

## **Head-256-Report of the Auditor General on the District Secretariat, Gampaha-Year 2014**

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Paragraphs 1 and 2 of this Report contain the general information on the Accounts of the District Secretariat and the Audit Observations on each Head appear in paragraph 3 onwards.

### **1. Divisional Secretariats under the District Secretariat**

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|------------------|-----------------|--------------|--------------|
| (a) Gampaha      | (e) Katana      | (i) Wattala  | (m) Biyagama |
| (b) Minuwangoda  | (f) Negambo     | (j) Mahara   |              |
| (c) Divulapitiya | (g) Attanagalla | (k) Dompe    |              |
| (d) Mirigama     | (h) Ja-Ela      | (l) Kelaniya |              |

#### **1.1 Scope of Audit**

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The Appropriation Account including the financial reports, reconciliation statements, books, registers and other records of the District Secretariat, Gampaha for the year ended 31 December 2014 were audited 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 24 June 2015. 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.

#### **1.2 Responsibility of the Chief Accounting Officer and 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 Account and Reconciliation Statements in accordance with the provisions in Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka,

other Statutory Provisions and the 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.

## 2. Accounts

### 2:1 Appropriation Account

#### (a) Total Provision and Expenditure

The total net provision made for the District Secretariat, Gampaha amounted to Rs. 770 million and out of that Rs. 748 million had been utilized by the end of the year under review. Accordingly, the savings amounted to Rs.22 million and it represented 2.92 per cent of the total net provision.

Expenditure	As at 31 December 2014			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs.	Rs.	Rs.	
Recurrent	728,672,000	723,376,691	5,295,309	0.73
Capital	41,650,000	24,454,811	17,195,189	41.28
<b>Total</b>	<b>770,322,000</b>	<b>747,831,502</b>	<b>22,490,498</b>	<b>2.92</b>

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

Provisions totalling Rs.9,259 million comprising Rs.6,096 million and Rs.3,163 million had been made available by 27 Ministries and 19 Departments respectively for various activities. Out of this, sums totalling Rs.7,391 million comprising of Rs.4,322 million and Rs.3,069 million respectively had been utilized. Accordingly, provisions totalling Rs.1,868 million comprising Rs.1,774 million and Rs.94 million respectively had been saved.

**2:2 Advance Account**

**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 and the actual amounts are given below.

Item Number	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Receipts	Actual	Maximum Limit	Actual
	Rs.Million	Rs.Million	Rs.Million	Rs.Million	Rs.Million	Rs.Million
25601	72	51	53	53	245	229

**2:3 Imprest Account**

The balance of the Imprest Account of the District Secretariat as at 31 December 2014 amounted to Rs.307.29 million.

## **2.4 General Deposit Account**

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The balance of the General Deposit Account of the District Secretariat as at 31 December 2014 amounted to Rs.618.11 million.

## **2:5 Audit Observation**

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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 paragraph 1.1 of the Management Audit Report, the Appropriation Account and the Reconciliation Statements of the District Secretariat, Gampaha 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 256- District Secretariat, Gampaha**

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### **3:1 Non-maintenance of Registers and Books**

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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.

<b>Type of Register</b>	<b>Relevant Regulation</b>	<b>Observations</b>
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Register of Losses and Damages	Financial Regulation 110	Not updated
Inventory Book	Financial Regulation 454(1)	The Inventory on the stores goods of the Divisional Secretariat, Negombo had not been updated since April 2014.
Inventories of Electrical Fittings	Financial Regulation 454(2)	Not updated
Register of Fixed Assets	Treasury Circular No.842 of 19 December 1978	Not updated

Security Register	Financial Regulation 891(1)	Not maintained
Register of Fixed Assets on Treasury Circular No. Not maintained Computers, Accessories and IAI/2002/2 of 28 November Software	2002	

### **3:2 Appropriation Account**

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#### **3.2.1 Provision made available by other Ministries and Departments**

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The following deficiencies were observed during the audit test checks carried out on the provision made to the District Secretariat, Gampaha for the year 2014 by the Ministry of Economic Development and the Department of Pensions.

- (a) An agreement had been entered in to with a private institution by the Divisional Secretariat, Mahara during the year under review to implement the Thirasara Bingu Gammana Project within three years. That Project had been commenced in the year 2014 and a sum of Rs.1,031,436 had been paid to the private institution in this connection. Nevertheless, that project had been abandoned by the end of the year 2014.
- (b) Five high-speed sewing machines purchased at a cost of Rs.140,000 by the Divisional Secretariat, Mahara in the year 2011 had not been distributed even by the end of the year 2014.
- (c) Sums totalling Rs.1,726,744 comprising Rs.892,436 and Rs.834,308 in respect of two water schemes at Kirikiththa West and Etikehelgalla West respectively under the “Eka Gamakata Eka Wedak” programme of the Divisional Secretariat, Mahara had been paid to the National Water Supply and Drainage Board in the year 2012. Nevertheless, the expected results could not be achieved even by the end of the year 2014.

- (d) According to the Condition 02 on the implementation of projects imposed by the Ministry of Economic Development on the approved projects of the “Dorin Dorata Gamin Gamata” Development Programme implemented by the Divisional Secretariat, Negombo, those projects should have been implemented and completed during the year 2014. Nevertheless, 58 projects totalling Rs.51,918,452 had been continued to the year 2015 while 14 projects amounting to Rs.23,623,487 had not been entered in to agreements.
- (e) One thousand two hundred and eight items of goods purchased at a cost of Rs.18,076,073 for the distribution among the beneficiaries under the Livelihood Development Programme of the Divisional Secretariat, Negombo in the year 2014 had not been distributed among the beneficiaries concerned even by the end of February 2015.
- (f) A sum of Rs.4,525,677 comprising Rs.1,014,396 and Rs.3,511,281 had been overpaid as at 31 December 2014 due to the erroneous computation of pensions by the Divisional Secretariats, Negombo and Ja-Ela respectively.
- (g) Out of the 85 project proposals of Provincial Councillors implemented during the year 2014 by the Divisional Secretariat, Divulapitiya on the Central Government funds, 44 projects amounting to Rs.10,096,836 had been abandoned due to non-receipt of imprest and insufficient time.
- (h) Twelve Development Projects amounting to Rs.5,629,000 under the District Development Programme Scheme of the Divisional Secretariat, Divulapitiya had not been implemented during the year 2014 and subsequently those projects had been abandoned.
- (i) Ten projects amounting to Rs. 2,216,281 which should have been completed during the year 2014 under the “Gama Neguma” Development Programme had been continued to the year 2015.

- (j) Bills totalling Rs.56,921,607 as at 31 December 2014 pertaining to projects in progress and completed during the year 2014 of the “Dorin Dorata Gamin Gamata” Development Programme implemented by the Divisional Secretariat, Ja-Ela had not been settled even by March 2015.
- (k) Forty seven projects amounting to Rs.45,250,000 which should have been completed during the year 2014 under the “Dorin Dorata Gamin Gamata” Development Programme implemented by the Divisional Secretariat, Ja-Ela had been continued to the year 2015.
- (l) A sum of Rs.1,350,000 had been spent for the conduct of 3 training courses on self-employment by the Divisional Secretariat, Ja-Ela. Nevertheless, follow up action on engaging in self-employment by the relevant trainees had not been taken by the Divisional Secretariat.
- (m) Equipment valued at Rs.73,155 had been distributed among 09 self-employed in three Grama Niladhari Divisions belonging to the Divisional Secretariat, Dompe. Nevertheless, it was observed in a field inspection carried out in June 2015 that 08 self-employed had not commenced the relevant self-employment by using such equipment.
- (n) Total of 1760 various goods and equipment purchased at a cost of Rs.12,039,629 by the Divisional Secretariat, Dompe in the year 2014 under the “Dorin Dorata Gamin Gamata” Programme of the Ministry of Economic Development had not been distributed among the beneficiaries concerned even by 05 June 2015.

### **3.3 General Deposit Accounts**

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The following observations are made.

- (a) Action in terms of Financial Regulation 571 had not been taken on deposits older than 2 years (except Land Deposits) totalling Rs.12,863,332.

- (b) Compensation for land amounting to Rs.7,816,710 of which the details of relevant beneficiaries not revealed by the Divisional Secretariat, Negombo had been retained in the General Deposit Account.
- (c) Action in terms of Financial Regulation 571(2) had not been taken on the balances of land deposits older than 10 years totalling Rs.8,832,270 pertaining to 06 Divisional Secretariats.

### **3.4 Reconciliation Statement on the Advances to Public Officers Account**

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The following deficiencies were observed at a test check carried out in respect of the Reconciliation Statement as at 31 December 2014 relating to the Advances to Public Officers Account bearing Item No.25601.

- (a) Balances totalling Rs.2,206,524 remained outstanding as at 31 December 2014 from 20 officers interdicted in 08 Divisional Secretariats. Loan balances amounting to Rs.1,264,437 recoverable from 13 officers of the said officers remained outstanding for a period ranging from 1 to 18 years.
- (b) Loan balances amounting to Rs.358,522 recoverable from 5 deceased and retired officers remained outstanding for a period ranging from 1 to 5 years.
- (c) Loan balances amounting to Rs.405,776 recoverable from officers who vacated their posts remained outstanding for a period ranging from 1 to 7 years.

### **3.5 Good Governance and Accountability**

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#### **3.5.1 Annual Action Plan**

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Even though an Annual Action Plan should have been prepared by the District Secretariat in terms of the Public Finance Circular No.01/2014 of 17 February 2014 ,the Action Plan for the year under review had not been prepared even by 31 December 2014.



### 3.5.2 Audit and Management Committee

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Only one meeting of the Audit and Management Committee had been held for the year 2014.

### 3.6 Assets Management

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#### Assets given to External Parties

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Instances of certain assets released irregularly to other external parties by the District Secretariat were observed. Details appear below.

	<b>Category of Assets</b>	<b>Number/ Unit of Assets</b>	<b>Assets given to</b>
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(i)	Buildings of Quarters	01	National Youth Services Council, Udugampola
(ii)	- do -	01	Samurdhi Bank-Horampella

(iii) Unauthorized occupancy of a family in a quarters situated at Unnarawa of Divisional Secretariat area Minuwangoda.

### 3.7 Implementation of Projects under Domestic Financing

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#### Weaknesses in the Execution of Projects

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In terms of Paragraph 13(II) of the Cabinet Decision dated 03 October 2013, initial works of the construction of two Divisional Secretariats in Wattala and Ja-Ela should have been commenced by utilizing the provisions of the year 2014. Even though a provision of Rs.28,000,000 had been made for those constructions in the year 2014, a provision of Rs.17,097,320 equivalent to 61 per cent of the said amount had not been utilized.

### 3.8 Management Weaknesses

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Even though each Grama Niladhari office belonging to Divisional Secretariats should be inspected quarterly by the Divisional Secretary in terms of the letter No.1/8/18 of 28 June 2007 issued by the District Secretary, Gampaha, the relevant inspection had not been carried out, according to the audit test examination.

### 3.9 Human Resources Management

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#### Approved Cadre and Actual Cadre

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

	<b>Category of Employees</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>Number of Vacancies</b>	<b>Excess Cadre</b>
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(i)	Senior Level	46	39	7	-
(ii)	Tertiary Level	30	22	8	-
(iii)	Secondary Level	2,060	1,939	121	-
(iv)	Primary Level	106	103	5	02
	Total	----- 2,242	----- 2,103	----- 141	----- 02
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The following observation is made.

The District Secretariat had failed to fill 141 vacancies by the end of the year under review.