

## Head 270- District Secretariat, Ampara -Report of the Auditor General Year 2013

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### 1.1 Main Functions of the District Secretariat

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- (a) Initiations, Expansion and Management of Poverty Elimination
- (b) Administration of Disaster Relief and Rehabilitation Projects.
- (c) Planning and Control of Development Projects.
- (d) Coordination of Elections.
- (e) Administration and Concentration of District Projects
- (f) Pension Payments
- (g) Registration of Births and Deaths
- (h) Acceptance of Applications for National Identity Cards and Passports
- (i) Functions relating to Land
- (j) Revenue Collection

### 1.2 Divisional Secretariats under the District Secretariat

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- (a) Ampara
- (b) Addalachchenai
- (c) Akkaraipattu
- (d) Dehiattakandiya
- (e) Alayadivembu
- (f) Damana
- (g) Irakkamam
- (h) Kalmunai – Muslim
- (i) Karativu
- (j) Lahugala
- (k) Mahaoya
- (l) Nintavur
- (m) Navithanvely
- (n) Pottuvil
- (o) Padiyatalawa
- (p) Sainthamaruthu
- (q) Samanthurai
- (r) Thirukkivil
- (s) Kalmunai – Tamil
- (t) Uhana

### **1.3 Scope of Audit**

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The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the District Secretariat, Ampara for the year ended 31 December 2013 was carried out in pursuance of provisions in Article 154 (1) of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the District Secretary on 28 November 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**

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The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Accounts and the Reconciliation Statements in accordance with the provisions in Articles 148,149,150 and 152 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 Reconciliations Statements that are free from material misstatements whether due to fraud or error.

### **1.5 Audit Observation**

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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 (d) and major audit findings appearing in paragraphs 1.6 to 1.13 herein, the Appropriation Account, and the Reconciliation Statements of the Ampara District Secretariat had been prepared satisfactorily.

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

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A Register of Fixed Assets had not been maintained by the District Secretariat in terms of Treasury Circular No. 842 dated 19 December 1978.

**(b) Appropriation Account**  
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Following observations are made.

**(i) Total Provision and Expenditure**  
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While the total net provision made for the District Secretariat amounted to 1,383,687,000, a sum of Rs. 1, 382,059,431 had been utilized as at the end of the year under review. Accordingly, there was a savings of Rs.1,627,569 or 0.12 per cent of the net provision. Details are shown below.

Expenditure	As at 31 December 2013			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.	Rs.	Rs.	
Recurrent	673,687,000	672,588,832	1,098,168	0.16
Capital	710,000,000	709,470,599	529,401	0.07
<b>Total</b>	<b>1,383,687,000</b>	<b>1,382,059,431</b>	<b>1,627,569</b>	<b>0.12</b>

**(ii) Budgetary Variance**  
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Due to excess provisions made for an Item of Expenditure, savings after utilization of provision was 74 per cent of the net provision relating to that Item of Expenditure.

**(iii) Utilization of Provisions made available by other Ministries and Departments**  
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Twenty Seven Ministries and 20 Departments had made available provisions amounting to Rs.2,872,937,399 to the District Secretariat for various activities. Out of those provisions, Rs.539,278,783 and Rs.2,273,317,186 totaling Rs.2,812,595,969 had been utilized respectively. Accordingly, as at the end of the year under review savings after utilization of provisions had been Rs.38,619,594 and Rs.21,721,836 totalling Rs.60,2341,430 or 1 and 7 per cent respectively.

**(c) Advances to Public Officers account****Limits Authorized by the Parliament**

According to the Reconciliation Statement as at 31 December 2013, limits authorized by the Parliament and actual values of Item No.27001 - Advance to Public Officers Account relevant to the District Secretariat are shown below.

Item No.	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Minimum Limit	Actual
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
27001	55,000,000	49,679,000	40,000,000	43,657,498	183,000,000	148,912,400

Following observations are made in this connection.

- (i) Action had not been taken to recover the interest due for the months of February and March 2013 amounting to Rs. 1,616 for the distress loans obtained by two officers of the Ampara District Secretariat.
- (ii) Necessary action had not been taken even up to the end of the year under review to recover a loan balance of Rs. 124,576 outstanding and to be recovered from an officer, retired during the year 2008,
- (iii) Action had not been taken even up to 31 December 2013, to recover two distress loan balances totalling Rs. 152,070 due from two officers who were in service of the Addalachchenai and Uhana Divisional Secretariats and vacated post.

**(d) General Deposit Account**

The balance of the General Deposit Account No. 6003/0000/000/0046/000 of the District Secretariat as at 31 December 2013 was Rs. 284,080,400. Action had not been taken in terms of Financial Regulation 571, with regard to 137 deposits totaling Rs.40,847 remained unsettled for more than 2 years, included in that balance relating to the Uhana Divisional Secretariat.

## 1.6 Good Governance and Accountability

### Annual Procurement Plan

Annual Procurement Plan had not been prepared in terms of National Budget Circular No.128 dated 24 March 2006 even up to 31 December 2013.

## 1.7 Assets Management

### Idle assets

A Printing machine and a Scanning Machine belong to the Addalachchenai Divisional Secretariat had not been used from the date of purchase throughout a period of 04 years.

## 1.8 Non-compliance

### Non-compliance with Laws, Rules and Regulations etc.

Instances of non-compliance with laws, rules and regulations observed in audit sample checks are analyzed below.

Reference to Laws, Rules, Regulations etc.	Value	Non-compliance
	Rs.	
<b>(a) Establishments Code of the Democratic Socialist Republic of Sri Lanka.</b>		
Section 4.1 of Chapter XIV	3,500	Although the Combined Allowance could be paid only in instances of travelling exceeding seven miles, it had been paid for travelling a distance of 3.75 miles (6 k.m.) by the Mahaoya Divisional Secretariat.
<b>(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.</b>		
(i) Financial Regulation 138	18,999,544	Pension payments amounting to Rs.18,999,544 had been made during September 2013, without certifying the payment voucher, by the Kalmunai Divisional Secretariat.
(ii) Financial Regulation 237(a)	740,531	Payments had been made by the

		Mahaoya Divisional Secretariat, without a certificate to the effect that the works had been performed satisfactorily in terms of the agreement and in conformity with the specifications in connection with the construction of 11 rain water tanks, during the year 2013	
(iii)	Financial Regulation 237(b)	20,250	Payments had been certified and made without a note to the effect that the Fax Machine purchased by the Divisional Secretariat Mahaoya during the year 2013 was entered in the Register of Inventory.
(iv)	Financial Regulation 396	139,724	Action had not been taken by the Addalachchenai Divisional Secretariat with regard to cheques issued, but not presented for payment for more than 6 months.
(v)	Financial Regulation 756	889,600	Two Central Processing Units valued at Rs. 89,000, purchased on 01 January 2013 and a Generator valued at Rs.800,000, purchase on 21 August 2013 had not been entered in the Register of Inventory by the Kalmunai (Muslim) Divisional Secretariat.
<b>(c) Treasury Circulars</b>			
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	Circular No. IAI/2002/02 dated November 28 2002		Twenty One computers belong to the Alayativembu Divisional Secretariat had not been recorded in the Register of Fixed Assets.

## 1.9 Weaknesses in Implementation of Projects

Instances of abandonment of projects without commencement and delays in projects revealed in audit sample checks are shown below.

- (a) Although the Contract for the construction of a computer laboratory of the Kal/AI Lafeer College, Nutpittimunai, costing Rs.1,990,752, which was to be commenced by 14 August 2013, had been given by the Kalmunai Divisional Secretary to the School Development

Society of that School and funds had been released, that Project had not been commenced even up to August 2014.

- (b) Although the Contract for the construction of a computer laboratory of the Kal/Al Madheena College, Marandamuna, costing Rs. 1,990,752, which was to be completed by 15 December 2013, had been given by the Kalmunai Divisional Secretary to the School Development Society of that School that Project had not been completed even up to 20 August 2014 due to financial difficulties of Contract Society. A sum of Rs. 357,866 had been paid as at that date.

### **1.10 Improper Transactions**

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Certain transactions entered into by the District Secretariat were improper. Such instances observed are shown below.

#### **(a) Deviation from Procurement Guidelines Procedure.**

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Procurement Committee Meetings had not been conducted by the Ampara District Secretariat for the year 2013 in terms of Guideline 2.11.3 of the Government Procurement Guidelines.

#### **(b) Keeping Ad hoc imprest without being settled**

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The Ad hoc Imprest totalling Rs. 50,000 obtained by three officers of the District Secretariat for various objectives during the year 2013, had been settled entirely, without being utilized for the purposes for which such advances were obtained, having kept in their hands during a time range from 20 days to 30 days.

#### **(c) Unauthorized Constructions**

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In terms of paragraph 1 of the letter No. PA/106/MS/13/535 dated 31 January 2014 of the Department of Coast Conservation and Coastal Resources, permanent or temporary constructions should not be made within the proposed stadium. However, a foundation of a building had been completed for permanent construction having spent a sum of Rs. 468,253 by the Kalmunai (Muslim) Divisional Secretariat, contrary to that letter.

### **1.11 Operational Inefficiencies**

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Following Operational Inefficiencies were observed in audit test checks carried out with regard to transactions of the District Secretariat during the year under review.

- (a) Hundred and fourteen bicycles valued at Rs.1,464,999 and 73 sewing machines valued at Rs. 1,456,350 provided by the Rural Development Department of Eastern Province to

the Addalachchenai Divisional Secretariat during the year 2013, had been distributed by the Divisional Secretariat. Following lapses were observed in that connection.

- (i) A Goods Receipt Note had not been issued in support of those bicycles and sewing machines were purchased and handed over to the Divisional Secretariat.
- (ii) According of the letter No. EP/19/D1/BRD dated 06 February 2014, Provincial Director of the Department of Rural Development, 50 per cent or Rs.1,460,675 of the value of that equipment should be recovered from the beneficiaries and the Project should be re-implemented. However, the Divisional Secretariat had not taken interest in that connection.

**(b) Programme for Improvement of Self employment**  
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While a loan had been given by the Pottuvil Divisional Secretariat to each individual for improvement of own self-employment under "Jathika Saviya "Project implemented under Samurdhi Authority, those loans had to be recovered in full within three years. However, out of loans amounting to Rs. 4,020,000 given to 131 individuals, a sum of Rs.306,620 had not been recovered. Although that outstanding balance had been in arrears for about 03 years , any step had not been taken by the Divisional Secretariat to recover even up to 31 December 2013.

**(c) Programme for improvement of Egg Production**  
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The Programme for providing at the rate of 10 chicks for each individual, with the objective of strengthening the animal farms to increase the egg production had been implemented by the Pottuvil Divisional Secretariat. Following observations are made in this connection.

- (i) Although 2,700 chicks had been purchased having spent a sum of Rs. 1,080,000 and distributed to 270 individuals at the rate of 10 chicks per each individual, 1,317chicks had died as at 28 October 2014.The value of the dead chicks amounting to Rs. 526,800 had been fruitless and therefore the objective of Project could not be achieved.
- (ii) Although 2,700 chicks had been purchased, according to the distribution list only 2,640 chicks had been distributed . Accordingly, a sum of Rs. 24,000 had been overpaid.

**1.12 Management Inefficiencies**  
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Following weaknesses were observed.

- (a) A sum of Rs.190,000 had been paid to the Alayadivembu Divisional Secretariat for providing two computers to the Socio Economic Development Society in the Alayadivembu Divisional Secretary' Division by the Social Service Department under the Project for Criteria Based Grant Project during the year 2012. That amount had been kept in Deposits Account of the Divisional Secretariat for two years without being used for the relevant purpose.
- (b) Action had not been taken to distribute 103 deeds of land to the relevant land owners during a period of more than 10 years by the Addalachchenai Divisional Secretariat.
- (c) Solutions had not been given to 986 land disputes submitted to the Land Kachcheri conducted in the year 2011 by the Addalachchenai Divisional Secretariat even up to August 2014.
- (d) A cheque written for Rs. 2,600 in December 2013 being medical assistance to a Samurdhi beneficiary had been retained in the Addalachchenai Divisional Secretariat even up to August 2014.
- (e) Eighteen and 13 applications had been submitted to the Addalachchenai Divisional Secretary during the years 2013 and 2014 respectively by the disabled individual to get their equipment requirements (spectacles, wheel chairs, hand supports and ear phones). Necessary course of action had not been taken to provide those items to disabled persons even up to 27 September 2014.
- (f) Five cheques totalling Rs.176,999 written in December 2013 had been kept in the hands of the subject clerk of the Addalachchenai Divisional Secretariat without being issued to the relevant payees even up to 27 September 2014.
- (g) The sum of Rs.100,000 released and remitted from the Social Service Department as housing assistance for a disabled person had been kept in the Deposits Account without being paid to the relevant person up to August 2014 by the Addalachchenai Divisional Secretariat.
- (h) The sum of Rs.52,600 provided by the Social Service Department for self-employment to the Addalachchenai Divisional Secretariat from the year 2011 to the year 2014 had been kept in the Deposits Account without being utilized for self employment improvements.
- (i) Although a sum of Rs. 54,000 had been paid in June 2013 for the purchase of a software system of fixed assets management by the Addalachchenai Divisional Secretariat, those equipment had not been used up to August 2014 from the date of purchase.

### 1.13 Human Resources Management

#### Approved and Actual Cadre

Cadre position as at 31 December 2013 was as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Number of Surplus Cadre
(i) Senior level	67	51	16	--
(ii) Tertiary Level	41	11	30	--
(iii) Secondary Level	1,091	824	267	--
(iv) Preliminary Level	213	194	21	2
(v) Others (Casual/ Temporary/ Contract basis)	--	5	--	5
<b>Total</b>	<b>1,412</b>	<b>1,085</b>	<b>334</b>	<b>7</b>

Following observation is made in this connection.

Action had not been taken by the District Secretariat to fill 334 vacant posts even as at 31 December 2013.