

1.1 Key Activities of the District Secretariat

- (a) Direction and supervision of the entire administration affairs of the district.
- (b) Direction and supervision of Election duties within the district.
- (c) Direction, Coordination and following up of the district development process.
- (d) Direction and supervision of relevant activities in the district on behalf of the Department of Motor Traffic.
- (e) Duties relating to the pensioners in the district.
- (f) Duties relating to the issue of licences for ammunitions and fire arms within the district under the Defense Ministry.
- (g) Social welfare, disaster management and disaster relief activities in the district.
- (h) Duties pertaining to the subjects of agriculture, irrigation and environment within the district.
- (i) Organization and supervision of regional functions in parallel with National events.
- (j) Implementation of cultural and religious programmes within the district.
- (k) Duties relating to amelioration of living standard of the low income earners of the district.

1.2 Divisional Secretariats under the District Secretariat

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|--------------------|-------------------|
| (a) Kalutara | (h) Matugama |
| (b) Panadura | (i) Agalawatta |
| (c) Bandaragama | (j) Walallawita |
| (d) Horana | (k) Palindanuwara |
| (e) Bulathsinghala | (l) Madurawala |
| (f) Dodangoda | (m) Millaniya |
| (g) Beruwala | (n) Ingiriya |

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 Kalutara for the year ended 31 December 2013 was carried out in pursuance of provisions in 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 07 August 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 Reports and the Books for the year ended 31 December 2013, it was observed that except for the effects of the general observations appearing at (a) and (b) and the other major audit findings appearing in paragraphs 1.6 to 1.12 herein, the Appropriation Account and the Reconciliation Statements of the District Secretariat, Kalutara have been prepared satisfactorily.

(a) Appropriation Account

Following observations are made.

(i) Total Provision and Expenditure

The total net provision made for the District Secretariat amounted to Rs.706,973,341 and out of which a sum of Rs.699,158,355 had been utilized by the end of the year under review. Accordingly, the net savings amounted to Rs.7,814,806 representing 1 per cent of the total net provision. Details are given below.

Expenditure	<u>As at 31 December 2013</u>			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
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	Rs.	Rs.	Rs.	
Recurrent	646,373,341	639,107,228	7,266,113	1
Capital	60,600,000	60,051,307	548,693	1
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Total	706,973,341	699,158,535	7,814,806	1
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(ii) Utilization of Provisions made available by other Ministries and Departments

Provisions totalling Rs.2,743,491,434 had been granted from 24 Ministries and 18 Departments respectively for various activities and out of which, a sum totalling Rs.2,728,277,925 comprising Rs.970,796,815 and Rs.1,757,481,110 respectively had been utilized. Accordingly, provisions totalling Rs.15,213,509 comprising Rs.2,541,828 and Rs.12,671,681 respectively had been saved by the end of the year under review. Those savings had ranged between 0.26 per cent to 0.72 per cent respectively from the provisions made available.

(b) Advances to Public Officers' Account

Limits Authorized by Parliament

Limits authorized by Parliament relating to the Advances to Public Officers' Account and the actual values are given below.

<u>Item No.</u>	<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.
25701	70,000,000	51,206,635	38,000,000	62,418,028	265,000,000	198,848,445

1.6 Assets Management

Conducting Annual Boards of Survey

Action had not been taken in terms of Financial Regulation 102 in respect of the D.V.D. player and the television which had been indicated as lapses of the Panadura Divisional Secretariat as per the report of the Board of Survey, 2012 and the said loss had not been included in the Appropriation Account pertaining to the year 2013.

1.7 Non-compliances

Following instances of non-compliance were observed during audit test checks.

(a) Non-compliance with Laws, Rules, and Regulations etc .

It was observed during the audit test checks carried out on the payment of pension that although a monthly report ensuring the receipt of proper protection to the disabled and the orphans should be included in the file by the Grama Niladhari in terms of the Pension Circular No.1/2009 dated 01 January 2009, it had not been so done.

(b) Non-compliance with Budget Requirements

Value Added Tax totalled Rs.33, 104 had been paid from January to March 2013 to a private institution which is not entitled to Value Added Tax in pursuance of the Value Added Tax Act. No.17 of 2013. Action had not been taken to recover this amount.

1.8 Weaknesses in the Implementation of Projects

Instances of projects abandoned without commencing, abandoned without completing and delays in projects revealed during audit test checks are given below.

(a) Projects without Progress Despite Release of Funds

Following projects that had not achieved progress despite the release of funds were observed at the audit.

- (i) For the purpose of providing stoves for the production of Maldives fish under the Divineguma Fisheries Post Harvest Technical Project, provisions amounting to Rs.320,000 had been granted to the Beruwala Divisional Secretariat on 18 April 2013. In the field inspection carried out in this connection the beneficiaries had expressed that the stove being too small and only 5 Kg of fish could be dried at a time since high prices had to be paid in making purchase in small quantities, making Maldives fish was not profitable. A follow up action with regard to the impart of technical know-how required for the implementation of the project had not been carried out. The Divineguma Project had been implemented under the provisions of the Ministry of Economic Development and as such the responsibility on the follow up actions had been rested on the Development Officers appointed at the Grama Niladhari's Division level. Instances of abandonment of the usage of these stoves were also observed.

- (ii) Under the Divineguma Project 400 chicks valued at Rs. 107,200 had been distributed among 40 beneficiary families by the Divisional Secretariat, Horana on 15 October 2013. According to the follow up report for the month of February 2014, eighty three chicks had died before the elapse of 04 Months.

1.9 Deficiencies in the Operation of Bank Accounts

Following observations are made.

- (a) Two cheques valued at Rs.82,000 written by the Divisional Secretariats in the year 2013 had been retained in the office even by 23 April 2014 without handing over to the relevant institutions or persons.

- (b) In accordance with the bank reconciliation statements prepared as at 31 March 2014, forty eight cheques valued at Rs.1,056,005 had not realized and most of them were extended and re-issued cheques.

1.10 Transactions of Contentious Nature

For the purpose of providing drinking water to the residents living along the Diyagama 4th post Gangabada road, a sum of Rs.1,000,000 had been paid to the National Water Supply and Drainage Board on 23 May 2012. An estimate depicting the length of the road in which the pipes are laid, expenditure under each item of expenditure and the gages of the pipes had not been furnished. This project had not been implemented and after deducting Rs.107,143 from the above amount a sum of Rs.852,857 alone had been settled to the Kalutara Divisional Secretariat by the National Water Supply and Drainage Board on 21 April 2014. That money had been retained in the General Deposit Account. Accordingly, it had been failed to implement the relevant project since it had not been properly planned. Moreover, the Government funds had been allowed to be remained idle in another institution for about a period of 02 years and a fruitless expenditure amounting to Rs.107,143 had also been incurred.

1.11 Management Weaknesses

Following weaknesses were observed at the audit test check.

- (a) Although applications had been made to obtain assistance from the President's Fund in respect of 12 patients pertaining to the Beruwala Divisional Secretariat during the year under review, due to the delays occurred in the provision of information the grant of assistance had delayed.

(b) Under housing assistance programme for the disabled conducted by the National Secretariat for Persons with Disabilities of the Ministry of Social Services, a sum of Rs.700,000 had been approved for 4 beneficiaries who had made application in the years 2009, 2011 and 2013. The financial assistance paid in installments during each year amounted to Rs.420,000. However, the balance amount had not been paid even by the date of audit on 12 May 2014. Assistance in respect of 5 persons who had made applications since year 2012 had not been granted even by the date of audit. Files relating to the grant of assistance to the disabled had not been updated including required reports and agreements.

1.12 Human Resources Management

 Approved Cadre and Actual Cadre

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

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i)	Senior Level	49	48	01
(ii)	Tertiary Level	34	26	08
(iii)	Secondary Level	1,315	1,039	276
(iv)	Primary Level	154	149	05
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	Total	1,552	1,262	290
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Approval of the Department of Management Services for the entire cadre relating to the District Secretariat had not been received even by the date of audit on 15 June 2014.