat, Gampaha for the year ended 31 December 2011 were audited 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 14 February 2013. 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.

### 1.4 Responsibility of the Chief Accounting Officer and Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account and Reconciliation Statements in accordance with the provisions of Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and the Public, Financial 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 for the year under review amounted to Rs.613,973,600 and out of that a sum of Rs.605,756,290 had been utilized by the end of the year under review. Accordingly, the net savings amounted to Rs.8,217,310 and it represented 1.34 per cent of the total net provision. Details are given below.

Nature of the Expenditure	Estimated Provision	Net Provision	Savings As at 31 December 2011	Savings as a Percentage of Net Provision
	Rs.	Rs.	Rs.	%
Recurrent	547,025,000	564,673,600	7,104,862	1.26
Capital	49,300,000	49,300,000	1,112,448	2.26
<b>Total</b>	<b>596,325,000</b>	<b>613,973,600</b>	<b>8,217,310</b>	

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

Provisions totalling Rs.,5,540,185,994 comprising of Rs.2,824,825,117 and Rs.2,715,360,877 had been received from 21 Ministries and 13 Departments respectively for various activities. Out of this, sums totalling Rs.5,178,718,498 comprising of Rs.2,691,905,665 and Rs.2,486,812,833 respectively had been utilized. Accordingly, provisions of Rs.361,467,496 had been saved.

2.2 Advances to Public Officers' Account

Limits Authorized by Parliament

Limits authorized by Parliament and the actual values relating to the Advances to Public Officers' Account No.25601 are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
<u>Maximum Limit</u>	<u>Actual</u>	<u>Minimum Limit</u>	<u>Actual</u>	<u>Maximum Limit</u>	<u>Actual</u>
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
54,950,000	54,643,563	57,500,000	59,252,451	234,000,000	214,821,305

### 2.3 General Deposit Account

The balance of the General Deposits Account as at 31 December 2011 amounted to Rs.495,967,625 and the details thereon are given below.

Account Number -----	Balance as at 31 December 2011 -----
	Rs.
6003/0000/00/0032/0000/000	495,967,625

### 2.4 Audit Observations on the Accounts and Reconciliation Statements

According to the Financial Reports and the Books for the year ended 31 December 2011, it was observed that except for the effects of the general observations appearing at (a) to (g) and the other major audit observations appearing in paragraphs 2.5 to 2.11 herein, the Appropriation Account and the Reconciliation Statements of the District Secretariat, Gampaha have been prepared satisfactorily.

#### (a) Non-maintenance of Registers and Books

- (i) Transactions aggregating Rs.675,818 could not be satisfactorily vouched in audit due to non submission of vehicle log books, vehicle files and allocation of vehicles for official travelling.
- (ii) Replies for one audit query issued in the year under review and one audit query issued in the preceding year to the District Secretariat had not been presented up to 31 October 2012 and the value of the quantifiable transactions relating to those audit queries amounted to Rs.1,957,311.

#### (b) Corporate Plan

-----  
Even though a Corporate Plan should have been prepared at the beginning of the year at least for 03 years from the year 2010 onward in terms of letter No.PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of the Department of Public Finance addressed to all the Secretaries of Ministries, Chief Secretaries of the Provincial Councils, Heads of Department, District Secretaries and Heads of Local Authorities, the District Secretariat had not prepared such a Plan up to 31 December 2011.

(c) Annual Action Plan  
-----

Even though an Action Plan should have been prepared by the District Secretariat for the year 2010 and onwards in accordance with the Corporate Plan prepared in terms of letter of the Director General of the Department of Public Finance mentioned in paragraph (b) above, the Action Plan for the year under review had not been prepared up to 31 December 2011.

(d) Annual Performance Report

Even though an Annual Performance Report should be prepared by the District Secretariat within 150 days after the closure of the financial year in terms of Public Finance Circular Nos.402 and 402(1) dated 12 September 2002 and 20 February 2004 pointed out in the letter of the Director General of the Department of Public Finance mentioned in paragraph (b) above and it should be tabled in Parliament with a copy to the Auditor General, the performance report for the year under review had been tabled in Parliament only on 21 September 2012.

(e) Annual Procurement plan

The Annual Procurement Plan in terms of National Budget Circular No.128 dated 24 March 2006 had not been prepared for the year 2011.

(f) General Deposits Account

Action in terms of Financial Regulations 571 had not been taken in respect of deposits amounting to Rs.48,316,883 remaining over 2 years.

(g) Reconciliation Statement on Advances to Public Officers' Account

The balances that remained outstanding as at 31 December 2011 according to the Reconciliation Statement on Advances to Public Officers Account, Item No.25601 as at that date totalled Rs.6,658,170 and the follow up action relating to recovery of those outstanding balances was at a weak level.

## 2.5 Assets Management

### Idle and Underutilised Assets

It was observed during the audit test check that certain assets remained either idle or underutilized as analysed below.

Category of Assets	Number of Units	Period of Idling or Underutilised
Motor Vehicles	02	From 4 ½ months to 7 months

## 2.6 Non – compliance

### Non-compliances with Laws, Rules, Regulations, etc..

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

Reference to Laws, Rules and Regulations	Non - compliance
(a) <u>Financial Regulations</u> F.R 1646	Even though the daily running charts and monthly summary reports on running should be forwarded to the Auditor General before 15 <sup>th</sup> day of the subsequent month by the officer responsible for vehicles, the daily running charts for certain months had not been submitted by the District Secretariat and 03 Divisional Secretariats.
(b) <u>Public Administration Circular</u>	
(i) Paragraph 1.1 of the Circular No.22/99 dated 08 October 1999	Two official vehicles had been assigned to the District Secretary

- |   |  |
|---|--|
| (ii) Paragraph 03 of the Circular No.11/2006 dated 14 July 2006                               | The report that should be maintained in terms of Annexure 2 of the Circular had not been maintained by the officers to whom official vehicles were assigned.   |
| (iii) Paragraph 04 of the Circular No.13/2008 dated 26 June 2008.                             | Even though officers who are entitled for official vehicles should be fulfilled their duty requirements under the fuel limit pointed out in the Circular and approval of the Secretary of the Ministry should be obtained privately, approval of the Secretary of the Ministry had not been obtained for 320 liters of fuel obtained by the District Secretary in the year 2011 in 04 instances through fuel orders. |
| (iv) Circular No.HA/PN/4/2/2003 dated 23 March 2005 and No.HA/PN/5/11 dated 20 September 2006 | Even though Grama Niladharies should be dressed with uniforms and worn official marks at the office and while engaging in field duties, according to report of the office premises of the Grama Niladharies in the Divisional Secretariat Division, Dompe, certain Grama Niladharies had not dressed with uniforms during the duty time and any action had not been taken in this regard.                            |
| (c) Circular of the District Secretary<br>-----<br>Letter No.1/8/18 dated 27 June 2007        | Even though all the offices of the Grama Niladharies should be checked at leased 4 times during a year, 112 offices of the Grama Niladharies out of 133 offices in the Divisional Secretariat Division of Dompe had not been checked.  |

## 2.7 Weaknesses in the Implementation of Projects

-----

The following observations are made.

### (a) Projects abandoned without Commencing

-----

Even though the Divisional Secretariat, Dompe had obtained financial provision under the Development Scheme such as One Work for One Village in the year 2010 by getting approval for the following project proposals and showing as continuous projects in the year

2011, those financial provisions had been utilized for other projects without implementing those projects.

Projects	Estimated Cost	Reasons in brief for not Commencing
-----	-----	-----
	Rs.	
(i) Reconstruction of Pahala Mapitigama Kimbulwila Watta Tank	1,000,000	Implementation of this under the Ran Arune Project
(ii) Reconstruction of Morahena Kimbulwila Watta Tank	1,000,000	-do-

(b) Delays in the Execution of Projects

-----

Number of projects not executed as at 31 December 2011 out of 2315 projects implemented by the District Secretariat under the provisions of the Ministry of Economic Development in the year 2011 was 296.

Project	Estimated Cost	Number of Projects Approved	Number of Projects not Completed	Due date of Completion	Expenditure as at 31 December 2011
-----	-----	-----	-----	-----	-----
	Rs.				Rs.
Pre School Development	16,525,573	264	01	31.12.2011	15,131,487
Improvement of school sanitation facilities	204,151,913	1062	93	31.12.2011	171,810,964
Rural Road	461,536,074	561	31	31.12.2011	351,967,337

Development						
Gama Neguma (Special) Project	19,182,622	33	9	31.12.2011	16,443,922	
Minor Irrigation	185,137,683	386	156	31.12.2011	98,855,566	
Ran Arune	1,300,000,000	09	06	31.12.2011	135,401,000	
		-----	-----			
		2315	296			
		=====	=====			

## 2.8 Irregular Transactions

Observations revealed in respect of geological information system implemented by the District Secretariat are given below.

- (a) A sum of Rs.2,647,500 had been paid by cash to an individual without paying by cheque relating to students and lecturers of the University of Kelaniya for mapping the information of the District of Gampaha for implementing the project of preparation of geological information system for the District of Gampaha.
- (b) Out of the provision of Rs.2,500,000 provided on 14 October 2010 for payment of allowances for 2 months of November and December 2010 to the University students deployed in the project activities, a sum of Rs.2,187,750 had been paid in 19 instances for 04 months from November 2010 to April 2011.
- (c) This Project had been commenced in the month of June 2010 and it had not been completed even up to 31 December 2011. An Action Plan had not been prepared for the Project and as such due date of completion had not been clearly shown according to the reports presented.
- (d) A Project Advisory Committee had not been appointed as per the project proposal.

## 2.9 Management Weaknesses

Sluggishness was shown in the implementation of the recommendations of the Committee on Public Accounts made at the meeting of the Committee on Public Accounts held on 10 September 2009.

Reference to the Report of the Auditor General	Observation/Decision/ Direction	Activities/ Present Position
----- <u>Year</u> <u>Para. No.</u>	-----	-----
2006   9.2	Implementation of Management and Audit Committee	To take action to discuss and rectify in respect of all the audit queries and management activities.
		The Committee had not been properly implemented in terms of Audit and Management Circular No.DMA/2009(1) dated 09 June 2009 of the Department of Management and Audit of the Ministry of Finance and Planning and only one meeting per year had been conducted during the years 2010 and 2011. Further, sluggishness was observed in the rectification of matters pointed out in the audit queries issued.
2006   10.8		
6	<u>Management Weaknesses</u>	
	Sixteen Grama Niladhary Offices in the areas of authority of the Divisional Secretary, Kelaniya were situated in public buildings belonging to the Government and office allowances had been paid in this connection for several years.	To take action against the relevant Grama Niladharies if unable to recover the office allowances.
		The office allowances paid had not been recovered back from the Grama Niladharies.

2.10 Human Resources Management

Approved Cadre and Actual Cadre

The position of the approved cadre and actual cadre as at 31 December 2011 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
	-----	-----	-----	-----
(i)	Senior Level	51	49	02
(ii)	Tertiary Level	26	19	07
(iii)	Secondary Level	1,675	1,432	243
(iv)	Primary Level	128	110	18
		-----	-----	-----
	Total	1,880	1,610	270
		=====	=====	=====

Action had not been taken to fill 270 vacancies by the end of the year under review.

2.11 Internal Control

(a) Internal Audit

According to the Internal Audit Plan and Programme for the year 2011, internal audit had not been carried out covering 05 Divisional Secretariats out of 13 Divisional Secretariats. According to the audit time table for the year under review, monthly advance programmes had also not been prepared.

(b) Although the meeting of the Audit and Management Committee should be conducted at least once in a quarter in terms of Audit and Management Circular No.DMA/2009(1) dated 09 June 2009, only one meeting had been conducted for the year 2011.