

## **Report of the Auditor General on Head 260 - District Secretariat Nuwara Eliya –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 the Head appear from paragraph 3 onwards.

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

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- (a) Nuwara Eliya
- (b) Ambagamuwa
- (c) Walapane
- (d) Kotmale
- (e) Hanguranketha

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

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The audit of the Appropriation Account and the Reconciliation Statements including the financial records, reconciliation statements, books, registers and other records of the District Secretariat, appearing in paragraph 1 above 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 19 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

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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 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. 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

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### 2.1 Appropriation Account

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#### (a) Total Provision and Expenditure

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The total net provision made for the District Secretariat amounted to Rs.423.3 million and a sum of Rs.375.0 million out of that had been utilized by the end of the year under review. Accordingly, a sum of Rs.48.3 million or 11 per cent of the net provision had been saved. Details appear below.

Expenditure	As at 31 December 2014			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	378.65	332.25	46.40	12.25
Capital	44.65	42.72	1.93	4.32
Total	423.30	374.97	48.33	11.42

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

Twenty two other Ministries and 16 Departments had made available provision totalling Rs.3,042.86 million comprising Rs. 2,604.37 million and Rs.438.51 million for various activities. Out of that provisions amounting to Rs.2,542.76 million comprising Rs.2,119.81 million and Rs 422.95 million respectively had been utilized. Provisions made by one Ministry to the District Secretariat had been utilized by exceeding Rs. 2.23 million. Out of the provisions made by other Ministries and Departments, provisions of Rs.502.33 million had been saved.

**2.2 Advances Account**

**2.2.1 Advances to Public Officers Account**

**Limits Authorized by Parliament**

The limits authorized by the Parliament for the Advances to Public Officers Account relating to the District Secretariat and the actual values are given below.

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
26001	30.00	29.19	19.00	19.50	105.72	74.87

### **2.3 Imprest Account**

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The balance of the Imprest Account of the District Secretariat as at 31 December 2014 amounted to Rs.13.48 million.

### **2.4 General Deposit Account**

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The balances of the General Deposit Account of the District Secretariat as at 31 December 2014 totalled Rs.233.89 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 the Appropriation Account and the Reconciliation Statements of the District Secretariat had been prepared satisfactorily subject to the audit observations appearing in the Management Audit Report referred to in paragraph 1.1. The material and important observations out of the observations included in those Management Audit Reports appear in paragraphs 3.1 to 3.15 herein.

## **3. Head 260 – Nuwara Eliya District Secretariat**

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### **3.1 Non-maintenance of Registers and Books**

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It was observed during the course of test checks that the District Secretariat had not maintained the following registers.

Type of Register	Relevant Regulation	Observations
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Register of Fixed Assets	Treasury Circular No. 842 of 19 December 1978.	Not maintained
Register of Assets on Computer, Accessories and Software	Treasury Circular No. 1A1/2002/02 dated 28 November 2002.	Not maintained

### **3.2 Lack of Evidence for Audit**

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Payments had been made by using Special Standard Rates instead of Building Standard Rates for the contract of partition of the assembly hall of the District Secretariat and analysis of rates relating to the payment of Rs. 4,832,561 had not been made available to audit.

### **3.3 Replies to Audit Queries**

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Replies to 11 audit queries issued in the year under review and 07 audit queries issued in the preceding years to the District Secretariat had not been presented even by 31 March 2015 and the value of quantifiable transactions relating to those audit queries amounted to Rs.67,187,478. Further, replies to 05 audit queries had not been presented by 20 July 2015 and the value of quantifiable transactions relating to those audit queries amounted to Rs.14,149,182.

### **3.4 Appropriation Account**

#### **3.4.1 Budgetary Variance**

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The following observations are made.

- (a) Excess provisions had been made for 04 Objects and as such the savings after the utilization of provisions ranged between 05 per cent and 62 per cent of the net provisions relating to those Objects.
- (b) Reasons given for the savings after the utilization of net provisions relating to 06 Objects could not be accepted.
- (c) Payments for the value of the asset purchased by spending Rs. 122,080 had been made use of two Objects to avoid exceeding of Objects by a Divisional Secretariat.

### **3.4.2 Provision made available by other Ministries, Departments and Offices**

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Provisions had been made by other Ministries, Departments and Offices to the District Secretariat for various purposes and the following deficiencies were observed during the audit test checks carried out in respect of the utilization of those provisions.

- (a) Capital provisions amounting to Rs. 1,969,281,924 had been granted by the Ministry of Economic Development to the Nuwara Eliya District Secretariat for constructions of the district and out of that, a sum of Rs. 1,572,947,967 had been spent to implement 3,430 projects within the area of authority of five Divisional Secretariats. However, out of that total provision, a sum of Rs. 396,333,957 or 20 per cent had not been utilized by the end of the year under review. Out of 3,430 projects so implemented, 525 projects had been continued by the end of the year.
- (b) Constructions of 14 multipurpose buildings valued at Rs. 16,012,478 commenced in the year 2014 had not been completed even by 30 April 2015 due to awarding contracts without examining previous reports of societies which do not have an adequate financial asset.
- (c) Even though the work with an estimated value of Rs. 490,000 for the development of three wheeler park in Meraya City implemented by the Nuwara Eliya Divisional Secretariat should be completed by 31 December 2014, a part of 40 metres out of that had not been completed even by 20 May 2015, the date of audit.
- (d) Even though the motor vehicle yard had been constructed in the access to the Hanguranketha tank by spending Rs. 990,000 by the Hanguranketha Divisional Secretariat, the expected objective of the project had not been fulfilled due to failure in parking more than three motor vehicles in the motor vehicle yard.
- (e) It was observed in the audit test check carried out in respect of 469 projects implemented by spending a total of Rs. 127,569,526 in the year under review that concrete mixtures of 1:2:4, 1:2 1/2:5 and 1:3:6 had been used and no laboratory

tests whatsoever had been carried out in respect of the accuracy of the standard of those mixtures.

- (f) As the gap between posts of the building of the Mungwatte Community Hall of the Walapane Divisional Secretariat constructed with an estimated value of Rs.1,964,000 without an approved plan of an engineer, stood at 22 feet, the concrete layer had sunk down in the middle.
  
- (g) Laying of concrete for the work estimated for a sum of Rs. 597,054 for the construction of a bridge of the road that runs beside the Harangala Agrarian Services Centre without an engineering plan by the Kotmale Divisional Secretariat had not been carried out in the proper standard.
  
- (h) A sum of Rs.1,333,951 had been paid for the interlock paving blocks used for 03 roads constructed by the Nuwara Eliya Divisional Secretariat without confirming their standard through a laboratory test.
  
- (i) Construction of Rikillagaskada Trade Complex had been estimated for a sum of Rs. 1,980,000 by the Hanguranketha Divisional Secretariat. The following observations are made in this connection.
  - (i) Posts of 1' x 1' made using 6 iron rods of 16 mm and posts of 9'x 9' made using 4 iron rods of 16 mm had been used in the area with slopes and beside the road respectively, not complied with the engineering technology.
  
  - (ii) The constructed beams had curved and the concrete mixture of posts had not been in the standard of 1:2:4.
  
  - (iii) Bills for Rs. 555,964 had been approved by 31 December 2014 by submitting false reports that the walls of cement blocks of 384.6 square metres had been built and 70 square metres had been plastered.
  
  - (iv) Even though concrete valued at Rs. 240,560 had been used for constructions, it had not been properly mixed and crushed.
  
- (j) Even though the works of laying concrete blocks on the Ambagamuwa Badupola Miriyagaha Road had been constructed by spending a sum of Rs. 198,000, that road had been completely sunk.

- (k) The Nuwara Eliya Divisional Secretariat had stated that the Kumwood Road Development Project had been successfully completed on 31 December 2014 and a sum of Rs. 1,967,525 paid to the contractor. The road had been in a dilapidated position by 20 May 2014, the date of audit.
- (l) The Ambagamuwa Divisional Secretariat had concreted the Lakshapana Pomshut Road leading to a private house by spending a sum of Rs. 297,000.
- (m) The Nuwara Eliya Divisional Secretariat had spent a sum of Rs. 519,058 for the works of laying interlock paving blocks on Edirisinghe Mawatha. Interlock paving blocks which had failed in the standard test had been used for this purpose.
- (n) Payments had been approved by the Divisional Secretariat by preparing bills for the estimated value of Rs. 1,980,000 for the works of laying paving blocks and developing the Hanguranketha Lake footpath which was not completed even by 02 April 2015.
- (o) Even though the works of the Ambagamuwa Badupola Miriyagahamula Road should be carried out using paving blocks of 20 mm according to the agreement, an estimate value of Rs. 1,057,222 had been paid despite using paving blocks of 27.5 mm
- (p) A sum of Rs. 388,000 had been spent for the works of developing the short cut which runs from Ambagamuwa Wellatenna to Polpitiya. Even though paving blocks of 20 mm should be used for developing that road, blocks of 37.5 mm had been used.
- (q) A sum of Rs. 127,780 had been paid for the project of developing the road of 1302 metres of the lower section of Mahapathana of the Ambagamuwa Divisional Secretariat. Only 657 metres of that road had been constructed and it had been completed with deep slopes that no motor vehicle whatsoever could be made to run on the road.
- (r) An overpayment of Rs. 218,948 had been made by preparing false measurement reports for laying concrete for the works of developing the footpath of the Agarakanda section of Lindula of the Nuwara Eliya Divisional Secretariat.



- (s) Even though removing of soil from the Blackwater Canal of the Ambagamuwa Divisional Secretariat had been carried out using machines, a sum of Rs. 156,876 had been paid despite presenting false information that a part of it had been fulfilled using human labour.
- (t) Despite differences between the measurements mentioned in the survey plan of the project for constructing the protective wall of the lake entrance implemented by the Hanguranketha Divisional Secretariat and the measurements physically observed, a sum of Rs. 990,000 had been paid without confirming the accuracy of those measurements.
- (u) A payment of Rs. 5,454,000 had been made based on false laboratory reports obtained after the completion of contracts for works of laying interlock paving blocks of 04 works of the Nuwara Eliya Divisional Secretariat and the Hanguranketha Divisional Secretariat.
- (v) A sum of Rs. 864,000 had been paid for laying 743m<sup>2</sup> of interlock paving blocks for the works of developing the Hanguranketha lake footpath. However, only 395m<sup>2</sup> of interlock paving blocks had been laid.
- (w) A sum of Rs. 990,000 had been spent for the construction of Ambagamuwa Waggama Community Hall. Differences between the measurements mentioned in the bill submitted thereon and the measurements physically obtained existed and payments had been made without confirming the accuracy of those measurements.
- (x) A total sum of Rs. 5,140,000 had been spent for 8 projects of laying concrete on roads by the Ambagamuwa Divisional Secretariat. Payments had been made without confirming at the test carried out in respect of those 08 roads through laboratory tests that the concrete laid on roads had been up to the proper standard.
- (y) It had been estimated for the construction of buildings using cement blocks with the SLS Standard Certificate in the Divisional Secretariats of the district.

Cement blocks without a standard certificate had been used for the construction of 13 buildings estimated for a total of Rs.15,012,138 and payments had been made thereon.

- (z) The Nuwara Eliya Divisional Secretariat had paid a sum of Rs. 6,004,962 based on reports on laboratory researches submitted by the contractor himself in respect of cement blocks provided by him relating to 12 constructions.
- (aa) Items of works such as filling of soil, erecting a hand rail and laying interlock paving blocks on the road of the construction work of the bridge of the footpath of the Hanguranketha Lake, had been estimated for a sum of Rs. 1,227,016 considering as one item.
- (bb) A sum of Rs. 105,688 had been paid for incomplete concrete works of laying interlock paving blocks and developing the footpath of the Hanguranketha Lake.
- (cc) Mungwatte Community Hall of the Walapane Divisional Secretariat had been constructed on a land with deep slopes and the approval thereon had not been obtained from the National Building Research Organization. The relevant contractor had not carried out that construction even by 30 June 2015 in accordance with the recommendations made by the National Building Research Organization in the year 2015.
- (dd) The 02 Divisional Secretariats of Nuwara Eliya and Hanguranketha had divided 07 contracts valued at Rs.30 million into 17 portions so as not to exceed Rs.2 million and awarded to the registered societies.
- (ee) Four Divisional Secretariats had awarded the contracts of 2,608 projects valued at Rs.1,084,399,860 to the approved societies (without a recommendation of the Committee) contrary to the Guideline 3.9.1 of the Government Procurement Guidelines.

- (ff) The contracts of 02 projects valued at Rs. 1,980,000 of the Nuwara Eliya Divisional Secretariat had been awarded to the societies with a financial asset less than Rs.20,000 and as such, those contracts had been continued by the contractors due to failure in completing them during the contract period.
- (gg) Even though provisions for the payment of compensation and gratuities to the resigned employees should be made by the Divineguma Development Department after its establishment in terms of Sub section 44 (e) (i) of the Divineguma Act, No.1 of 2013, payments for 49 officers/employees had been made from the collected amount totalling Rs.44,989,431 in societies by February 2015. That amount had not been reimbursed even by 28 February 2015 and an interest of Rs.195,989 had been deprived of to the Community Based Societies by 28 February 2015 due to withdrawal of fixed deposits for the above payment.
- (hh) According to the agreement entered into between the Makuruppa Samurdhi Bank affiliated to the Divienguma Head Office and the Maha Sangam of the Hanguranketha Divisional Secretariat on 09 August 2001, a loan amounting to Rs.500,000 at the rate of Rs. 100,000 had been granted to 05 persons for activities of sales projects without an agreement. Nevertheless, that amount had not been recovered even by 31 December 2014.
- (ii) Salaries of Rs. 1,785,530 had been paid during the period 2010 to 2014 to a people's representative who had not served and two officers who are serving at present, attached by the Ministry of Economic Development to the Planning Division of the District Secretariat.
- (jj) A sum of Rs. 64,707,500 had been paid from the savings of recipients of subsidies of Divineguma Community Based Bank Sangam to 25,883 Divineguma recipients of subsidies under the 05 Divisional Secretariats of the Nuwara Eliya District in terms of the Circular No.2014/11 of 30 October 2014 of the Director General of the Divineguma Development Department. Those payments had not been reimbursed even by 30 January 2015. Action had not

been taken to pay a sum of Rs.30,055,000 payable for another 12,022 recipients of subsidies even by 28 February 2015.

- (kk) Four hundred and fifty four items of goods purchased on 06 March 2014 by sending Rs. 7,216,459 from the provisions granted by the Ministry of Livestock and Rural Community Development had not been distributed to the people even by January 2015.
- (ll) Even though the objectives and targets of the commencement of Diriya Matha Accounts should be fulfilled in accordance with the Circular Letter No. 24 of operating instructions of Bank Sangam issued by the Bank Financial Activities Division of the Sri Lanka Samurdhi Authority, a sum of Rs. 2,514,911 existed in the Diriya Matha Account of the Hanguranketha Divisional Secretariat, had remained idle even by 31 March 2015. Out of 4,807 accounts, only 214 accounts had been activated after having been pointed out by the audit thereon.
- (mm) Shares and deposits totalling Rs. 18,821,457 in 10 Hanguranketha Community Based banks had remained idle even by 31 March 2015. Out of 13,573 accounts, only 330 accounts had been activated after having been pointed out by the audit thereon.
- (nn) The following observations are made at the audit test checks carried out in respect of Divineguma Livelihood and Dorin Dorata Gamin Gamata Development Programmes – 2014.
  - (i) Provisions of Rs.4,066,500 had been granted to the Nuwara Eliya Divisional Secretariat for carrying out this project. It had been identified to spent a sum of Rs.4,052,137 to implement the various types of 18 projects of 184 persons. That amount had been retained in the Divineguma Community Based Banks without utilizing for carrying out those projects even by 15 April 2015.
  - (ii) Various types of 567 projects had been identified to implement by spending Rs.14,982,250 granted to the Kothmale Divisional

Secretariat. Out of that, a sum of Rs.3,465,265 had been paid to the external institutions for purchase calves, kids and chicks by 31 December 2014. Nevertheless, those animals had been given to the relevant beneficiaries in May 2015 after a delay of 05 months.

- (iii) Even though 11 cheques valued at Rs.3,088,480 had been written in favour of the 06 Divineguma Community Based Banks and brought to account as an expenditure in the Object on 31 December 2014, that amount had not been paid to the beneficiaries.
- (iv) A sum of Rs.497,500 had been paid on 31 December 2014 to the National Aquaculture Development Authority of Sri Lanka for release fingerlings to the Kothmale Reservoir. However, fingerlings valued at Rs.35,218 had not been released to the reservoir even by 30 June 2015.
- (oo) Ten projects of providing materials valued at Rs.700,000 which should be implemented under the decentralized budget - 2014 of the Nuwara Eliya Divisional Secretariat, had not been implemented even by 24 March 2015.

### **3.5 Imprest Accounts**

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The unsettled imprest balances of the District Secretariat as at 30 April 2015 totalled Rs.791,693. That balance existed since the year 2012.

### **3.6 General Deposit Account**

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The following observations are made.

- (a) Action in terms of Financial Regulation 571 had not been taken in connection with 376 deposits totalling Rs.16,523,869 (except land deposits) older than 02 years.
- (b) The deposit ledger had not been balanced in terms of Financial Regulation 565(3) and a list of individual balances had not been prepared.

- (c) The summary of balances of the accounts in the Deposit Ledger by preparing the Balancing Account in a manner showing the constituents of its balance at the end of the Deposit Ledger in terms of Financial Regulation 565(3) had not been made available to the Auditor General before 15<sup>th</sup> day of the following month.
- (d) Deposits had not been classified in terms of Financial Regulation 569.
- (e) A difference of Rs. 31,679,147 had existed between the balance of the General Deposit Account shown in the Appropriation Account and the total of the balances of the General Deposit Accounts prepared and submitted to audit by each Divisional Secretariat.

### **3.7 Reconciliation Statement on Advances to Public Officers Account**

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The following deficiencies were observed at the audit test check carried out in respect of the Reconciliation Statement of the Advances to Public Officers Account, Item No. 26001 as at 31 December 2014.

- (a) According to the Reconciliation Statement, the total outstanding balances as at that date amounted to Rs. 534,673. Even though those outstanding balances existed for a period ranging from 01 year to 08 years, the follow up action recovery of those outstanding balances were in a weak position.
- (b) An age analysis in respect of outstanding loan balances had not been prepared in terms of Public Enterprises Circular No.96 of 10 August 1994.
- (c) An unidentified balance of Rs. 387,507 had existed in the Ambagamuwa Divisional Secretariat.

### 3.8 Assets Management

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The following deficiencies were observed at the audit test check carried out in respect of assets in the District Secretariat and in five Divisional Secretariats.

#### (a) Idle and Underutilized Assets

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It was observed in audit test checks that certain assets categorized as follows had remained idle or underutilized.

	<b>Category Assets</b>	<b>of Number of Units</b>	<b>Period of Lying or Underutilized</b>
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			Years
(i)	Buildings	01	07
(ii)	Machinery	02	More than 05

- (iii) A stock of saucepans received for distribution among people who were affected by disasters of the Walapane Divisional Secretariat Division, had been stored since many years and the particulars in respect of the year received, from whom and the amounts received had not been made available to audit.
- (iv) Even though the goods valued at Rs.6,492,474 purchased during the years 2013 and 2014 under the various projects implemented in the Ambagamuwa Divisional Secretariat Division should be completed distribution before 31 December of the relevant year, they had been stored in the stores and office premises in an unprotected manner.
- (v) Even though equipment valued at Rs.6,698,008 had been purchased for 264 works development projects of the Kotmale Divisional Secretariat, these goods had not been distributed to beneficiaries even up to 30 May 2015.

- (vi) Three units of goods valued at Rs.605,095 purchased in the year 2014 under the decentralized provisions and 02 units of goods valued at Rs.781,779 purchased in the year 2014 under the special projects of the people's representatives of the Nuwara Eliya Divisional Secretariat had not been distributed for the relevant beneficiaries even by 20 July 2015 and those goods had remained idle in the office.
- (vii) Seven items of goods valued at Rs. 774,646 purchased in the year 2014, 06 items of goods valued at Rs. 687,997 purchased in the year 2014 under the decentralized provisions and 530 water meters valued at Rs. 1,905,527 purchased during the year for the development of Scheme of Drinking Water under the Palathneguma Programme had been stored without distributing to beneficiaries up to 08 April 2015 by the Walapane Divisional Secretariat.

**(b) Assets given to External Parties**  
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The District Secretariat had released a building owned by the office since a period of 13 years to the Central Provincial Council.

**(c) Unsettled Liabilities**  
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The unsettled liabilities valued at Rs. 1,661,831 existing from a period less than one year had remained by 31 December 2014 by the District Secretariat. The following observations are made in this connection.

- (i) Commitments incurred had been exceeded by savings of Rs. 395,873 after utilization, out of the provisions made for 5 Objects contrary to the provisions cited in the Financial Regulation 94.
- (ii) Commitments totalling Rs. 159,755 relevant to 05 instances had not been mentioned in the Appropriation Account.



### 3.9 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 analysed below.

<b>Reference to Laws, Rules, Regulations etc.</b>	<b>Value</b>	<b>Non-compliances</b>
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	Rs.	
(a) Establishments Code of the Democratic Socialist Republic of Sri Lanka ----- Section 4.1 of Chapter VIII	10,642	Overtime had been paid to 6 field officers.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka ----- (i) Financial Regulation 237	3,220,785	Thirty seven cheques written without special certificates attached for certification of vouchers had been retained in hand even by 12 March 2015.
(ii) Financial Regulation 1641	-	A cab belonging to the Ambagamuwa Divisional Secretariat had been parked idly in a private garage for a period of 5 years without taking action to repair and use after meeting with an accident on 19 May 2009.

### 3.10 Implementation of Projects by Domestic Financing

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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) **Projects Abandoned without Commencing**

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The following projects had not been commenced by 5 Divisional Secretariats under the District Secretariat.

<b>Divisional Secretariat</b>	<b>Number of Projects</b>	<b>Estimated Cost</b>	<b>Due Date for Commencement</b>	<b>Reasons for not Commencing</b>
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		Rs.		
(i)Nuwara Eliya	05	297,268,000	From 01.10.2014 to 15.10.2014	Failure in entering into agreements, vesting with the Local Authority and obtaining the approval of the District Secretary.
(ii)Kotmale	33	14,100,000	From 16.07.2014 to 22.12.2014	Technical issues, public protest, failure in commencing the project by the contractor, constructing the road, submitting estimates and revising the project by the political authority and inadequacy of provisions.
(iii)Walapane	21	4,600,000	From 10.01.2014 to 10.11.2014	Constructions carried out across a private land, failure in commencing the project by the contractor, not agreed to entering into agreements by relevant societies, not receiving the recommendations of the Regional Forest Officer and discontinue the distributions for the beneficiaries with the declaration of the Presidential Election.

(iv)Hanguranketha	15	6,575,000	The date 15.12.2014 had been indicated as the due date for commencement of 2 projects and dates for other projects had not been indicated.	The proposed land being risky, unfavourable weather, issues on the ownership of the place where the source of water is located, inadequacy of provisions required for the revised project due to revising the initial project and existence of the access road across a private land.
(v)Ambagamuwa	16	3,450,000	The date 11.04.2014 had been indicated as the due date for commencement of 2 projects and 11.11.2014 had been indicated for another project and commencement dates of 13 other projects had not been mentioned.	Inadequacy of provisions, implementation of the project for which the provisions had been made by another project and inability to obtain goods.
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Total	90	325,993,000		
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### 3.11 Irregular Transactions

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Certain transactions entered into by the District Secretariat had been devoid of regularity.

Certain such instances observed are as follows.

**(a) Deviation from the Government Procurement Guidelines**  
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The following observations are made.

- (i) The office premises of the Kotmale Divisional secretariat had not been transferred legally even by 30 September 2014 in terms of Guideline 2.3(c) of the Government Procurement Guidelines and two official quarters of that premises were under construction on an agreed value totalling Rs. 10,066,970 in the years 2013 and 2014.
- (ii) Two projects of partitioning of the assembly hall of the District Secretariat had been awarded to a contractor without calling bids on a contract value totalling Rs.5,719,200 contrary to the Guideline 3.5(a) of the Government Procurement Guidelines. The performance securities had not been obtained for this contract in terms of 5.4.8 and 5.4.9 of the Government Procurement Guidelines.

**3.12 Losses and Damage**  
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Observations on losses and damage revealed at the audit test checks are as follows.

- (a) A sum of Rs.41,259 had been overpaid by taking action to make repayments for 2 previous posts of the building under the Phase II of the construction of the top floor of the Ambagamuwa Divisional Secretariat.
- (b) Even though payments had been made for 8062.65 Kg of iron for the roof at the Phase II of the construction of the top floor of the Ambagamuwa Divisional Secretariat, only 7712 Kg of iron had been used and as such, a sum of Rs.96,250 had been overpaid.

**3.13 Unresolved Audit Paragraphs**  
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Reference for paragraphs which had not been rectified by the District Secretariat in respect of deficiencies pointed out by audit paragraphs included in the Auditor General's Reports relating to the District Secretariat is as follows.

**Reference for the Report of the Auditor General Terms of Reference**

<b>Year</b>	<b>Paragraph Number</b>	
2012	1.8.(a)VII	Irregular Transactions
2013	1.7.(a)I, II	Assets Management
2013	1.7 (c)	Assets Management
2013	1.8(a) V,II	Non-compliances
2013	1.14.III	Management Weaknesses

**3.14 Management Weaknesses**

The following weaknesses were observed during the audit test checks.

- (a) Advances granted on 04 April 2012 for the contract of construction of quarters of the Keepers of the circuit Bungalows of the Public Administration in Nuwara Eliya had not been settled even by 25 February 2015.
- (b) Over nine hundred and forty four per cent had been spent for repairs of official quarters of three staff grade officers of the District Secretariat than amount spent for repairs of the 66 quarters of the Public Service in the year 2014
- (c) Zinc Aluminum sheets had been used for the roof of the building in the work of the construction of the top floor of the Ambagamuwa Divisional Secretariat and as such, it was essential to use Mcfoil to minimize the heat. However, the roof had been completed without using Mcfoil. As such, it was observed that it was difficult to use it when there is a crowd in the building due to fixing windows that cannot be opened.
- (d) Even though an engineering unit had been maintained by spending a sum of Rs.193,840 per month, estimates for work of partitioning of assembly hall and

office premises on the ground floor of the District Secretariat had been prepared by the contractor who awarded the procurements.

- (e) Action had not been taken to write off or recover a loss of Rs.550,255 relating to 4 motor vehicle accidents occurred during a period from 5 to 26 years.
- (f) The value of 3 assets totalling Rs.129,720 had been overstated and out of the total value of 5 assets, a sum of Rs.95,000 had been understated in the Appropriation Account.

### 3.15 Human Resources Management

#### ----- Approved Cadre and Actual Cadre -----

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

Category of Employee	Approved Cadre	Actual Cadre	Number of Vacancies	Excess
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(i) Senior Level	29	19	10	--
(ii) Tertiary Level	15	12	03	--
(iii) Secondary Level	748	665	83	-
(iv) Primary Level	80	83	-	03
<b>Total</b>	<b>872</b>	<b>779</b>	<b>96</b>	<b>03</b>
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The following observations are made.

- (a) The District Secretariat had not taken action to fill 96 vacancies by the end of the year under review.
- (b) The post of Accountant had been vacant in 3 Divisional Secretariats out of 5 belonging to the District Secretariat as at 31 December 2014. It was observed that existence of vacancies in that post had directly affect the performance of the District Secretariat.