

Report of the Auditor General on Head 277 - the District Secretariat, Monaragala – Year 2014

1. Divisional Secretariats under the District Secretariat

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|--------------------|------------------|------------------|
| (a) Bibile | (e) Badalkumbura | (i) Thanamalwila |
| (b) Medagama | (f) Monaragala | (j) Sevanagala |
| (c) Madulla | (g) Buttala | (k) Kataragama |
| (d) Siyambalanduwa | (h) Wellawaya | |

1.1 Scope of Audit

The audit of the Appropriation Account and the Reconciliation Statement including the financial records, reconciliation statements, books, registers and other records of the District Secretariat, Monaragala 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 29 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 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 Statement 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. 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 allocated for the District Secretariat, Monaragala amounted to Rs. 732 million and out of that, a sum of Rs. 727 million had been utilized by end of the year under review. Accordingly, the savings out of the net provision of the District Secretariat, Monaragala amounted to Rs. 5 million and represented 0.68 per cent of the net provisions. Particulars are as follows.

Expenditure	As at 31 December 2014			Saving as a Percentage of the Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	340.9	340.5	0.4	0.12
Capital	390.7	386.2	4.5	1.15
Total	731.6	726.7	4.9	0.67

(b) Provisions Granted by the Ministries and Departments

Provisions totalling Rs.2,637 million consisting of Rs.1,992 and Rs.645 million respectively had been received from 19 Ministries and 16 Departments for various activities and out of those, sums aggregating Rs.2,386 consisting of Rs.1,771 million and Rs.615 million respectively had been utilized. Accordingly, provisions totalling Rs.251 million consisting of Rs.221 million and Rs.30 million respectively had been saved.

2.2 Advance Account

2.2.1 Advances to Public Officers Account

Limits Authorized by Parliament

The limits and actual values authorized by Parliament on behalf of the Advances to Public Officers Account relating to the District Secretariat, Monaragala are as follows.

Item Number	Expenditure		Receipts		Debit Balance	
	Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
27701	33	29	24	31	165	99

2.3 General Deposit Account

The balances of Deposit Accounts of the District Secretariat, Monaragala as at 31 December 2014 totalled Rs. 582 million. Details appear below.

Deposit Account Number	Balance as at 31 December 2014
	Rs. Millions
6003/0000/00/0053/0000/000	282
6000/0000/00/0011/0602/000	300
Total	----- 582 =====

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, the Appropriation Account and the Reconciliation Statements of the District Secretariat, Monaragala have been prepared satisfactorily. The material and important observations out of the observations included in the Management Audit Report appear in paragraph 3 herein.

3. Head 277- District Secretariat, Monaragala

3.1 Lack of Evidence for Audit

The following observations are made.

- (a) Particulars in respect of distribution of water tanks and cans purchased by spending Rs.985,100 to a private firm in October 2014 for collecting drinking water to the people who were affected by drought, had not been made available to audit by the District Secretariat.
- (b) Particulars on distribution of goods purchased by spending Rs.479,450 on 31 December 2014 and out of that, the bill for the sum of Rs.449,450 as well had not been made available to audit by the Divisional Secretariat, Monaragala.
- (c) The Divisional Secretariat, Monaragala had not included 160 liters of fuel in Running Charts, valued for a total of Rs.19,424 issued in 4 instances in August 2014 for the water bowser belonging to the Ministry of Disaster Management.
- (d) The Divisional Secretariat, Monaragala had purchased sports equipment by spending Rs.1,000,000 from a certain private firm on 31 December 2014 for the distribution of sports items for sports clubs under the decentralized budget programme - 2014. Particulars on receipts and issues of relevant items and remaining undistributed sports items, had not been made available to audit.

3.2 Replies to Audit Queries

Replies to 02 Audit queries issued in the year under review to the District Secretariat, Monaragala had not been furnished even by 31 March 2015 and the value of quantifiable transactions relating to those audit queries amounted to Rs.5,466,980.

3.3 Appropriation Account

3.3.1 Utilization of Provisions Granted by other Ministries and Departments

The following deficiencies were revealed at the audit test checks carried out in respect of utilization of provisions granted to the District Secretariat for various purposes by other Ministries and Departments.

- (a) The following observations are made in respect of utilization of provisions received from the Ministry of Economic Development.
- (i) Provisions amounting to Rs.1,450,000 had been sent to the Monaragala District Secretary on 01 December 2014 to provide buffet sets, equipment for maternity clinics, sewing machines and Hayspray liquid sprayers for 02 women's societies under the Regional Development Programme in the year 2014. That programme had not been implemented through the Divisional Secretariats and Rs.1,447,800 out of the provisions had been paid on 31 December 2013 to the Secretary to the Ministry of Health, Indigenous Medicine, Probation and Child Care of the Uva Provincial Council.
 - (ii) A total of Rs.37,712,454 had been spent to purchase materials and 113,278 units of equipment by 09 Divisional Secretariats in the years 2012, 2013 and 2014 for distribution under various programmes by the provisions of the Ministry. Those materials and equipment had been stored in the

Divisional Secretariats even by 31 December 2014 without distributing to the beneficiaries.

- (iii) Fence posts and equipment had been purchased by spending Rs.5,411,832 on 31 December 2014 to erect electric fence from Kumbukkana Degal Aramba to Magal Road of the Divisional Secretariat, Monaragala. Those constructions had not been commenced even by 25 March 2015. Even though the approval of the Department of Forest Conservations should be obtained before constructing the electric fence, a request thereon had been made on 13 March 2015. As such, purchases had been made even before obtaining the approval for constructions.
- (iv) The Divisional Secretariat, Monaragala had awarded a contract for Rs.1,485,990 to a certain Farmers' Organization on 09 September 2014 to implement the Raththanapitiya Water Scheme under the Gama Neguma Special programme and Ek Gamakata Ek Wedak Programme – 2014. A sum of Rs. 1,267,567 had been paid for that by 26 March 2015 and out of it, a sum of Rs. 1,220,000 had been paid by the Farmers' Organization to the society which implements the water project for purchasing water pipe accessories and a water pump. Even though the purchase of these water pipe accessories and water pump should be made by the Divisional Secretariat, those had been purchased by the society which implements the project and the water project had not been implemented even by the date of audit.
- (v) The Divisional Secretariat, Monaragala had awarded a contract for Rs.980,465 to a certain Farmers' Organization on 01 August 2014 to complete the remaining work of the Hulandawa South Drinking Water Project under the Ek Gamakata Ek Wedak Programme in the year 2014. A sum of Rs.799,919 had been spent therefor by 25 March 2015, the date of audit. A sum of Rs.256,500 had been estimated for 90 water meters at a rate of Rs.2,850 to purchase and fix a water meter by the Divisional

Secretariat. However, the contractor had purchased one water meter at the rate of Rs.2,450 and 56 water meters had not been fixed by 25 March 2015.

- (vi) The Divisional Secretariat, Monaragala had paid a total of Rs.89,163 by 31 December 2014 for work in progress of 03 works under 03 programmes.
- (vii) The Divisional Secretariat, Katharagama had paid a sum of Rs.3,790,162 to the National Water Supply and Drainage Board by 31 December 2014 under the Palath Neguma Programme in the year 2014 for extension of water pipes for the Wallimathagama village. The relevant works had not been fulfilled even by 23 March 2015, the date of audit.
- (viii) The Divisional Secretariat, Kataragama had spent a sum of Rs.2,334,090 in December 2014 from the National Secretariat for Elders to implement two works. That amount had been retained in the Deposit Account even by 23 March 2015, the date of audit without commencing the relevant works.
- (ix) The Divisional Secretariat, Monaragala had received a sum of Rs.80,000 from the Ministry of Buddha Sasana and Religious Affairs on 04 April 2013 and 04 October 2013 to implement 02 projects. That amount had been retained in the Deposit Account even by 26 March 2015 without fulfilling the relevant purpose.
- (x) The sum of Rs.20,000 provided to the Divisional Secretariat, Madulla to be granted to 02 temples by the Ministry of Buddha Sasana and Religious Affairs, had been returned to the Ministry on 28 January 2015 without paying to the relevant Viharasta Dayaka Sabha.
- (xi) Materials and 02 units of equipment valued at Rs.16,550 purchased from the provisions granted by the Ministry of Official Languages and Social Integrity in the year 2014 by the Divisional Secretariat, Thanamalwila had

been retained in the Divisional Secretariat without distributing to the relevant beneficiaries.

3.4 General Deposit Account

The following observations are made.

- (a) Action had not been taken in terms of Financial Regulation. 571 on deposits valued at Rs.27,569,509 which had exceeded 2 years.
- (b) A sum of Rs.300 million had been received to set up a revolving fund for the production of grains in terms of Letter No. PF/FD/04/148 of the Director General of Public Finance of 31 October 2014 and that amount had been retained in the Deposit Account. It had remained as an inactive deposit even by 20 April 2015, the date of audit without taking action in terms of the provisions mentioned in the Letter of the Director General.
- (c) The cheque valued at Rs. 204,780 issued to the Ceylon Electricity Board on 04 December 2014 for electricity expenses of the opening ceremony of the District Secretariat, Monaragala had been cancelled and retained in the General Deposit Account on 27 December 2014. That deposit had not been settled even by 20 April 2015, the date of audit.

3.5 Reconciliation Statement on Advances to Public Officers Account

As per reconciliation statement of Item No. 27701, Advances to Public Officers Account as at 31 December 2014, the outstanding balances aggregated to Rs.6,244,107. Even though those outstanding balances had been existing for a period from 01 to 05 years, the District Secretariat had failed to recover those outstanding loan balances.

3.6 Assets Management

The following deficiencies were observed at the audit test check carried out in respect of assets of the District Secretariat, Monaragala.

(a) Idle and Underutilized Assets

It was observed during the audit test check that certain assets had remained idle or underutilized as categorized below.

Type of Assets	Number of Units	Period Remained Idle or Underutilized
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		Years
(i) Lands(Hectares)	0.34	05
(ii) Buildings	04	02 to 09
(iii) Motor Vehicles	07	10 to 20
(iv) Machinery	01	02

(b) Unsettled Liabilities

Unsettled liabilities existing from a period less than one year as at 31 December 2014 by the District Secretariat amounted to Rs.355,177.

3.7 Non-compliances

Non-compliance with Laws, Rules, Regulations etc.

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

Reference to Laws, Rules and Regulations	Value	Non-compliance
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	Rs.	
(a) Establishments Code of the Democratic Socialist Republic of Sri Lanka		

Section 5.4.1 of Chapter XIX	117,634	Housing rent had been under recovered by the Divisional Secretariat, Bibila from the year 2010 to January 2014 for occupying the official quarters of the Accountant.

(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

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| (i) Financial Regulation 138(8) | 116,375 | The Divisional Secretariat, Kataragama had made payments for 03 incomplete vouchers for which bills had not been submitted in the year 2014. |
| (ii) Financial Regulation 237 | 1,034,933 | Payments had been made by the Divisional Secretariats of Monaragala and Kataragama for purchasing without stock certificates. |
| (iii) Financial Regulations 137, 138, 139 and 237 | 9,706,800 | Ninety one cheques had been issued for incomplete transactions by 31 December 2014 by 05 Divisional Secretariats of Monaragala, Kataragama, Thanamalwila, Buttala and Medagama and those cheques had been retained even by 31 March 2015, the date audit without handing over to the payees. |

(c) Public Administration Circulars

- | | | |
|--|--------|---|
| Paragraph II of the Letter No. EST/07/TRAVEL/06/3030 of the Director of Establishments of 29 June 2011 | 23,000 | Combined allowances had been paid to the Accountant of the Divisional Secretariat, Sevanagala for acting in the post of Accountant of the Divisional Secretariat, Kataragama. |
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(d) Circulars of the Secretary to the President

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| Letter No PC/MD/PR/2013 dated 05 July 2013 of the Secretary to the President | - | Even though steps should be taken to dispose of old vehicles and machinery being decayed without use within 3 months, no such action had been taken on 3 motor |
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vehicles of the Divisional Secretariat, Madulla.

3.8 Implementation of Projects by Domestic Finance

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

(a) Abandonment of Projects without Completion

Four Divisional Secretariats had commenced 37 projects in the year under review, estimated for a total of Rs.274,046,001 and abandoned them after spending a total of Rs.10,765,959. Details are given below.

Divisional Secretariat	Number of Projects	Estimated Value	Expenditure as at 31 December 2014	Reasons for Abandonment
		Rs.	Rs.	
Madulla	25	266,079,847	10,128,575	Not mentioned.
Thanamalwila	01	240,760	72,000	Heavy rain
Wellawaya	02	548,391	-	Inadequate provisions.
Siyambalanduwa	09	7,177,003	565,384	Heavy rain.
				Abandonment of projects by the contractor, information of 04 projects had not been mentioned.
Total	37	274,046,001	10,765,959	

(b) Projects without Progress Despite making Provisions

The following observations are made.

- (i) Even though a total of Rs.781,131 had been spent in the years 2013 and 2014 by the Divisional Secretariat, Sevanagala for the Kovul Ara North Water Project, the project had not been implemented due to failure in obtaining the electricity for the relevant project even by 31 March 2015.
- (ii) Even though the Divisional Secretariat, Sevanagala had provided cement, Ramco sheets and reinforce steel bars by paying Rs.199,168 on 25 December 2014 under the special projects of the peoples' representatives in the year 2014 for the completion of remaining works of the Kovul Ara South pre-school building, it could not be roofed due to the difficulty for obtaining timber even by 30 March 2015.
- (iii) Even though the Divisional Secretariat, Sevanagala had paid a sum of Rs.69,925 on 31 December 2014 for providing 55 Asbestos sheets for the Aruna Early Childhood Development Centre, Katupilagama under special projects of peoples' representatives in the year 2014, only the foundation of the building had been laid by 30 March 2015.

3.9 Transactions of Contentious Nature

Certain transactions carried out by the District Secretariat were of contentious nature. Details on such several transactions revealed at the audit test checks are as follows.

- (a) Even though the generators for extra electricity had been supplied free of charge by the Ceylon Electricity Board for the Kataragama Esala Festival from the year 2009 to the year 2012, the District Secretariat had paid a sum of Rs.4,143,354 to the Electricity Board for the supply of generators in the year 2013 and 2014.

- (b) An overpayment of Rs.294,180 had been made to the Ceylon Electricity Board in the year 2014 than the year 2013 for the supplying of 04 generators of the same type.
- (c) Even though a sum of Rs.1,406,511 had been paid as labour charges for 4 generators in the year 2014, particulars in respect of the number of labourers engaged and quotations had not been made available to audit.
- (d) An overpayment of Rs.62,342 had been made for using 530 liters of fuel for 4 generators in the year 2013 and action had not been taken to recover that amount from the relevant parties.
- (e) The official quarters belonging to the District Planning Secretariat had been provided to maintain a shoe manufacturing factory without an approval of the Secretary to the Ministry or the District Secretary or without signing a rental agreement. A monthly economic rent of Rs.1,200 had been assessed for this official quarter on 08 March 2010 and as such, action had not been taken to recover a total of Rs.22,800 from September 2013 to March 2015.
- (f) A total of Rs.3,970,205 had been spent from the Head of the District Secretariat and the Head of the Ministry of Economic Development as Rs.272,471 and Rs.3,697,734 respectively for the opening ceremony of the District Secretariat Monaragala. Even though items for the ceremony had been hired and spent a sum of Rs.3,190,600, a proper bidding had not been carried out thereon.

3.10 Transactions in the Nature of Financial Misappropriations

A sum of Rs.14,497,572 had been released for the payment of benefits of the Samurdhi Social Security Fund by the District Samurdhi Office of the Divisional Secretariat, Monaragala during the period from the year 2007 to September to 2013. A financial fraud had been carried out by falsely mentioning that a sum of Rs.4,659,980 had been paid out of the released amount mentioning the names of different beneficiaries.

3.11 Losses and Damage

Action had not been taken to refer to the District Mechanical Engineer and obtain a report in respect of the crack in the chassis in the Cab owned by the Divisional Secretariat, Monaragala and to carry out a relevant inspection thereon.

3.12 Uneconomic Transactions

Details of transactions entered into uneconomically as revealed in the audit test checks are as follows.

- (a) Purchases of 4,728 coconut saplings had been made in March and April in the year 2014 from the Coconut Development Board for distribution in 04 Grama Niladhari Divisions, of the Divisional Secretariat Division, Monaragala. Follow up action on the distribution of those coconut saplings had not been carried out even by 12 August 2014.

- (b) A sum of Rs.26,790,000 had been paid to a certain marketing firm for 5,700 packets of maize seeds of 5 kg under the project of providing maize seeds on a subsidy of 60 per cent to the farmers of the area of authority of the Madulla Agrarian Services. Beneficiaries contribution of Rs.4,965,080 had not been recovered even by 29 April 2015 due to failure in distributing 2,641 packets of maize seeds of 5 kg. Those packets of seeds were due for expiry in June 2015. As such, the total expenditure of Rs.12,412,700 paid by the Government for 2,641 packets of seeds had been an uneconomic expenditure.

3.13 Unresolved Audit Paragraphs

Reports of the Auditor General from the year 2005 to year 2010 were discussed at the Committee on Public Accounts held on 23 April 2013. Action had not been taken to implement the decisions and recommendations of the Committee even by the end of the year under review.

3.14 Management Weaknesses

The following weaknesses were observed at the audit test checks.

- (a) Even though the amount receivable to the District Secretariat for payment of salaries in the year 2014 to two substitute watchers serving in the Monaragala Food Store attached to the District Secretariat, Monaragala of the Food Commissioner's Department amounted to Rs.586,044, the amount received from the relevant Department was Rs.398,432. As such, the sum of Rs.187,612 receivable from the Food Department had not been received even by January 2015.

- (b) Compensation amounting to Rs.6,686,850 payable for 24 blocks of lands in the acquisition of lands for the Muthukandiya Project in the Siyabalanduwa Divisional Secretariat Division had not been paid even by 19 November 2014, the date of audit.

- (c) There were 15 lessees for whom lands had been leased out on long term lease in the Siyabalanduwa Divisional Secretariat Division. A total of tax amounting to Rs.7,906,397 had not been recovered as a tax totalling Rs.7,875,397 from 15 June 1995 up to 20 November 2015 and a tax of Rs.31,000 from 31 March 2005 up to 01 November 2014 from one lessee.

- (d) Action had not been taken to recover a loan balance of Rs.6,232,493 by 31 December 2014 out of the loans granted to beneficiaries from the year 2007 up to year 2013 under the Samurdhi Livelihood Revolving Credit Programme by 06 Divisional Secretariats.

3.15 Human Resources Management

Approved Cadre and Actual Cadre

The position of cadre as at 31 December 2014 appears below.

Category of Employees	Approved Cadre	Actual Cadre	Vacant
(i) Senior Level	41	28	13
(ii) Tertiary Level	28	02	26
(iii) Secondary Level	744	633	111
(iv) Primary Level	110	105	05
Total	923	768	155

The following observations are made.

- (a) Action had not been taken by the District Secretariat to fill 155 vacancies by the end of the year under review.
- (b) Grade III officers of the Sri Lanka Administrative Service had been appointed as Divisional Secretaries in 07 Divisional Secretariats, out of the 11 Divisional Secretariats on the basis performing duties.
- (c) The post of Assistant Commissioner of Samurdhi had been vacant from the year 2014 and this post which is named as the post of Director Divineguma at present as well, had been vacant even by 10 April 2015, the date of audit.
- (d) The post of Assistant Land Commissioner of the District Secretariat, Monaragala had been vacant from nearly 03 years.
- (e) All 04 posts of Divisional Secretary, Assistant Divisional Secretary, Accountant and Administrative Officer of the Divisional Secretariat, Kataragama had been vacant and officers had been deployed therefor on acting basis and the basis of performing duties.
- (f) In addition to the approved cadre, one officer of senior level, 06 officers of tertiary level and 443 officers of secondary level had been deployed by 31 December 2014 in the District Secretariat and all Divisional Secretariats under other Ministries.