

**Head 274-District Secretariat –Anuradhapura
Report of the Auditor General – Year 2013**

1.1 Main Activities of the District Secretariat

- (a) Inauguration, distribution and management of Poverty Reduction
- (b) Administration of Distress Relief and Rehabilitation Projects
- (c) Planning and Control of Development Projects
- (d) Coordination of Elections
- (e) Administration and Direction of District Projects
- (f) Revenue Collection
- (g) Review of Government Activities through officers and organizations at Divisional and Village Level and fulfillment of functions vested by law
- (h) Functioning as the Agent of other Ministries and Departments
- (i) Assist the Provincial Council Activities

1.2 Divisional Secretariats under the District Secretariat

- (a) Padaviya
- (b) Kebethigollewa
- (c) Medawachchiya
- (d) Rambewa
- (e) Horowpathana
- (f) Galenbindunawewa
- (g) Kahatagasdigiliya
- (h) Nuwaragam Palatha(East)
- (i) Nachchaduwa
- (j) Nuwaragam Palatha (Central)
- (k) Nochchiyagama
- (l) Mahawilachchiya
- (m) Thalawa
- (n) Thabuttegama
- (o) Rajanganaya
- (p) Galnewa
- (q) Ipalogama
- (r) Thirappane
- (s) Mihintale
- (t) Palugaswewa
- (u) Kekirawa
- (v) Palagala

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 – Anuradhapura 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 25 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

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Accounts, the Revenue account 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 Finance 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 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 (e) and major audit findings appearing in paragraphs 1.6 to 1.14 herein, the Appropriation Account, and the reconciliation statements of the District Secretariat Anuradhapura had been prepared satisfactorily.

(a) Non-maintenance of Registers and Books

Following observations are made.

- (i) A Register of liabilities had not been prepared by the District Secretariat and 03 Divisional Secretariats.
- (ii) Fixed Assets Registers had not been written up for the District Secretariat and Divisional Secretariats in terms of Treasury Circular No. 842 dated 19 December 1978.

(b) Appropriation Account

Following observations are made.

(i). Total Provision and Expenditure

While the total net provision made for the District Secretariat amounted to 665,649,321 a sum of Rs. 664,067,738 had been utilized as at the end of the year under review. Accordingly, there was a saving of Rs. 1,581,583 or 0.24 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 | 626,224,321 | 625,418,369 | 805,952 | 0.13 |
| Capital | 39,425,000 | 38,649,369 | 775,631 | 1.97 |
| Total | 665,649,321 | 664,067,738 | 1,581,583 | 0.24 |

(ii) Budgetary Variance

Due to excess provisions made for 04 Objects savings after utilization of provision was in a range from 9 per cent to 17 per cent of the net provision relating to those Objects.

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

Thirty Ministries and 21 Departments had made available provisions amounting to Rs.4,502,176,901 to the District Secretariat for various activities and out of those provisions, Rs.2,641,230,183 and Rs.1,616,776,533 respectively totalling Rs.4,258,006,716 had been utilized. Out of the provisions amounting to Rs.4,489,900,568 sent by 24 Ministries and 18 Departments, provisions totalling Rs.4,240,731,780 had been utilized. Accordingly, out of the provisions made available by Ministries and Departments, provision in a range between 0.04 per cent to 91.67 per cent had been saved. The entire Provision of Rs.1,371,262 sent by 04 Ministries and 02 Departments had not been utilized. Provisions sent by 02 Ministries and a Department totalling Rs. 10,905,071 had been exceeded in a sum of Rs. 4,998,603 by utilizing a sum of Rs. 15,903,674.

(c) Advances to Public Officers account

According to the reconciliation statement as at 31 December 2013, relating to Item No. 27401 Advance Account, recoveries of individual balances in arrears as at that date totalled to Rs. 3,045,457. Course of action taken by the District Secretariat for the recovery of those balances in arrears had not been at a adequate level.

(d) Imprest Account

While the Imprest Account balance of the Distinct Secretariat as at 31 December 2013 had been Rs.626,108, out of that, balances amounting to Rs. 210,872 had been existing since the year 2010.

(e) General Deposits Account

Action had not been in terms of Financial Regulation 571 with regard to deposits of Rs.298,847 relevant to 04 Divisional Secretariats that had exceeded 02 years as at 31 December 2013 from the date of deposit.

1.6 Good Governance and Accountability
-----**Annual Action Plan**

Although an Annual Action Plan should be prepared by the District Secretariat in terms of Paragraph 1.4.1 of the letter No.PF/R/2/2/3/5(4) dated 10 march of the Director General of Public Finance, the Action Plan for the year under review had not been prepared even as at 31 December 2013.

1.7 Assets Management
-----**Idle and underutilized assets**

The following assets belong to the District Secretariat remained idle or underutilized.

| Type of Assets | No. of Units | Idle or Under-utilized Period |
|-----------------------|---------------------|--------------------------------------|
| ----- | ----- | ----- |
| | | Years |
| Buildings | 01 | 05 |
| Machinery | 01 | 02 |

1.8 Non-compliance

Non-compliance with Laws, Rules, Regulations etc.

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

| Reference to Laws, Rules and Regulations | Value | Non-compliance |
|------------------------------------------------------------------------------------------------------------|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Rs. | |
| (a) Statutory Provisions | | |
| (i) Gazette Notification No.1600/18 dated 06 may 2009 | 264,355 | Government Levy amounting to Rs.264,355 to be recovered by the Thirappane Divisional Secretariat on granite mining was in arrears as at 31 December 2013. |
| | 436,250 | Government Levy to be recovered on account of granite mining in the Kebethigollewa Divisional Secretary's Division had not been recovered at the relevant rate and due to that Government Levy had been under recovered in a sum of Rs.436,250 relating to the years 2012 and 2013. |
| | 469,000 | In recovering the Government Levy on granite mining in Kekirawa Divisional Secretary's Division sum of Rs. 469,000 had been over recovered. |
| (ii) Inland revenue Act No. 10 of 2006 as amended by Act No. 22 of 2011 and Act No.18 (amendment) of 2013. | | Pay As You Earn, Tax on salaries more than Rs.50,000 of the Kebethigollewa and Kekirawa Divisional Secretaries had not been recovered and remitted to the Department of Inland Revenue. |
| (b) Establishments Code of the Democratic Socialist Republic of Sri Lanka. | | |
| Sections 7.2 of Chapter XIX | | Action had not been taken either to eject or to recover a fine from officers who are in occupation of 09 official quarters belong to the Anuradhapura District Secretariat, exceeding the 05 years tenancy period. |

**(c) Public Administration
Circulars**

Letter No. P/AD/A/P
dated 05 October 2007.
Paragraph (vii)

A report relating to deceased pensioners, widows and orphans in all Grama Niladhari Divisions belong to every Divisional Secretariat's Division had not been submitted to the Divisional Secretary once in every month and due to that, instances of remitting the pension payments even after of deceased individuals to the banks were observed.

(d) Letter No.
PP/A19/Losses/Gen
dated 12 December 2013
of the Director of
Pensions

Details relating to over payment and recovery of those had not been sent quarterly to the Pension Department by the Mahawilachchiya Divisional Secretariat.

1.9 Weaknesses in Implementation of Projects

Instances of abandonment of project without commencing, abandonment without completion and delays in projects observed in audit sample checks are shown below.

(a) Abandonment of Projects without Commencing

Seven Projects in 07 Divisional Secretariats estimated at a cost of Rs. 2,469,589 had been abandoned without being implemented during the year under review.

(b) Abandonment of Projects without Completion

Following observations are made.

- (i) Project for construction of the Lower Galwaduagama, Nikawagama Bridge in the Galenbindunawewa Divisional Secretary's Division at an estimated cost of Rs.2,025,509 had been abandoned without being completed, after spending a sum of Rs.1,589,073 as at 31 December 2013.
- (ii) Five Projects valued at Rs. 2,424,740 commenced during the period from the year 2008 to year 2012 in area of authority of the Thabuttegama Divisional Secretary, were in uncompleted condition due to non-provision of funds during the year, following the year under review.

(c) Unprogressive Projects in spite of Funds Released

Following observations are made.

- (i) While a sum of Rs. 9,175,000 had been estimated for the construction of Kebethigollewa Cultural Centre, a sum of Rs. 2,458,009 had been paid to the contractor as at 31 December 2013. Work had been completed only up to putting up brick walls and construction of concrete posts.
- (ii) It was observed in the physical examination that essential facilities such as latrines, electricity, painting and fixing gates had not been completed, relating to 02 multi purpose buildings constructed under Gama Neguma Project -2012, by the Thabuttegama Divisional Secretariat.
- (iii) A sum of Rs.335,000 had been given during the years 2012 and 2013 for providing support to kidney patients, under implementation of recommendations made in the study with regard to the effects of social economic impacts in the Galenbindunawewa Divisional Secretary's Division by the World Health Organization. That money had been withheld in the Deposits Account without being utilized for the relevant work even up to 18 September 2014.
- (iv) Provisions of Rs. 1,191,000 had been made available under the programme for providing housing support to 30 beneficiaries who had lost the entire house or a part of the house due to floods in December 2012 and January 213, implemented by the Ministry of Disaster Management Ministry. A sum of Rs. 696,000 provided under the second and third stages of that programme had not been paid to the relevant beneficiaries even as at 04 March 2014, the date of audit.

1.10 Performance

Observations with regard to the performance of the District Secretariat are shown below.

(a) Non-settlement of Land Disputes

Following observations are made.

- (i) There were 15 unsettled land disputes during a time range between one year and three years in the area of authority of Nachchaduwa, Kekirawa and Galenbindunawewa Divisional Secretariats.

- (ii) An arrangement had not been made to obtain street line drawings required to prepare letters of allotment to persons qualified for allotment of 3,886 blocks of land in the area of authority of the Kebethigollewa Divisional Secretary. Due to this, award of letters of allotment had not been implemented to a satisfactory level.
- (iii) About 12 Land Permits approved through Land Kachcheries in area of authority of the Kebethigollewa Divisional Secretary had been sent to the Land Commissioner after 02 years delay and preparation of those permits had not been done even as at 22 September 2014, the date of audit.
- (iv) Although approval had been granted to give long term permits for 10 blocks of land on 21 January 2013 through Land Kachcheries in area of authority of the Kebethigollewa Divisional Secretary in terms of the Circular No. 2008/4 dated 20 August 2008 issued by the Ministry of Land and Land Development, action had not been taken to grant long term permits relating to those land even as at 22 September 2014, the date of audit.

(b) Lack of action for not obtaining Fire Arm Licenses

Out of the 1,920 fire arm licenses issued in the Anuradhapura District, obtaining licenses for 178 fire arms had been defaulted during a period ranging between one year and seven years as at 28 May 2014. Necessary course of action had not been taken after proper follow up relating to this matter.

(c) Weaknesses in Revenue Collection

Following observations are made.

(i) Land Revenue

A sum of Rs.3,311,644 being Land Tax had been in arrears during a period ranging between 01 and 26 years from lessees who obtained Provincial Council land in the area of authority of the Kekirawa Divisional Secretary. Similarly, a sum of Rs. 448,020 was in arrears from 04 lessees as long term tax for land lease out belong to the Central Government in the area of authority of the Galenbindunawewa as at 22 September 2014.

(ii) Vehicle License Revenue

Arrears of Vehicle License Revenue including fines in the Kekirawa and Mahawilachchiya Divisional Secretariats as at 31 December amounted to Rs.2,350,955.

(d) Progress relating Programme for Providing a Glass of Milk

The Programme for Providing a Glass of Milk to children in age group above 24 months and below 60 months should have been implemented in 225 pre-schools in 06 Divisional Secretary Divisions in terms of the Circular No. 2008/11 dated 13 February 2008 of the Secretary to the Ministry of Child Development and Women's Affairs. That Programme had not been implemented in 153 pre schools conducted in area of authority of the relevant Divisional Secretariats.

(e) Weaknesses in Recovery of Loans

Out of the sum of Rs. 130,733,535 granted during the year commencing from 2007 to the year 2011 for 21,423 projects on the basis of recovering 50 per cent from the beneficiaries under Livelihood Development Programme, a sum of Rs. 22,498,793 had to be recovered further as at 31 December 2013.

(f) Weaknesses relating to Pensions

Following observations are made.

- (i) Pension anomalies in about 100 files, out of 488 files of pension beneficiaries, in the area of authority of the Nachchaduwa Divisional Secretariat had not been removed in terms of Pension Circulars No. 6/2004(ix) dated 12 December 2005 and 2006/2 dated 20 March 2006.
- (ii) A sum of Rs. 1,273,691 over paid to 15 pension beneficiaries in Thabuttegama and Thalawa Divisional Secretariats was due to be recovered further as at 04 March 2014.
- (iii) A sum of Rs. 1,636,931 had been over paid due to calculation of pension in terms of Pension Circular No. 2/2006 on wrong basis by the Kekirawa Zonal Education Office.

1.11 Transactions of Contentious Nature

Certain transactions made by the District Secretariat were in contentious nature. Particulars relating to certain transactions revealed in audit sample checks are shown below.

- (a) A sum of Rs.588,130 had been paid for developing 50 meters of the 08th Lane of the Maldenipura Road by spreading concrete in the year 2013 in the authority area of Kekirawa Divisional Secretariat under the programme of developing rural roads. At the physical examination it was revealed that, development of this road had been done covering only one beneficiary. Provision had not been made by preparing programmes

during the year 2014 for the development of the main sub road and the balance parts of the 08th Lane .

- (b) The road constructed having spent a sum of Rs. 485,110 under Rajarata Navodaya Programme, 2013 from Hendagama Wane Waththa to Kolibendawewa in the area of authority of Kebethigollewa Divisional Secretariat, through a tank reservation had ended the final 100 meters up to an entrance gate of one beneficiary. No other houses or residential places were in existence along the road in that area. It was observed that this Project had been utilized to make an access road to the house of one individual.
- (c) Instances making payment for woks not performed under the Preliminary Schools Development Projects performed by Galenbindunawewa and Kebethigollewa Divisional Secretariats were observed in sample checks. Particulars are shown below.
- (i) A sum of Rs.88,322 had been paid for 21.6 square meters at the rate of Rs.4,089 per square meter for making Angle Iron Frame of 40x40x5 m.m. and fixing the net of 50x50m.m., according to Item 05 of the final payment report for modernization of A/Thimbiriwewa College situated in the area of authority of the Kebethigollewa Divisional Secretariat. However, according to the physical measurements, quantity performed for that item of work had been 19.89 square meters and accordingly a sum of Rs..6,992 had been overpaid for 1.71 square meters of work not performed.
- (ii) A sum of Rs. 61,153 had been paid without fixing electrical components in two schools relating to 04 items of work estimated.
- (iii) According to the payment report of 04 schools, a support post had to be utilized for every 06 posts of the fence. Although, such posts had not been installed, total amount shown in the estimate had been paid. It was not possible to identify the estimated amount relating to support posts.
- (d) A sum of Rs.536,250 had been received as the 50 per cent contribution of the farmers for the big onion cultivation implemented by the District Director of Agriculture under the provisions of the Ministry of Agriculture. That money had been kept in the custody of the District Director of Agriculture for 2 ½ months up to 10 June 2014, the date of audit, without having recorded in the cash book and remitting that money to the District Secretary.

1.12 Improper Transactions

Certain transactions entered in to by the District Secretariat were improper. Certain instances of such transactions observed are shown below.

- (a) Bids had been called for renovation of roof of the Lankarama Temple (stage 2) on the basis of an estimate for Rs. 4,364,074. 15 bidders had come forward after calling for bids. Although the bid of Rs. 3,712,590 submitted by a construction firm out of those bidders was the 06th lower bid, it had been approved by the Procurement Committee. But, the lowest bid amounting to Rs. 3,020,669 submitted by a Limited Private Company that had engaged in third stage contracts of the Nochchiyagama and Rajanganaya Divisional Secretariats during that period had been refused on the grounds that it was 30 per cent less than the estimate. Due to this, a financial loss of Rs.688,921 had occurred.
- (b) While bids had been called for construction of the Nuwaragam Palatha (East) Divisional Secretariat, 10 bidders had come forward for that. Out of those bids, the Institution that had submitted the second lower bid of Rs. 3,494,452 had been accepted by the Procurement Committee. But, the bid amounting to Rs.3,317,270 submitted by a Limited Private Company that had engaged in third stage contracts of the Nochchiyagama and Rajanganaya Divisional Secretariats during that period had been refused on the grounds that it was 23 per cent less than the estimate. Due to refusal of the first lowest bid, a financial loss of Rs. 177,181 had occurred to the Government.
- (c) The standards of the electrical components valued at Rs.212,466 purchased and fixed in 12 schools for modernization, under the Primary Schools Development Project had not been in conformity with the approved standards of specifications.

1.13 Uneconomic Transactions

Details relating to uneconomic transactions revealed in audit sample checks are shown below.

- (a) Although a sum of Rs. 1,583,654 had been paid for completion of a part of the work relating to the construction of the Pahala Galwaduwigama bridge in the area of authority of the Galenbindunawewa Divisional Secretariat, any benefit had not been derived until the completion of the Project due to non-availability of provision for completion of balance work during the year 2014.
- (b) Eight hundred Kilo grams of seed B Onion valued at Rs. 3,080,000 had been distributed among 422 farmers in 03 Divisional Secretariats by the District Director of Agriculture under the provisions of the Ministry of Agriculture. Buds had not been gown up out of

those seeds and due to that the entire produce of 3,200,000 kilo grams of B Onion expected from the out of season cultivation of B Onions had been entirely lost. This Onion Project had been un-successful due to selection of suppliers without responsibility and adequate evaluation by the Technical Evaluation Committee.

- (c) The entire sum of Rs. 709,765 including project contribution of Rs. 500,000 and community contribution of R. 209,765 had been spent during the month of august 2013 for modernization of Vihara Halmillewa College situated in the area of authority of the Kebethigollewa Divisional Secretariat under the Primary Schools Development Programme. This school had been closed since January 2014 and the entire project contribution of Rs.500,000 had become a worthless expenditure.
- (d) Although a sum of Rs. 7,884,141 had been paid having finished half of the work in Kalamedawachchiya Lift Irrigation Scheme in the area of authority of the Galnewa Divisional Secretariat, any benefit had not been derived from the expenditure incurred until the completion of the Project due to non-availability of provision for the balance work during the year 2014.

1.14 Management Weaknesses

Following weaknesses were observed in audit sample checks.

- (a) Housing Control including recovery of rent relating to 14 official quarters belong to the District Secretary and given for the use of the officers of the North Central Provincial Council had been out of hand of the District Secretary for a period of nearly 10 years. Although the rates relating to those houses had been paid to the Municipal Council by the District Secretary, action had not been taken to transfer back or transfer those to the North Central Provincial Council.
- (b) A sum of Rs.200,000 provided by the General Treasury for the purchase of paddy during 2011 Yala Season and 2012/2013 Maha Season had not been settled even as at 31 December 2013.

1.15 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 | 73 | 61 | 12 | -- |
| (ii) | Tertiary Level | 45 | 20 | 25 | -- |
| (iii) | Secondary Level | 1,331 | 1,077 | 254 | -- |
| (iv) | Preliminary Level | 233 | 209 | 24 | -- |
| (v) | Others (Casual/Temporary/Contract basis) | -- | 08 | -- | 08 |
| | Total | 1,682 | 1,375 | 315 | 08 |

Following observation is made.

District Secretary had failed to fill 315 vacant posts as at the end of the year under review.