

Report of the Auditor General on Head 276 - District Secretariat, Badulla – Year 2014

Paragraphs 1 and 2 of this report contain the general information on the accounts of the District Secretariat and audit observations relating to the Head are included from Paragraph 3 onwards.

1. Divisional Secretariats under the District Secretariat

- (a) Mahiyanganaya
- (b) Ridimaliyadda
- (c) Kandeketiya
- (d) Meegahakivula
- (e) Soranathota
- (f) Badulla
- (g) Passara
- (h) Lunugala
- (i) Haliela
- (j) Ella
- (k) Bandarawela
- (l) Haputale
- (m) Haldummulla
- (n) Welimada
- (o) Uva Paranagama

1.1 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the District Secretariat, Badulla 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 Accounting Officer on 20 May 2015. The audit observations, comments and findings on the Accounts and the Reconciliation Statements were based on a review of the Accounts and the 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 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 in Articles 148, 149, 150 and 152 of the Constitution 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 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.744 million and out of that a sum of Rs.604 million had been utilized by the end of the year under review. Accordingly, the net savings of the District Secretariat, Badulla amounted to Rs.140 million or 19 per cent of the net provision. Details appear below.

Expenditure	As at 31 December 2014			Savings as a Percentage of the Net Provision
	Net Provision	Utilization	Savings	
	Rs. Million	Rs. Million	Rs. Million	
Recurrent	486	476	10	02
Capital	258	128	130	50
	744	604	140	19

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

Twenty two Ministries and 17 Departments had made available provisions totalling Rs.4125 million comprising Rs.3,411 million and Rs.714 million respectively for the District Secretariat for various purposes. Provisions totalling Rs.3,398 million comprising Rs.2,694 million and Rs. 704 million had been utilised out of those provisions. Accordingly, provisions totalling Rs.717 million comprising Rs.10 million and Rs.727 million respectively had been saved.

2.2 Advance Account

2.2.1 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account of the District Secretariat, Badulla and the actual amounts are given below.

Item Number	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
27601	44	39	28	29	146	132

2.3 Imprest Account

The balance of the Imprest Account of the District Secretariat, Badulla as at 31 December 2014 amounted to Rs. 294, 331

2.4 General Deposit Account

The balance of the General Deposit Account of the District Secretariat, Badulla as at 31 December 2014 amounted to Rs.600 million.

2.5 Audit Observation

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

3. Head 276 - District Secretariat, Badulla

3.1 Non-maintenance of Registers and Books

It was observed during audit test checks that the District Secretariat had not maintained the following registers while certain other registers had not been maintained in the proper and updated manner.

Type of Register	Relevant Regulation	Observations
Register of Losses	Financial Regulation 110	Had not been maintained by the Divisional Secretariats Mahiyangana and Soranathota
Register of Liabilities	Financial Regulation 214	Had not been maintained
Register of Electrical Equipment	Financial Regulation 454(2)	Had not been maintained
General Deposit Balancing Account	Financial Regulation 565(3)	Had not been prepared by the Divisional Secretariat, Haldumulla
Register of Official Telephone Calls	Financial Regulation 845(1)	Had not been maintained

3.2 Replies to Audit Queries

Replies to 36 audit queries issued to the District Secretariat, Badulla in the year under review had not been furnished even by 31 March 2015, and the value of the quantifiable transactions relating to those audit queries amounted to Rs. 233, 627,230.

3.3 Appropriation Account

3.3.1 Budgetary Variance

The following observations are made.

- (a) The entire net provisions amounting to Rs.90, 000,000 made for one Object had been saved.
- (b) Excess provisions had been obtained for 03 Objects and as such the savings thereunder after utilization of provisions ranged between 20 per cent and 39 per cent of the net provisions of the respective Objects.

3.3.2 Provisions made available by other Ministries and Departments

The following deficiencies were observed at the audit test check carried out relating to utilization of provisions made available by other Ministries and Departments.

- (a) Ministry of Economic Development
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Provisions of Rs.3,061 million had been made available by the Ministry of Economic Development in the year under review and the District Secretariat had utilized a sum of Rs. 2, 377 million out of that. Accordingly, a sum of Rs.683 million had been saved out of the provisions made available. The following observations are made at the test check carried out relating the utilizations thereon made by the District Secretariat.

(i) **Special Programme based on Low Income Families**

The following observations are made in the regard.

- A cheque valued at Rs.479, 494 drawn on 31 December 2013 on the name of the Industrial Development Board to purchase a soil seasoning machine under Divinagama Programme based on the low income families of the Paranagama Division of the Uva -Paranagama Divisional Secretariat had remained with the custody of the subject officer even by 26 August 2014.
- One hundred and eighty two roofing sheets valued at Rs.245,700 purchased on 31 December 2013 had been dumped unsecuredly in a private house of the Paranagama Division. Even though the beneficiaries had constructed sheds by December 2013, the roofing sheets had not been distributed even by 25 August 2014, the date of audit as such they were remained decaying. Even though Divisional Secretary and the relevant officers had been informed by the beneficiaries, further action there on had not been taken.
- Even though a time frame for implementation of above project had been included in the project report the expected activities had not been carried out during the period and a fictitious financial progress had been shown.
- This project to be commenced in December 2013 had not been implemented even by August 2014. Therefore, the expected results from the above project which implemented with the objective of upgrading low income families of the Uva Paranagama Divisional Secretariat Division could not be achieved.

(ii) Non - applying Correct Rates and Amounts when Preparing Estimates

At the examination of estimates for 27 Development Projects implemented in the year 2014, it was observed a sum of 169,330 had been over paid to relevant contractors due to including an additional transport cost for 0.1 cube of metal for every 0.9 cubes of metal of $\frac{3}{4}$ inches size metal for the concrete mixture 1.2.4 (mm 19).

(iii) Payments made on Fictitious Measurements

A sum of Rs. 247, 068 had been over paid to the relevant Contractual Societies due to payment made on fictitious measurements for 03 Development Projects.

(iv) Divisional Secretariat, Lunugala

When making estimates for cement transport cost for Development Projects implemented in the year 2014 the Divisional Secretariat, Lunugala had estimated the transport cost applying HSR Rates inclusive loading and unloading charges and again it was included the loading and unloading charges. When estimates prepared for the sand transport cost it was estimated using HSR rates exclusive of unloading charges and the District Price Committee had estimated it inclusive of unloading charges. At the audit test check carried out on 06 projects in this regard it was observed a sum of Rs. 60,904 had been overpaid to contractors.

(v) **Divisional Secretariat, Uva Paranagama**

The value of the work done of the project for laying rubble on the road across the Hanthanangoda village had been Rs.965, 019. It had not been updated the relevant file and log entries of the project and it was revealed in audit that the notes written on the field log book were incorrect.

(vi) **Divisional Secretariat, Passara**

At the examination carried out relating to estimates of 03 Development Projects implemented by the Divisional Secretariat, Passara in the year 2014, it was observed that a sum of Rs. 37,722 had been over paid to relevant contractors due to non-applying correct rate (STI-047) for mixture of concrete 1.2.4 (mm19)

3.4 General Deposit Account

Action in terms of Financial Regulation 571 had not been taken relating to deposits amounting to Rs. 187, 064,900 older than 02 years.

3.5 Reconciliation Statements of the Advances to Public Officers Account

According to the Reconciliation Statement presented to audit, the balances that remained outstanding as at that date totalled Rs. 6,324,273. Even though such outstanding balances remained brought forward for a period ranging from 01 to 21 years, the District Secretariat had failed to recover those outstanding balances.

3.6 Non-compliances

Non-compliance with Laws, Rules and Regulations

Even though the pool vehicle of the Divisional Secretariat, Mahiyanganaya, had been utilized using 1,873 liters of diesel valued at Rs. 222,179 for running, the Daily Running Charts and the Monthly Performance Summaries had not been maintained in terms of Financial Regulation 1646.

3.7 Implementation of Projects through Local Financing

The following deficiencies were revealed at the audit test checks carried out relating projects abandoned without completing and the delays in the execution of projects.

(a) Projects Abandoned without Completing

Seven projects at the estimated cost amounting to Rs.4, 870,530 had been commenced during the period from October to December 2014 by the District Secretariat and the Divisional Secretariats. Even though a sum of Rs.888, 842 had been spent for those projects by the end of the year under review, those projects had been abandoned without completing.

(b) Delays in Execution of Projects

Even though 108 projects to be implemented by the District Secretariat under the following Divisional Secretariats and should have been completed as at 31December 2014, those projects could not be completed due to various reasons. Details appear below.

Divisional Secretariat	Number of Projects	Estimated Cost	Period of Commencement	Expenditure as at 31 December 2014	Reason for the delay
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		Rs.		Rs.	
(i) Divisional Secretariat – Kandakatiya	03	4,388,426	August to November 2014	1,600,000	Bad weather
(ii) Divisional Secretariat – Uva Paranagama	13	10,215,175	August to December 2014	1,600,000	Bad weather and Non-adequacy of time.
(iii) Divisional Secretariat - Passara	16	9,876,160	May to December 2014	1,368,802	Bad weather, Non – adequacy of time, Obtaining approval from relevant institutions, Revision of Estimates.
(iv) Divisional Secretariat – Haputale	03	24,302,608	September to December 2014	5,242,701	Bad weather, Public Resistance
(v) Divisional Secretariat – Bandarawela	14	14,993,644	May to December 2014	10,274,661	Bad weather
(vi) Divisional Secretariat – Mahiyanganaya	32	23,452,626	August to December 2014	6,970,232	Bad weather and Non-adequacy of time.
(vii) Divisional Secretariat – Lunugala	16	6,968,599	August to December 2014	6,498,499	Bad weather and Non-adequacy of time.
(viii) Divisional Secretariat – Welimada	04	3,845,583	November and December 2014	1,259,385	Bad weather
(ix) Divisional Secretariat – Ridimaliyadda	07	7,145,053	July to November 2014	1,311,028	Bad weather

3.8 Transactions on Contentious Nature

Divisional Secretary, Badulla had performed the duties of the permanent post of Divisional Secretary, Badulla and acting duties of the post of Divisional Secretary, Passara and the official vehicles of the both offices had been utilized and a sum of Rs.67,984 had been obtained additionally as monthly fuel allowances for 04 months from both offices.

3.9 Losses and Damage

The details of the losses and damage revealed at audit test checks carried out are given below.

- (a) Even though in terms of the Financial Regulation 104(4), a full report should be furnished not later than 3 months from the date of loss caused, it had not been so done relating to 10 losses incurred totalling to Rs.2, 635,744.
- (b) Action in terms of Financial Regulation 109(1) (a) had not been taken relating 03 losses totalling Rs.44, 140.

3.10 Human Resources Management

Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2014 had been as follows.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
(i)	Senior Level	04	04	-	-
(ii)	Tertiary Level	93	64	29	-
(iii)	Secondary Level	1,005	776	232	03
(iv)	Primary Level	108	109	06	07
(v)	Others	32	8	24	-
	Total	1,242	961	291	10