

Head 255- District Secretariat - Colombo
Report of the Auditor General- Year 2013

1.1 Key Functions of the District Secretariat – Colombo

- (a) Initiation of poverty alleviation,
- (b) Coordination of elections,
- (c) Planning and supervision of development projects,
- (d) Administration of disaster relief projects and rehabilitation projects,
- (e) Administration and guidance of district projects and revenue collection

1.2 Divisional Secretariats under the District Secretariat

- | | | |
|----------------|--------------|-------------------------|
| (a) Seethawaka | (e) Moratuwa | (i) Sri Jayawardanapura |
| (b) Padukka | (f) Dehiwala | (j) Kesbewa |
| (c) Rathmalana | (g) Kaduwela | (k) Homagama |
| (d) Maharagama | (h) Colombo | (l) Kolonnawa |
| | | (m) Thimbirigasyaya |

1.3 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the District Secretariat – Colombo for the year ended 31 December 2013 was carried out 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 22 September 2014. 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 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 Finance 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 2013, it was observed that except for the effects of the general observations appearing at (a) to (c) and major audit findings appearing in paragraphs 1.6 to 1.11 herein, the Appropriation Account and the Reconciliation Statements of the District Secretariat Colombo had been prepared satisfactorily.

(a) Lack of Evidence for Audit

Running charts and monthly summary reports from June 2012 to December 2013 relevant to a vehicle in the pool of the Divisional Secretariat, Kolonnawa had not been presented to audit.

(b) Appropriation Account

The following observations are made.

(i) Entire Provisions and Expenditure

The entire net provisions made for the District Secretariat was Rs. 846,591,306 and out of it Rs. 843,796,773 had been utilized by the end of the year under review. Accordingly, an amount of Rs. 2,794,533 or 0.33 per cent out of the net provisions had been saved. Details are given below.

Expenditure	As at 31 December 2013			Savings as a percentage of net provisions
	Net provision	Utilization	Savings	
	Rs.	Rs.	Rs.	
Recurrent	616,341,306	615,359,575	981,731	0.16
Capital	230,250,000	228,437,198	1,812,802	0.08
Total	846,591,306	843,796,773	2,794,533	0.33

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

Provisions totaling Rs. 2,000,086,053 had been made available to the District Secretariat by 25 Ministries and 14 Departments for Rs. 1,442,468,250 and Rs. 557,617,803 respectively for various purposes and the said provisions totaling Rs. 1,877,682,409 had been utilized as Rs. 1,330,059,188 and Rs. 547,623,221 respectively. As such, provisions totaling Rs. 122,403,644 had been saved as Rs.112,409,062 and Rs. 9,994,582 respectively by the end of the year under review. Out of the provisions made, the said savings had ranged between 02 per cent and 08 per cent respectively.

The following observations are made in this respect.

- A total of Rs. 4,906,000 had been spent in 2013 for payment of allowances for elders per Rs. 1000 each for beneficiaries through Post Offices by the Divisional Secretariat, Kolonnawa for the period March to December 2013. No action had been taken to ascertain accuracy of signatures in lists of signatures and registers when making payments for beneficiaries.
- Even though 03 projects implemented by the District Secretariat, Colombo under the Gama Neguma Project should be completed within 03 months from the date of signing agreements, the 03 projects had been completed with a delay of 12 weeks, 20 weeks and 68 weeks. In terms of the agreements entered into, a delay charge of Rs. 150 should be charged for a delay in a period of one week. Nevertheless, an amount of Rs. 15,000 had not been recovered as delay charges by the Secretariat relevant to 03 projects.

(c) Advances to Public Officers Account

Limits authorized by Parliament

Limits authorized by Parliament and actual values for Advances to Public Officers Account relevant to the District Secretariat are given below.

Item No.	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
-----	-----	-----	-----	-----	-----	-----
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
25501	47,000,000	35,065,689	34,000,000	35,630,330	200,000,000	158,872,014

The following observations are made in this respect.

- (i) As per the reconciliation statement as at 31 December 2013 on the Advances Account of Item No. 25501, the total of outstanding balances as at that date was Rs. 5,233,251 and the follow up action on the recovery of the said outstanding balances was at a weak level.
- (ii) According to the Books of the Department, the balance of Advances to Public Officers Account as at 31 December 2013 was Rs. 158,872,014 and according to the Books of the Treasury, the balance was Rs. 158,844,948. In terms of Financial Regulation 427, the Books of the Department had not been reconciled with the Books of the Treasury.

(d) General Deposit Account

The total balances of Deposit Account No. 6003/0000/00/0031/0000/000 of the District Secretariat as at 31 December 2013 was Rs. 515,745,081.

The following observations are made in this respect.

- (i) According to the Books of the Department, there was no balance in the General Deposit Account No.6003/0000/00/0001/0000/000 as at 31 December 2013 and according to the Books of the Treasury, a debit balance of Rs. 10,000,000 existed.
- (ii) Even though according to the Appropriation Account of the year under review, the balance of General Deposit Account No. 6003/0000/00/0031/0000/000 as at 31 December 2013 had been shown as Rs. 515,745,081, according to the General Deposit Ledger of the District

Secretariat and 13 Divisional Secretariats, the total balances had been Rs. 503,999,218.

- (iii) In terms of Financial Regulation 565, the General Deposit Ledger had not been maintained.
- (iv) An age analysis relevant to the balance of Rs. 515,745,081 shown in the General Deposit Account had not been presented.

1.6 Assets Management

The following observations are made.

(a) Idle and Underutilized Assets

Three vehicles of the District Secretariat had remained idle from a period of 02 years.

(b) Unsettled Liabilities

The following observations are made.

- (i) The unsettled liabilities of the District Secretariat as at 31 December 2013 amounted to Rs. 7,553,715 and the said liabilities were the balances existing from a period less than one year.
- (ii) Out of the provisions made for 08 Objects, the savings amounted to Rs. 19,144 after utilizing the provisions. Nevertheless, contrary to the Financial Regulation 94, liabilities had been Rs. 765,759 exceeding the said savings.

1.7 Non-compliances

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

Reference to Laws, Rules and Regulations -----	Value ----- Rs.	Non-compliance -----
(a) The Financial Regulations of the Democratic Socialist Republic of Sri Lanka -----		
(i) Financial Regulation 104	15,000	No action in terms of Financial Regulations had been taken in respect of accidents occurred on 04 April 2012 and 28 May 2013 to 02 cabs of the Secretariat.
(ii) Financial Regulation 110		A register of losses and damages had not been maintained in the Divisional Secretariat, Kolonnawa.
(b) Treasury Circulars -----		
(i) Circular No.842 dated 19 December 1978		A register of fixed assets had not been maintained in the Divisional Secretariat, Kolonnawa.
(ii) Circular No. IAI/2002/02 dated 28 November 2002		A register of fixed assets in respect of all computer accessories and software belonging to the District Secretariat had not been maintained.
(c) National Budget Circular -----		
Circular No. 128 dated 24 March 2006		A Procurement Plan had not been prepared.

1.8 Deficiencies in the Operation of Bank Accounts -----

The following observations are made.

- (a) A cheque amounting to Rs. 151,000 had been received on 01 April 2013 by the Bank of Ceylon Current Account of the Divisional Secretariat, Dehiwala. Even though the said cheque had been cleared and taken into the income, it had been shown in the bank reconciliation statement of April 2014 as an unclear cheque to the said value. As the reconciliation statements prepared by the Secretariat were not accurate, it had not been made use of as an instrument of control.

(b) Information revealed at an analysis of the adjustments shown in the Bank Reconciliation Statements prepared for December 2013 by the District Secretariat, Colombo is give below.

Particulars of Adjustments	Age Analysis	Total
	----- Over 06 Months and less than 01 year -----	-----
	Rs.	Rs.
(i) Unrealized Deposits	151,000	151,000
(ii) Cheques issued but not submitted for payments	105,006,934	105,006,934

1.9 Losses and Damages

The observations on losses and damages revealed during audit test checks are given below.

- (a) Even though a period of over 10 years had lapsed after occurring of 06 losses and damages valued at Rs, 100,094 shown in the Appropriation Account, no necessary action in terms of Financial Regulations had been taken.
- (b) Even though losses and damages relevant to 06 incidents valued at Rs. 197,000 and Rs. 163,716 less than 05 years and between 05 and 10 years respectively had been shown in the Appropriation Account in the year under review, no action had been taken to recover or write off even by 25 June 2014.
- (c) Losses relevant to 05 incidents valued at Rs. 15,536 decided to be written off by the Audit and Management Committee on 17 September 2013 had been shown further under losses and damages in accounts without taking action in terms of Financial Regulation 109 to write off from books.
- (d) The loss amounting to Rs. 15,500 occurred as a result of the Cab being met with an accident on 28 May 2013 had not been included in the register of losses.

1.10 Management Weaknesses

The following weaknesses were observed during audit test checks.

- (a) Cash had been paid to obtain fuel for the vehicles of the Divisional Secretariat, Kolonnawa without using fuel orders.
- (b) Proper maintenance of the running charts of the Divisional Secretariat of Sri Jayawardanapura, Kotte had not been carried out and the system of internal control on vehicles through running charts had not been implemented satisfactorily.

1.11 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2013 was as follows.

Category of Employees	Approved Cadre	Actual Cadre	No. of vacancies	Excess
(i) Senior level	63	62	03	02
(ii) Tertiary level	24	18	06	-
(iii) Secondary level	1106	872	239	05
(iv) Primary level	136	124	12	-
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Total	1329	1076	260	07
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The following observations are made.

- (a) The institution had not taken action to fill 260 vacancies by the end of the year under review.
- (b) No action had been taken to obtain a proper approval on the excess cadre recruited.