

Paragraphs 1 and 2 of this report contain the general information on the accounts of the District Secretariat/Kachchery and from Paragraphs 3 onwards material and important audit observations are included.

1. Divisional Secretariats under the District Secretariat.

- (a) Koralaipattu North
- (b) Koralaipattu West
- (c) Koralaipattu Central
- (d) Koralaipattu
- (e) Koralaipattu South
- (f) Eravurpattu
- (g) Eravur Town
- (h) Manmunai North
- (i) Kattankudy
- (j) Manmunaipattu
- (k) Manmunai South and Eruvilpattu
- (l) Porativupattu
- (m) Manmunai South West
- (n) Manmunai West

1.1 Scope of Audit

The audit of the Appropriation Account, Revenue Account and the Reconciliation Accounts including the financial records, books, registers and other records of the District Secretariat, Batticaloa for the year ended 31 December 2014 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 03 August 2015. The audit observations, comments and findings on the accounts and 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.

1.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and the Reconciliation Statements.

The Chief Accounting Officer and the Accounting Officers are responsible for the maintenance, preparation and fair presentation of the Appropriation Account, Revenue Account and the Reconciliation Statements in accordance with the provisions in 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. The 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.

2. Accounts

2.1 Appropriation Account

(a) Total Provision and Expenditure

The total net provision made for the District Secretariat amounted to Rs.674,910,000 and out of that, a sum of Rs.673,787,966 had been utilized by the end of the year under review. Accordingly, the savings out of the net provision of the District Secretariat amounted to Rs.1,122,034 and represented 0.17 per cent of the total net provision. Details appear below.

As at 31 December 2014

Expenditure	Net Provision	Utilization	Savings	Savings as a percentage of Net Provision
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	Rs.	Rs.	Rs.	
Recurrent	443,334,774	442,239,972	1,094,802	3
Capital	231,575,226	231,547,994	27,232	4.5
Total	674,910,000	673,787,966	1,122,034	0.17
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(b). **Utilization of Provisions made available by other Ministries and Departments.**

Provisions totallingto Rs.5,089,002,941 consisting Rs. 2,798,201,744 and Rs. 2,290,801,197 had been received by the District Secretariat from 24 Ministries and 20Departments respectively for various activities. Out of these a sum of Rs. 4,604,509,293 consisting Rs. 2,737,335,334 and Rs. 1,867,173,959 respectively had been utilized. Accordingly, provision of Rs. 484,493,648 consisting Rs. 60,866,410 and Rs. 423,627,238 or 2 percent and 18 percent respectively had been saved.

2.2 **Advances Account**

Advances to Public Officers' Account

Limits Authorized by Parliament

Limits authorized by Parliament relating to Advances to the Public Officers' Account of the District Secretariat and the actual value are given below.

Item No.	Expenditure		Receipts		Debit Balance	
	Maximum Limits	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
26901	35,000,000	32,255,950	18,000,000	21,680,691	100,000,000	91,132,735

2.3 **General Deposit Accounts**

The balance of the General Deposit Accounts of the District Secretariat as at 31 December 2014 totalled Rs.123,576,581.

2.4 **Audit Observation**

According to the Financial Records and Books for the year ended 31 December 2014, it was observed that subject to the audit observations appearing in the Management Audit Report referred to in paragraph 1.1 of the Appropriation Account, Revenue Account and the Reconciliation Statements of the District Secretariat have been prepared satisfactorily. The material and important observations out of the observations included in those Management Audit Report appear in paragraph 3 herein.

3. Head 269 District Secretariat/Kachchery, Batticaloa

3.1 Budgetary Variance

Excess provisions had been made for 02 Objects and as such the savings after the utilization of provisions ranged between 05 per cent to 07 per cent of the net provisions relating to the respective Objects.

3.2 General Deposit Account

The following observations are made.

- (a) A sum of Rs 9,697,969 received from other Ministries and Departments to carry out various activities had been retained in the General Deposit Account without being utilized for the intended activities.
- (b) Action in terms of Financial Regulation 571 had not been taken up to 31 December 2014 relating to deposits older than 03 years totalling Rs.565,263.
- (c) Even though a difference of Rs.563,837 had appeared in the Deposits Account between the balance shown as per Treasury Book and the balance shown as per Books of Accounts of the District Secretariat, action had not been taken to rectify this difference since year 1983.

3.3 Assets Management

The following deficiencies were observed during the course of audit test check of the assets of the District Secretariat.

(a) Idle and Underutilized Assets

- (i) It was observed during the audit test checks that eight motor vehicles and eight machineries remained idle for period ranging from 1 to 5 years.
- (ii) According to the Letter No. HA/DA/12/27 dated 21 March 2006 of the Secretary of the Ministry of Public Administration and Home Affairs, all the Divisional Secretaries must occupy the quarters allocated for them. However, out of 14 Government Quarters constructed for Divisional Secretaries, 11 Quarters had remained idle without utilizing by the relevant Divisional Secretaries.

(iii) The Information and Communication Technology Agency of Sri Lanka had provided two sets of equipment (LGN) to the Divisional Secretariat of KoralaiPattu West during the year 2013 for establishment of Lanka Government Network (LGN). However, those equipment had remained idle for more than one year without establishing such a network.

(iv) The District Secretariat had spent a sum of Rs.9,040,462 for construction of building and purchase of equipments to the Day Care Centre during the year 2014 under the Physical Facility Development Programme. However, this building had not been utilized for the intended purposes up to July 2015.

3.4 Non-compliance

----- Non-compliance with Laws, Rules and Regulations -----

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

Reference to Laws, Rules and Regulations -----	Value ----- Rs.	Non- compliance -----
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka. -----		
(i) Financial Regulations 187	265,349	Receipts of cash had not been deposited at the bank daily by the Divisional Secretariat, Porathivupattu, and as such delays ranging from 2 days to 06 days were observed between the date of collection and date of deposit at the Bank.
(ii) Financial Regulations 373	2,919,800	The balance in hand of an Imprest on at 31 December should be surrendered to the Treasury on that date. However, the balance of the Imprest Accounts as at 31 December 2014 amounting to Rs.2,919,800 had been surrendered to Treasury only on 06 March 2015.

3.5 Implementation of Projects under Domestic Financing

Instances of abandoning projects without commencing, projects abandoned without completing and the project delays revealed during the course of audit test checks are given below.

(a) Project abandoned without Commencing

The Divisional Secretariat, Manmuai South West, had awarded contract at the contract value of Rs.96,995 for construction of Welcome Arch at Hindu Temple Association - Mahiladithevu South. However, the above work had not been commenced even up to 31 July 2015 as the approval had not been obtained from the relevant authorities.

(b) Contract Administration

(i) Construction of KumaranKovil Road

The contract for metaling and tarring to KumaranKovil Road at Punnacholai in the Divisional Secretariat Division of Manmunai North had been awarded at the contract value of Rs.2,119,909. The following observations are made in this regard.

- Pot holes were appeared on the surface of the road at several locations such as 0+146-155 and 0+192-0+201.
- There were damages at the edge of the road at several locations.
- Even though the defect liability period was ended on 22 November 2014, the above mentioned defects had not been rectified up to 31 December 2014.

(ii) Construction of Velamkudha Road.

The contract for metaling and tarring to Velamkudha Road at Pillaiyaradi in the Divisional Secretariat Division of Manmunai North had been awarded at the contract value of Rs.5,468,099. The following observations are made in this regard.

- Pot holes were appeared on the surface of the road at several locations.
- The base failure were observed at several locations such as 0+154-0+263, 0+273-0+338, 0+351-0+378, 0+389-0+390, 0+396-0+403, 0+414-0+417, 0+426-0+433, 0+441-0+451 and 0+484-0+504.
- Even though the defect liability period was ended on 21 July 2014, the above mentioned defects had not been rectified up to 31 December 2014.

3.6 Uneconomic transactions

The particular of transactions entered into devoid of economy revealed during the course of audit test check are given below.

Cash for Work Programme – 2014

- (a) Renovation of ThonithandamaduKulam in the Area ofVaharai Agrarian Development Council – 2014
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The office of the Provincial Department of Irrigation, Chenkalady had renovated the Thonithandamadhu Tank situated at Vaharai in 2011 by spending Rs. 4,763,000. However, the Divisional Secretariat, Koralaipattu North had renovated the same tank again in 2014 by spending Rs. 9,869,469 without considering the renovation works completed already. Therefore, a sum of Rs. 9,869,469 spent by the Divisional Secretariat, Koralaipattu North for renovation of the above mentioned tank had become a fruitless expenditure.

- (b) Renovation of MeenatchiodaiKulam at Thanthamalai - 2014
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The Divisional Secretariat, Manmunai South West had selected five tanks to renovate under Cash for Work Programme-2014. However, a tank called MeenatchiodaiKulam at Thanthamalai, which was not selected by the Divisional Secretariat under this programme had been renovated. Therefore, the Divisional Secretariat had decided to stop the above mentioned renovation work in midway after spending a sum of Rs.110,850. However, the Divisional Secretariat had not taken action against the officer who has recommended and approved the above ineligible payment.

3.7 Over Payments

The following observation is made.

The Divisional Secretariat, Koralaipattu North had paid a sum of Rs. 7,543,281 for filling of 16,187m³ of soil for the Renovation of ThonithandamaduKulam situated in the area ofVaharai Agrarian Development Council as per certification made by the Technical Officer attached to the Divisional Secretariat, Koralaipattu North. However, it was confirmed in

audit that only 7,171m³ of soil had been filled to the above mentioned tank bund as per statement obtained from the Director of Irrigation Batticaloa. As a result, a sum of Rs. 4,201,493 had been overpaid for works not carried out.

3.8 Management Weaknesses

(a) Delays in Handing Over of Deeds

According to the mobile service conducted at Divisional Secretariat level by the District Secretariat for solving land disputes, it was decided to grant Swarnaboomi and Jayaboomideeds for 344 beneficiaries in six Divisional Secretariat areas, It was further observed that, those deeds had been approved during the period from 1997 to 2014 and returned to the respective Divisional Secretariats. However, action had not taken by the relevant Divisional Secretariats up to the date of audit inspection on 16 June 2015 to hand over such deeds to the beneficiaries. Details are given below.

Name of the Divisional Secretariat	No. of Deeds not issued to the Beneficiaries
Kattankudy	29
KoralaiPattu West	12
Manmunai North	08
Manmunai South West	25
Manmunai West	38
EravurPattu	<u>232</u>
Total	<u>344</u>

(b) Shortage of Antique Items

The District Secretariat, had purchased five antique items valued at Rs, 581,100 to place at the Kathankudy Museum which was renovated by the District Secretariat during the year under review. However, the museum had not received these items up to date of audit inspection on 12 June 2015.

(c) Occupation in Government Quarters

Two unauthorized persons had occupied government quarters situated at GreenStreet, Batticaloa since 2010. However, the management had not taken action to evacuate those unauthorized persons from the quarters up to 31 December 2014.

(d) Erection of Telecommunication Towers

Six private Telecommunication Companies had erected their telecommunication towers on the lands within to four Divisional Secretariats without obtaining approval from the relevant Divisional Secretariats. However, no action had been taken against those Companies up to dated 31 December 2014

3.9 Human Resources Management

(a) Approved Cadre and Actual Cadre

Cadreposition of the District Secretariat and Divisional Secretariats as at 31 December 2014 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
Senior Level	49	38	11
Tertiary Level	34	06	28
Secondary Level	556	519	37
Primary Level	137	126	11
Total	<u>776</u>	<u>689</u>	<u>87</u>