

Appropriation Head – 278 - District Secretariat, Ratnapura

Report of the Auditor General - Year 2012

1.1 Key Activities of the District Secretariat

- (a) Coordination of Government functions
- (b) Organization of functions assigned under the law at rural and divisional level through officers and organizations
- (c) Functioning as a representative of other Ministries and Departments
- (d) Collection of revenue relating to various Heads
- (e) Implementation of Decentralized Budget Programs
- (f) Assisting Provincial Councils in carrying out their functions

1.2 Divisional Secretariats under the District Secretariat.

- (a) Ayagama
- (b) Elapatha
- (c) Eheliyagoda
- (d) Embilipitiya
- (e) Imbulpe
- (f) Openayake
- (g) Kalawana
- (h) Kahawaththa
- (i) Kiriella
- (j) Kuruwita
- (k) Kolonna
- (l) Godakawela
- (m) Nivithigala
- (n) Pelmadulla
- (o) Balangoda
- (p) Ratnapura

(q) Weligepola

1.3 Scope of Audit

The Appropriation Account including the financial reports, reconciliation statements, books, registers and other records of the District Secretariat, Ratnapura for the year ended 31 December 2012 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 19 April 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.

1.5 Audit Observations

According to the Financial Reports and the Books for the year ended 31 December 2012, it was observed that except for the effects of the general observations appearing at (a) to (d) and the other major audit observations appearing in paragraphs 1.6 to 1.13 herein, the Appropriation Account and the Reconciliation Statements of the District Secretariat, Ratnapura have been prepared satisfactorily.

(a) Presentation of Accounts

Even though the Reconciliation Statement on Advances to Public Officers' Account Item Number 27801 should have been submitted to the Auditor General before 15 March 2013 in terms of paragraph 2.3.2 of the Public Finance Circular No.PF 402 dated 12 September 2002, it had been submitted for audit only on 22 April 2013.

(b) Appropriation Account

(i) Total Provision and Expenditure

The total net provision made for the District Secretariat for the year under review amounted to Rs.684,103,584 and out of that a sum of Rs.650,319,128 had been utilized by the end of the year under review. Accordingly, the net savings amounted to Rs.33,784,456 and it represented 4.9 per cent of the total net provision. Details are given below.

Expenditure	Estimated Provision as at 31 December 2012	Net Provision as at 31 December 2012	Savings as at 31 December 2012	Savings as a Percentage of Net Provision
	Rs.	Rs.	Rs.	%
Recurrent	419,000,000	618,303,584	3,093,755	0.5
Capital	65,800,000	65,800,000	30,690,701	46.6
Total	484,800,000	684,103,584	33,784,456	4.9
	=====	=====	=====	

(ii) Utilization of Provisions Received from other Ministries and Departments

Provisions totalling Rs.3,551,449,118 consisting of Rs.2,501,440,901 and Rs.1,050,008,217 had been received by the District Secretary for various activities from 21 Ministries and 13 Departments respectively. Out of these, a sum of Rs.3,512,947,707 consisting of Rs.2,492,896,304 and Rs.1,020,051,403 respectively had been utilized up to the end of the year under review. Accordingly, a savings of Rs.38,501,411 or 1 per cent of the provision received, was observed. A sum of Rs.2,381,721,623 had been utilized in excess of provision of Rs.2,381,720,243 given by the Ministry of Economic Development by Rs.1,380. The District Secretary, Ratnapura informed me on 13 May 2013 that the above provisions had been saved due to non receipt of petty cash from the General Treasury.

(c) 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, Item No.No.27801 are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
<u>Maximum</u>	<u>Actual</u>	<u>Minimum Limit</u>	<u>Actual</u>	<u>Maximum Limit</u>	<u>Actual</u>
<u>Limit</u>					
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
50,000,000	49,112,713	30,000,000	44,350,411	185,000,000	145,686,909

The following observations are made.

According to the Reconciliation Statement of the Advances to Public Officer's Account No.27801 as at 31 December 2012, the balances that remained outstanding as at that date totalled Rs.1,648,279.

(d) General Deposits Account

The balances of the General Deposits Account of the District Secretariat as at 31 December 2012 totalled Rs.215,929,636 and action in terms of Financial Regulation 571 had not been taken on balances of deposits amounting to Rs.2,922,739 older than 02 years.

1.6 Good Governance and Accountability

1.6.1 Corporate Plan

Even though a Corporate Plan should be prepared by the District Secretariat 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, such a Plan had not been prepared even up to 31 December 2012.

1.6.2 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 1.6.1 above and it should be tabled in Parliament with a copy to the Auditor General, the performance report for the year under review had not been tabled in Parliament even up to 23 May 2013.

1.7 Assets Management

Assets Given to External Parties

Even though 12 years had elapsed after providing a plot of land to the Sri Lanka Telecom by the Divisional Secretariat, Kahawatta for construction of a tower, action had not been

taken even up to 15 February 2012 to make valuation and recover lease by leasing out on long term basis.

1.8 Non – compliance

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

Instances of non – compliance with the provisions of laws, rules and regulations observed during the audit test checks in respect of Divisional Secretaries are analyzed below.

Reference to Laws, Rules and Regulations	Value	Non - compliance
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	Rs.	
Financial Regulations -----		
F.R 139 (1) and F.R 257	10,369,526	Payments for 232 payment vouchers had not been certified by 04 Divisional Secretariats.
F.R 137	876,474	Payments amounting to Rs.876,474 had not been approved by the Divisional Secretariat, Imbulpe.
F.R 237	290,000	A sum of Rs.290,000 had been paid to a contractor without obtaining a special certificate.

1.9 Weaknesses in the Implementation of Projects

 The following observations are made at the test check carried out in respect of Projects implemented by the Divisional Secretariats.

(a) Projects Abandoned without Commencing

Even though the Divisional Secretariat, Embilipitiya had entered into an agreement valued at Rs.341,237 on 05 August 2012 for spreading metals and tarring to the Thunkama, Epitagoda Central Road, works had not been commenced due to heavy rain.

(b) Projects abandoned without Completing

Even though the following projects had been commenced by the Divisional Secretariats, those projects had been abandoned without completing.

Project	Estimated Cost	Date of Commencement	Expenditure as at 31 December 2012	Reasons for Abandoning
	Rs.		Rs.	
(i) Construction of Panahetagala foot bridge at the Divisional Secretariat Division, Nivithigala (Material assistance)	480,000	25/09/2011	155,922	The Organization had faced difficulties in completion of works within the agreed period and the period was not adequate to award this contract to another organization and lack of community participation as expected.
(ii) Development of Udavela Dingirihmigoda Road at the Divisional Secretariat Division, Opanayaka	1,000,000	08/06/2012	218,310	Checking of standards while carrying out the Project revealed that the project was not in accordance with the relevant standard.

(c) Delays in the Execution of Projects

Delays were observed in the execution of the following projects by the Divisional Secretariats.

Project	Estimated Cost	Date of Commencement	Due Date of Completion	Expenditure up to 31 December 2012	Reasons for Delay
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	Rs.			Rs.	
Eheliyagoda					

(i) Construction of B/Kalatuwawa Multi Purpose Building	1,226,263	30/11/2012	31/12/2012	Nil	A society had delayed to enter into an agreement
(ii) Thoranagoda Palugetharawatta Drinking Water Project	980,000	05/10/2012	15/12/2012	Nil	Revision of project and bad whether condition
Embilipitiya					

(iii) Construction of building of the Thorakolayaya Sihithi Uyana Pre School.	380,450	15/08/2012	15/12/2012	Nil	Change of place
Nivithigala					

(iv) Provision of equipment to the Watapotha Sutharsana Dhaham School	50,000	09/10/2012	31/12/2012	Nil	Delay of purchasing
(v) Development of Thuthiripitiya Samagi Mawatha	100,000	30/05/2012	31/12/2012	195,000	Continued
(vi) Construction of Nawangoda Bridge	4,000,000	01/07/2012	31/12/2012	3,189,356	Continued
(vii) Preparation of Pahalakandha	75,000	21/11/2012	31/12/2012	Nil	Continued

	Playground						
(viii)	Construction of Wattahena Siri Sudarsanarama Multipurpose Building	100,000	02/10/2012	31/12/2012	Nil	Continued	
(ix)	Preparation of roof of the Wattahena Siri Sudarsanarama Multipurpose Building	100,000	02/10/2012	31/12/2012	Nil	Continued	
(x)	Cutting down and preparation of Polgahawatta Dolaswalawatta Road.	100,000	02/10/2012	31/12/2012	Nil	Continued	
(xi)	Construction of Culvert on Thela Nawangoda Road.	150,000	08/12/2012	31/12/2012	Nil	Continued	
(xii)	Concreting of Wathupitiya Horangala Road	100,000	17/12/2012	31/12/2012	Nil	Continued	
(xiii)	Concreting upper part of the road across the Karawita Pinkandha	150,000	19/12/2012	31/12/2012	Nil	Continued	

(d) Weaknesses in the Implementation of Projects

(i) Kalawana

When making payment for Work Item No.03 of the project of concreting to Viskamgoda Road via Naragalpitiya, a sum of Rs.269,093 had been paid according to the estimated rates without any deduction for concreting a portion of the road in the nature of very slippery at the length of 71.2 meter without following the relevant standard.

(ii) Kiriella

The concrete of the entire Muthunkotuwa Marathawaka Road at the total length of 806 feet constructed by spending Rs.977,549 was very slippery due to utilizing unauthorized standard of concrete mixtures for concreting. It was subjected to threat as the road had damaged because the surface of the road had washed out where metals had come out before elapse of 06 months after completion of construction works of the road.

(iii) Pelmadulle

Even though a sum of Rs.467,400 had been paid to the Electricity Board in respect of 04 Electricity Projects under the Decentralized Budget Programme, action had not been taken even up to 20 July 2012 to complete those projects and to hand it over to the ownership of the people. Follow up action had not been taken relating to these projects and it was stated in the progress reports that works had been completed even though works had not been completed.

(iv) Embilipitiya

Concreting for a portion of the road at the length of 31 meters of the project of concreting of Karawilayaya Road near the Kuttigala factory up to Kachchigala had not been done according to the proper standard. Entire such portion of the road had cracked. A sum of Rs.98,482 had been paid for concreting 9.3 square meter relating to such portion of the road.

(v) Nivithigala

◆ A sum of Rs.339,368 had been paid for 10 items of work estimates for repairing the official quarters of the Divisional Secretariat whereas deficiencies such as not quality of work of such entire portion, not in accordance with the standard, not carrying out properly, fixing old accessories etc. were observed.

- ◆ Sums aggregating Rs.65,150 had been paid for 2 portions of works relating to construction of toilets of the Nivithigala Vidyalaya. Steel accessories had been fixed instead of brass accessories for preparation of doors and door frames of such two portions of works and Ginikuru timber had been utilized instead of first class timber for preparation of roof.

(e) Fruitless Expenditure

The following observations are made.

Office	Project	Expenditure	Observation
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		Rs.	
Embilipitiya	Construction of water tank of the Hingura Bogal Ara Water Scheme.	267,655	It had not been taken for utilization.
Kolenne	Repair of internal toilet system of the office.	106,147	The toilet system had not been utilized.

(f) Making Payment on the basis of Incorrect Measurements

A sum of Rs.639,437 had been overpaid on the basis of incorrect measurements in respect of the following 04 projects.

Office	Project	Work Item No.	Amount Overpaid
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			Rs.
Nivithigala	Construction of toilets of the Mahanama Vidyalaya	01	14,809
	Concreting of access road of the Erabadda Vidyalaya	03	28,574
	Construction of site wall on the stretch of coconut estate.	05	362,262
Embilipitiya	Repair of two main canals of the	01	113,600

	Konkatuwa reservoir		
Kiriella	Concreting of canal of the Deharagoda Panmulla Dam.	01	82,536
Ratnapura	Concreting of road from Silverland Evandal onwards.	01	37,656

			639,437
			=====

(g) Making Payments for Works not Executed

Even though 09 items of works relating to 03 projects of 03 Divisional Secretariats had not been carried out, a sum of Rs.324,765 had been paid thereon. Details are given below.

Office	Project	Number of Items of Works not Executed	Amount Paid
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			Rs.
Ayagama	Providing toilet and urinal facilities to the R/ Ayagama Janapatha Vidyala	01	3,931
Imbulpe	Preparing net fence for Pambahinna Volleyball Playground and fixing electric bulbs	06	58,450
Embilipitiya	Concreting of Karawilayaya Road near the Kuttigala factory up to Kachchigala	01	38,644
	Repairing of two main canals of the Konkatuwa reservoir	01	223,740

			324,765
			=====

1.10 Deficiencies in Operating Bank Accounts

Balances for Adjustment

Information revealed at an analysis of the adjustments appearing in the Bank Reconciliation Statements for the month of December 2012 prepared by the District Secretariat is given blow.

Particulars of Adjustments	Age Analysis
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	Over 06 months less than 01 year

	Rs.
i. Cheques issued but not presented for payment	4,000
ii. Unidentified credit	432,620

1.11 Irregular Transactions

Even though 02 telecommunication towers had been erected on 02 plots of lands belonging to the Government at the Grama Niladhari Divisions, Kella and Ambagahayaya in the Divisional Secretariat Division, Kolanna and transmission activities had been commenced, any activity to be carried out by the Divisional Secretary as initial works had not been carried out while making erection of such a tower on a government land. The Divisional Secretary had granted permission to the relevant company to commence the construction of these telecommunication towers without the prior approval of the Provincial Land Commissioner. It was revealed that 02 private telecommunication companies had illegally utilized the government properties without providing any benefit to the Government due to improper implementation of procedures to be followed in respect of leasing out of government property.

1.12 Management Weaknesses

The following weaknesses were observed.

- (a) Audit paragraphs included in the report of the Auditor General relating to the District Secretariat had existed without completing the follow up action after checking it by the Committee on Public Accounts.

Reference to the Report of the Auditor General		Relevant Item
Year	Paragraph No.	
2007	5.6.4	Apparent irregularities

- (b) The following weaknesses were observed during the audit test checks.

- (i) District Secretary

Action had not been taken to recover official quarters rentals aggregating Rs.114,180 being 10 per cent of the basic salary for the period from 22 July 2010 to 31 January 2013 from the Divisional Secretary, Ratnapura who has occupied in the official quarters No. B-06.

- (i) Divisional Secretariat, Imbulpe

Even though two Grama Niladharies had occupied official quarters since January 2005 and June 2012 respectively, action had not been taken to recover any amount as rentals for official quarters.

1.13 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	Number of Excesses
-----	-----	-----	-----	-----
(i) Senior Level	57	50	07	-
(ii) Tertiary Level	40	26	14	-
(iii) Secondary Level,	1,067	867	200	-
(iv) Primary Level	169	173	-	04
(v) Others (Casual/ Temporary/ Contract basis)	-	02	-	02
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Total	1,333	1,118	221	06
	=====	=====	=====	=====