

Appropriation Head 262 – District Secretariat, Matara
Report of the Auditor General – Year 2012

1.1 Key Functions of the District Secretariat

- (a) Maintenance of an efficient and effective district administration system.
- (b) Ensure to provide efficient services thorough the Government Organizations to uplift of public satisfaction
- (c) Establish the unbiased, transparency, result base concept and responsibility resource utilization in the public services.
- (d) Implementation of policies relating to human resources management of the public sector.
- (e) Implementation of programmes in accordance with the policies relating to the pension of the public officers.
- (f) Uplift of welfare and development of the peoples in the district through organizing Programmes and Projects which implementing by the various Ministries, Departments, Corporations, Boards and Authorities functioned in the district, deploying financial and non-financial resources and acting as a coordinator in the follow-up actions.
- (g) Fulfillment of the various economic, social and cultural needs of the peoples whom living in the district throughout the District Secretariat and 16 Divisional Secretariats.
- (h) Providing accurate and specific information to various Ministries, Departments and Non-government Organizations by way of collecting and consolidating at rural and regional level as acting an agent of the government.

- (i) On behalf of various Departments to collect and account of their income and remitted the same to the General Treasury throughout the District Secretariat and Divisional Secretariats
- (j) Restore living condition of the affected peoples in various disastrous situations like cyclone, tsunami, droughts and floods by providing instants relief services and aids.
- (k) Acting as the head of the District Defence Committee secure the safety of the people living within the territory of the district.
- (l) Acting as the head of organizing cultural, religious and other state functions in the district.
- (m) Implementation of decentralized budget, organization, implementation and supervision of development purposes in the district acting as the Secretary of District Coordinating Committee and District Development Committees.
- (n) Acting as the chief of divisional administration purposes with 16 Divisional Secretaries and take measures in order to increase its efficiency.
- (o) Using novel information technology and motivate the staff for that in order to increase the productivity and quality of administration purposes.
- (p) As the deputy head of all Ministries and Departments involve in Coordinating purposes so that objectives, aims and functions of such institutions are fulfilled.
- (q) Take necessary measures to hold fair and impartial elections as representative of the Commissioner of Elections as District Returning Officer in all types Elections.
- (r) Take necessary measures for the capacity development of the public officers in the district.

(s) In disastrous situations to organize disaster management activities as the agent of the government.

(t) Develop assets management systems by supervising and monitoring local and foreign funded projects.

1:2 Offices of Divisional Secretaries under the District Secretariat

(a) Matara	(i) Dickwella
(b) Weligama	(j) Thihagoda
(c) Kamburupitiya	(k) Mulatiyana
(d) Hakmana	(l) Devinuwara
(e) Pasgoda	(m) Welipitiya
(f) Kotapola	(n) Kirinda Puhulwella
(g) Malimbada	(o) Pitabeddara
(h) Akuressa	(p) Athuraliya

1:3 Scope of Audit

The Appropriation Account, including the financial reports, reconciliation statements, books, registers and other records of the District Secretariat, Matara for the year ended 31 December 2012 was audited in pursuance of provisions of Article 154(i) 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 16 August 2012. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and the 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 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with the provisions of Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri

Lanka, other statutory Provisions and Public 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 records and books for the year ended 31 December 2012 it was observed that except for the general observations appearing at (a) to (d) and other major audit observations appearing in Paragraphs 1.6 to 1.13 herein the Appropriation Account and the Reconciliation Statement of the District Secretariat, Matara have been prepared satisfactorily.

(a) Non-submission of Replies to Audit Queries

The replies for 05 audit queries issued during the year under review and an audit queries issued in the year 2010 to the District Secretariat had not been furnished by 31 March 2013 and the quantifiable value of transactions relating to those audit queries was Rs. 3,415,368

(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.817,443,208 and out of that a sum of Rs.796,846,032 had been utilized by the end of the year under review. Accordingly, the net savings amounted to Rs.20,597,176 and it represented 2.52 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	489,200,000	731,413,608	10,516,213	1.44
Capital	82,600,000	86,029,600	10,080,963	11.72
Total	571,800,000	817,443,208	20,597,176	2.52

(ii) Allocation of Provision

Capital expenditure totalling Rs. 3,376,864 comprising of Rs.3,376,864 and Rs.1,932,728 had been incurred during the year 2012 under the Object 262-1-1-2104 for construction of a Canteen of the District Secretariat and establishment of Internal Audit Unit respectively. The preparation of primary estimate and allocation of provision had not been done for that purposes and provision had not been obtained even by the supplementary estimates.

(iii) Budgetary Variance

Excess provisions had been made for two Objects and as such the savings there under after utilizing the provisions, ranged between 9.2 per cent to 14.2 per cent of the net provision relating to those Objects.

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

Provisions totalling Rs. 3,586,493,292 had been received from 23 Ministries and 14 Departments respectively for various activities. and out of this, sums totalling Rs.3,345,833,520 had been utilized. Accordingly, the saving was Rs. 240,659,772 and it was 6.71 per cent of the total provisions received. The following observations are made in this regard.

- A sum of Rs. 101,551,547 had been saved out of the provision given by the Ministry of Economic Development and it was stated that non submission of vouchers for making payment is the reason for this saving.

- A sum of Rs. 19,772,670 had been saved out of provision given by the Department of Commissioner General of Samurdhi and it was stated that non-received of imprest for this purpose and incurred of expenditure based on number of pregnant mothers even though the fund released for nutrition aid are the reason for this saving.

- A sum of Rs. 62,778,043 had been saved out of provision given by the Department of Pensions and it was stated that received of fund rather than the fund requested is the reason for this saving.
- A sum of Rs. 37,680,227 had been saved out of provision given by the Ministry of Coconut Development and Janatha Estate Development and it was stated that non-received of imprest is the reason for this saving.

(c) Advances to Public Officers’ Account

Limits authorized by Parliament

The limits authorized by Parliament and the actual values with regard to Item No.-26201 Advances to Public Officers’ Account are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
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Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
50,500,000	47,959,975	35,000,000	40,713,962	180,000,000	178,895,000

The balances that remained outstanding as at 31 December 2012 according to the Reconciliation Statement on Advances to Public Officers’ Account, Item No.26201 as at that date totalled Rs.2,908,402 and it was failed to recover those outstanding balances.

(d) General Deposit Account

The balance of the General Deposit Account as at 31 December 2012 amounted to Rs.266,649,366 and action had not been taken in terms of Financial Regulation 571 with regard to 07 deposits amounting to Rs.261,749 which had exceeded a period of 2 years.

1.6 Good Governance and Accountability

1.6.1 Corporate Plan

Even though a Corporate Plan should have been prepared at the beginning of the year at least for 03 ensuing 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 Corporate Plan prepared in March 2012 which had not covered the entire sections of the District Secretariat and all the Divisional Secretariats.

1.6.2 Annual Action Plan

The Action Plan prepared in terms of letter of the Director General of the Department of Public Finance as mentioned in paragraph 1.6.1 above had not prepared by covering entire sections of the District Secretariat.

1.6.3 Annual Procurement plan

Even though a Procurement Plan had been prepared for the year 2012 on 18 June 2012, it had not been prepared in terms of the National Budget Circular No. 128 of 24 March 2006.

1.6.4 Internal Audit

Even though there is an internal audit Unit at the District Secretariat, the adequate internal audit had not been conducted in the year 2012 relating to District Secretariat and 13 Divisional Secretaries in terms of Financial Regulation 134(3).

1.6.5 Implementation of Audit and Management Committee

According to the Audit and Management Circular No. DMA/2009(1) of 09 June 2009 the Audit and Management Committee should be summoned at least once in a quarter. Nevertheless only two meetings had been held during the year 2012. The most of the decisions taken by the Audit and Management Committee in time

to time for implementation had not been implemented up to the date which conducted the Audit and Management Committee meeting on 06 June 2013.

1.7 Assets Management

(a) Idle and Underutilized Assets

It was observed at audit test checks that certain assets remained either idle or underutilized as analyzed below.

Category of Assets	Number of Units	Period of Idle or Underutilization
Motor Vehicles	02	3 years 1 year
Others – Water Filters (Unutilized)	32	1 year

(b) Irregular use of Assets not Acquired

Action had been taken to acquire a land an extent of 5.42 hectares to the Government for an educational activity which belonging to a Buddhist Temple situated within the authoritative area of Matara Divisional Secretariat and it was failed to legally acquire this land and utilized for the specific purpose up to 31 October 2013. As such a sum of Rs.23,426,622 spent for development of the land had been become fruitless up to 31 October 2013.

1.8 Non – compliance

1.8.1 Non-compliance with Laws, Rules, Regulations etc.

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

Reference to Laws, Rules, Regulations	Value	Non-compliance
(a) Government Procurement Guidelines		
(i) Guideline 2.8.4	225,000,000	Even though procurement decision valued at Rs. 225,000,000 had been taken by the

District Secretariat in 76 instances, the decision of the Technical Evaluation Committee had been obtained only in three instances.

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| (i) Guideline 4.5.8 | - | The performance security certificates had not been obtained from the contractors. |
| (b) Circular No. 2008/4 dated 20 August 2008 of Commissioner General of Land | - | The tax should have been recovered for the utilization of Government land without authority within the area of Devinuwara Divisiona Secretariat. Nevertheless, action had not been taken since the year 2008 to recover the tax from such 17 unauthorized land owners. |

1.8.2 Non – compliance with Tax Requirements

Although the land facilities had been provided to a private company for the construction of a Telephone Tower by the Kamburupitiya Divisional Secretariat in 2004, the action had not been taken to entered into a bond up to end of the year 2012. As such no any rental had been recovered up to 31 October 2013.

1.9 Weaknesses in the Implementation of Projects

The following observations are made.

- (a) A sum of Rs. 347,292 had been spent on 10 and 12 October 2012 under the Divineguma National Programme, for construction of safety hut for Bell Pepper cultivation of the District. A feasibility study report and a clear methodology relating to marketing had not been made available. At the audit test check carried out among the selected farmers it was observed that the cultivation not succeeded and they abounded the harvesting too.
- (b) A sum of Rs. 5,000,000 had been paid to a private institution for providing 5,000 anthurium plants and shelter nets among 50 beneficiaries selected by the District Secretariat within the authority area of 10 Divisional Secretariats by

targeting business purpose anthurium cultivation Under the Divineguma Programme. Even though, according to the Agreement, the supplier should be resupplied new plants on behalf of dead plants, the supplier had not been supplied new plants on behalf of 1,476 dead plants valued at Rs. 295,200. The supervising activities had not been conducted properly and the reports of the farmers and the reports of private institution were contrary to each other.

(c) Fifteen thousand and fifty four female chicks had been provided to 902 benefitting families among the Divisional Secretariats in 2012 under providing chicks for eggs programme by spending Rs. 9,307,690 under the Divineguma Programme and out of that 3,658 or 25 per cent was male chicks. Accordingly, there is no evident that the main objective of providing chicks for eggs programme of enhancement of family nutrition and economic standard had been properly achieved.

(d) According to implementation of “one work for one village programme” under Divineguma Programme, a sum of Rs. 1,237,116 had been spent to develop the land approximately 05 acres as glorious village belonging to Yhamulla Primary School near the Oliyagankele within the authority area of Athuraliaya Divisional Secretariat in 2012. However, the identified expected objectives such as planting of fruits crops, drug crops and valuable trees etc. had not been properly done and maintenance of plants had also not been carried out.

1.10. Irregular Transections

Certain transactions executed into by the District Secretariat had been devoid of regularity. Several such instances observed are given below.

(a) A sum of Rs. 314,786 had been given to the School Development Society on 24 October 2012 by Kamburupitiya Divisional Secretariat under the Decentralized Budget Programme for the construction of a pond at a Matara National School. Even though a provision of Rs. 500,000 had been approved on 21 August 2012 from Secretary to the Ministry of Economic Development in order to perform this work as a new work, it was observed that this work

should have been completed before 08 March 2012. Further, there was no any evidence made available to prove that this work had been done by the School Development Society though the payments were made to that Society.

- (b) A sum of Rs. 145,500 had been paid to a supplier on 31 December 2011 by Kamburupitiya Divisional Secretariat under the Decentralized Budget Programme for supply of 02 Steel Huts to Kamburupitiya Pradeshiya Sabha and it was entered in the inventory register maintained by the Sabha as goods received. However, according to the letter sent to the Pradeshiya Sabha on 31 March 2012 by the supplier it was stated that taking out the goods after paying cash. Accordingly, at the physical examination carried out in the Pradeshiya Sabha it was observed that a forge entry had been made in the inventory register as received of goods even though only one Hut had been supplied.
- (c) A sum of Rs. 1,382,500 had been paid on 30 December 2011 under the Head 105 by the Matara District Secretariat for purchase of 35 Televisions use for Maternity Clinics. The following observations are made in this regard.
- Composition of Procurement Committee had been formed contrary to the Guideline 2.7.5 of the Government Procurement Guidelines.
 - As per the Procurement Notice, the quotations had been called for purchase of 24” flat model Televisions and the firm which submitted the price of Rs.39,500 for LCD 22” Television was selected without being selecting the firm which submitted least price of Rs.39,599 for a LCD 24” Television.
- (d) The quotations had been called by the Matara District Secretariat on the estimated value of Rs. 80,636,234 for the construction of 02 new buildings for Maternity Centre and repairing 28 buildings relating to 16 Divisional Secretariats. The following observations were made in this regard.
- When selecting the contractors for these constructions, action had not been taken in terms of Guideline 3.2 of the Government Procurement Guidelines and a Technical Evaluation Committee too had not been appointed as per the Guideline 2.8. Further, the performance bonds had not been obtained for 17 contracts out of these 28 contracts in terms of Guideline 5.4.8 of the Government Procurement Guidelines.

- The contractor who had submitted the lowest Quotation of Rs.6,402,040 for the construction of Maternity Centre at Kalidasa Raod, Matara had been selected by the Procurement Committee and offered the construct after negotiation of price as Rs.6,402,040 The total expenditure was as Rs.7,907,026 due to submitted an additional estimate for Rs. 1,504,986 when currying out the construction work and it had been exceeded the government estimate of Rs. 7,611,014. Further, 6 months had been delayed to complete the construction.

1:11 Losses and Damage

The observations on the losses and damage revealed during the course of audit test checks are given below.

- (a) The interest on compensation amounting to Rs. 21,511,107 and Rs.15,057,098 had been paid by the Weligama Divisional Secretariat in respect of the year 2011 and 2012 respectively due to delayed payment of compensations when acquiring the land to implement the Government Development Proposals.
- (b) The value of losses incurred on 14 accidents out of 19 accidents occurred to the vehicles of the District Secretariat and Divisional Secretariats was Rs.1,141,194 and it had not been calculated the losses in respect of 5 accidents. Some of the above accidents had been occurred more than 10 years ago and action had not been taken to conduct proper examination and recover the losses from the responsible persons as per the Financial Regulations 103, 104 and 105.
- (c) A sum of Rs. 293,905 had been shown in the Format D.G.S.A – 7 of the Appropriation Account for the year 2012 as losses for more than 10 years and action had not been taken in terms of Financial Regulations 109 to settle these losses and damage.
- (d) The cash fraud of Rs.1,664,200 of the District Secretariat and estimated losses relating to firing the Weligama Divisional Secretariat had not been settled up to 31 March 2013 and those had not been shown in the Appropriation Account too.

1:13 Uneconomic Transactions

The particulars of transactions devoid of economy revealed during the course of test checks are given below.

- (a) A sum of Rs. 1,158,538 had been spent by the Weligama Divisional Secretariat to prepare the riverbank of Kadawara Gigasvalayaya by filling soil. In view of improperly preparation of water slope, the paddy fields are unable to utilize for the paddy cultivation due to flooding that cancell and paddy fields.
- (b) The following observations are made relating to construction of the official residence of the Veligama Divisional Secretariat.
 - (i) The original estimate of 2,563,756 had been amended in time to time due to carried out the construction works without a planning and this was exceeded up to Rs. 6,564,530.
 - (ii) Quotations had been submitted for the above construction by 10 contractors without fulfills the required documents. A private institution had been selected by the Procurement Committee without made attention on the above matters. A sum of Rs.491,098 had been paid in time to time for this institution as Value Added Tax (VAT), even though the Procurement Committee had decided that this institution is favorable for the Government due to non registration for VAT payment.
 - (iii) Although it was expected to complete and handed over this work on 12 December 2007, it had been handed over only on 26 November 2008 after delaying 11 months. The liquidated damages of Rs. 36,158 had been recovered only for 52 days, even though the construction works were delayed by 11 months and 11 days. According to the examination carried out on 25 October 2012, the official residence was wilderness and destroyed the roof and windows by insects and it is in a destroying condition due to leakage of rainy water.

1.13 Weaknesses of Management

The following weaknesses were observed.

- (a) Eight “Ranbima” Deeds which to be handed over to the “Ranbima” land owners belonging to the Kamburupitiya Divisional Secretariat had been kept with the officers concerned for 08 years without being handed over to the land owners.
- (b) The Paraviduwa land had been leased out by the Weligama Divisional Secretariat for 50 years for the development activities for a sum of Rs.232,000 per annum from 2009 to ensuing 5 years and after that the lease amount will be decided by the lesser in time to time. However, the conditions of the agreement and the development activities had not been performed as expected even by date of audit on October 2012.
- (c) A building belonging to the Devinuwara Divisional Secretariat had been leased out to a Co-operative Society at a monthly rent of Rs. 4,000 since the year 1997. Nevertheless, the lease rental for the period from 2010 to 2012 had not been paid by that Society. There was no evidence that to prove the adequate action had been taken to recover the arrears rental of Rs. 116,000
- (d) Eighty eight land blocks acquired by the Devinuwara Divisional Secretariat from 2009 to 2010 for the construction of Tsunami houses, Mathara Katharagama Railway Line Development Project and enhancement of water supply had not been registered at the office of the Registrar General up to October 2012.
- (f) The activities initiated 35 years ago by the Athuraliya Divisional Secretariat relating to acquire of 28 lands for a government development activity of Nilwala Scheme had not been completed even up to 20 February 2013.

2:8 Human Resources Management

 Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2012 is as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(a) Senior Level	59	59	-
(b) Tertiary Level	34	26	08
(c) Secondary Level	1,137	916	221
(d) Primary Level	145	137	08
(e) Others (Casual/ Temporary/ Contract Basis)	05	05	-
Total	----- 1,380 =====	----- 1,143 =====	----- 237 =====

Action had not been taken to fill 237vacancies existed at the end of the year under review.