

Head -278- Report of the Auditor General of the District Secretariat, Rathnapura-2014

The general information on the accounts of the District Secretariat is included from Paragraph 1 to Paragraph 2 of this report and material and significant audit observations are stated from Paragraph 3.

1. Divisional Secretariats under the District Secretariat

| | | |
|------------------|----------------|-----------------|
| (a) Ayagama | (g) Kalawana | (m) Nivithigala |
| (b) Elapatha | (h) Kahawatta | (n) Pelmadulla |
| (c) Eheliyagoda | (i) Kiriella | (o) Balangoda |
| (d) Embilipitiya | (j) Kuruwita | (p) Rathnapura |
| (e) Imbulpe | (k) Kolonna | (q) Weligepola |
| (f) Opanayaka | (l) Godakawela | |

1.1 Scope of Audit

The Appropriation Account and Reconciliation Statements including the financial records, reconciliation statements, books, registers and other records of the Office of the District Secretariat, Ratnapura for the year ended 31 December 2014 were audited in pursuance of provisions of 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 Chief Accounting Officer of that Office on 04 June 2015. 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 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 is responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statements in accordance with provisions of Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions and the 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 Office of District Secretariat amounted to Rs.753 million and out of that, a sum of Rs.724 million had been utilized by end of the year under review. Accordingly, a sum of Rs.29 million equivalent to 4 per cent of the net provision had been saved. Particulars are as follows.

| Expenditure | As at 31 December 2014 | | | Saving, as a Percentage of net provision |
|--------------|------------------------|-------------|------------|--|
| | Net Provision | Utilization | Savings | |
| | Rs.million | Rs.million | Rs.million | |
| Recurrent | 584 | 578 | 6 | 1 |
| Capital | 169 | 146 | 23 | 14 |
| Total | 753 | 724 | 29 | 4 |

(b) Utilization of Provisions granted by other Ministries and Departments

The District Secretariat had been granted provision totalling Rs.5,227 million consisting of Rs.3,469 million and Rs.1,758 million by 27 other Ministries and 20 Departments for various activities respectively. A total sum of Rs.4,614 million of these provisions consisting of Rs. 2,940 million and Rs.1,674 million respectively had been utilized. Accordingly, a total sum of Rs.612 million consisting of Rs.529 million and Rs.83 million had been saved. The savings represented 0 per cent to 66 per cent respectively of the provision granted, to each Ministry and Department.

2.2 Advance Account

Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament and actual values of the Advances to the Public Officers Account of the District Secretariat were as follows.

| 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 |
| 27801 | 50 | 49 | 32 | 44 | 200 | 157 |

2.3 General Deposit Account

The balance of Rs.616 million existed in the Deposit Account bearing No.6003/0000/00/0054/0000/000 as at 31 December 2014.

2.4 Audit Observation

According to the financial reports and books for the year ended 31 December 2014, it was observed that except for the effects of the general observations appearing in paragraph 1.1 of the management audit report in respect of the Appropriation Account and the Reconciliation Statements of the District Secretariat, Ratnapura had been satisfactorily prepared. Material and significant observations out of the observations included in that management report are stated from paragraph 3.1 to paragraph 3.13.

3. Head 278 District Secretariat, Ratnapura

3.1 Appropriation Account

As overprovisions had been made for 03 Expenditure objects, the savings after utilization was 27 per cent of the net provision of those Objects.

3.2 General Deposit Account

The following observations are made.

- a) Action had not been taken in respect of 12 Deposits totalling Rs.599,532 which had lapsed over 02 years in 03 Divisional Secretariats in terms of Financial Regulations 571.
- b) Lists of all deposits had not been prepared as stated in Financial Regulations 570 at the end of each half- year, in accordance with Financial Regulations 571(1).

3.3 Reconciliation Statement on Advances to Public Officers Account

The following weaknesses were observed in the test examination carried out in respect of Reconciliation Statement as at 31 December 2014 on Advances to Public Officers Account bearing item No.27801.

- a) According to the Reconciliation Statement presented to audit, the outstanding balance as at that date totalled Rs.2,745,066. Out of that, the outstanding balance relating to a period over 02 years and not less than 05 years amounted to Rs.152,590. The District Secretariat had failed to recover the outstanding loan balance even by 31 December 2014.

- b) There was a difference of Rs.238, 090 between the debit balance of the books of the Department and the computer printouts of the Treasury by 31 December 2014 due to a false debit entry made by Technical Education and Training Department.

3.4 Assets Management

A land, 0.34 hectares in extent, the value of which had not been assessed owned by the Land Reforms Commission, had been used by the Divisional Secretariat, Elapatha since 1998.

3.5 Implementation of Projects under Domestic Financing

Instances of projects abandoned without commencing and projects abandoned without completion revealed are given below.

a) Projects abandoned without commencing

Four projects totalling Rs.884, 447 which had been planned to be commenced by the Divisional Secretariats in the year under review had not been commenced as construction work had been defaulted by the societies that had entered into agreement.

b) Projects abandoned without completing

Even though a project with an estimated cost of Rs.399,670 had been commenced by the Embilipitiya Divisional Secretariat, the project had been abandoned without being completed due to the inefficiency of the organization which had entered into the agreement.

3.6 Performance

The observations on the progress of the District Secretariat according to the Annual Budget Estimate and the Action Plan for the year 2014 are shown below.

Functions not executed adequately

The following deficiencies were observed at audit test checks.

- a) A sum of Rs.767,929 had been spent by the Kolonna Divisional Secretariat for the construction of road from the 14th Milepost to Nandanagama. The concrete layer had burst at 03 places of the constructed road and the strength of the applied concrete had been reduced at two other places.
- b) A Pavement had been built by spending a sum of Rs.25,248 at the Service Center at Weligepola, Panana. The whole area of smooth plaster was completely made hollow.
- c) A sum of Rs.177,863 had been spent on concreting the Weligepola, Lekamgoda Deiyanne Kumbura road. The granite applied to the concrete layer had been easily removed from the 1:3:6 (37.5 mm) concrete mixture applied onto that road not being up to the standard. The Executive Engineer of Balangoda had also informed in writing that the concrete compaction had been reduced in some places.
- d) The basis of selection of pre- schools were not explained to the audit with regard to the programme conducted from the provision received from the Children Secretariat to provide a glass of fresh milk to pre- school students in the areas of Balangoda, Imbulpe, Kalawana, Kolonna and Weligepola Divisional Secretariats. This relief had been provided for a very limited number of children as 30 per cent and 26 per cent in the years of 2013 and 2014 respectively, as compared with the total number of pre- school children of the respective administrative areas.

3.7 Transactions of Contentious Nature

An amount of Rs.510, 507 had been paid for work not done in 09 works conducted by Imbulpe, Kalawana, Weligepola, Kuruwita and Kolonna Divisional Secretariats.

3.8 Operating Inefficiencies

Disaster Relief Programmes had been conducted by the District Secretariat of Ratnapura by utilizing the provisions of the Ministry of Disaster Management. An amount totalling Rs.125,200 as the first installment to 06 beneficiaries by 04 Divisional Secretariats and an amount totalling Rs.190,000 as the second or third installments to three beneficiaries by 02 Divisional Secretariats had been given with the objective of renovation of houses damaged in 2012, out of those provisions. It was observed in audit that those provisions had not been utilized for any construction work.

3.9 Management Weaknesses

The following weaknesses were observed at audit test checks.

- (a) Lands, 5,765 hectares in extent had been acquired in the year 1997 for the main access road of the Kukuleganga Hydropower Project. A sum of Rs.1, 909,617 had been paid as compensation interest due to delay in the payment of compensation by 16 years. The District Secretary had informed to audit that compensation interest had to be paid due to the weak performance of a Board of the Government.
- (b) Eight Government Offices had been maintained within the building of the old Divisional Secretariat without entering into an agreement with the respective parties and without a specific agreement on the lease rental payable. Though it had been agreed to return one of those buildings, recognised to be owned by a Public Authority, to the relevant Authority by the end of the year 2013, it had not

been so done. However, the District Secretary had informed the audit that Ratnapura Divisional Secretariat had no legal right over that building.

3.10 Uneconomic Transactions

Information with regard to transactions entered uneconomically, revealed at sample audit test checks is shown below.

- a) Though a sum of Rs.151,136 had been paid for the construction of a flight of steps for a proposed Buddha Statue near Thangentenna Temple, the amount spent for the construction of the flight of steps had been fruitless as a Buddha Statue had not been placed on the proposed location.

- b) A sum of Rs.144, 250 had been uneconomical as construction work had been done more than the approved estimate without obtaining a proper approval in the construction of Udagama Wetakolalanda Road with a culvert.

3.11 Fruitless Expenditure

The Red Onion Seed Production Programme had been commenced in the year 2013 with the objective of expansion of Red Onion Plantation by actual seeds instead of bulbs as to make farmers earned a satisfactory income and to reduce the loss of red onion Plantation. Accordingly, it was expected to plant 7500kg of red onion bulbs and to produce 1500kg of actual seeds and to receive Rs.487, 500,000 worth 3,250,000kg of red onion harvest by those seeds by planting an area of 500 Acres. For that, 7,500kg of red onion bulbs had been purchased by spending a sum of Rs.1, 359,500 in the year 2013 and they had been distributed among 64 farmers living in Kolonna and Embilipitiya Divisional Secretariats. The following observations are made in this regard.

- (a) One month for the selection of suppliers and ordering and 2 ½ months for the receipt of the ordered onion bulbs had been delayed.

- (b) Though the Divisional Secretariats had informed that they had issued 976kg of onion bulbs to 08 farmers, only 350kg of onion bulbs had been received by the farmers. As such, Rs.95, 343 worth 526kg of red onion bulbs had been misplaced.
- (c) Though it had been decided to distribute the bulbs among farmers free of charge, a sum of Rs.33, 820 had been charged from 10 farmers.
- (d) The relevant Assistant Directors of Agriculture had informed to audit that a harvest ranging from 1:7 kg to 1:15 kg had been received out of the 7,500kg of onion bulbs cultivated. Even though it was expected to receive 3,250,000kg of red onion harvest from that project, red onion harvest received had been only 5,411kg.
- (e) A written agreement had not been entered into with the supplier in accordance with Guideline No.8.9.1 of the Procurement Guidelines.

The project had completely failed on the reasons such as non- receipt of onion bulbs to farmers within the optimum time in accordance with the Action Plan approved by the District Director of Agriculture, giving advice to cultivate onion bulbs after being distributed during the time bad weather conditions begins and not suitable for cultivation, non- verbalization of onion bulbs, non- verification by an officer with an expertised knowledge of the subject to ensure whether the received onion bulbs were in accordance with specifications and that they are suitable for cultivation. As such, the sum of Rs.1,359,500 spent on this project had been fruitless.

3.12 Overpayments

Even though the rate including the transport expenses had been used in making payments for granite for 03 roads constructed by the Balangoda Divisional Secretariat, a sum of Rs.9, 850 had been overpaid in transportation of granite.

3.13 Human Resources Management

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

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

| Category of Employee | Approved cadre | Actual cadre | No of Vacancies | Excess Cadre |
|----------------------|----------------|--------------|-----------------|--------------|
| ----- | ----- | ----- | ----- | ----- |
| Senior Level | 59 | 50 | 09 | - |
| Tertiary Level | 41 | 20 | 21 | - |
| Secondary Level | 1183 | 1145 | 62 | 24 |
| Primary Level | 175 | 180 | 05 | 10 |
| Other (Casual) | - | - | - | - |
| Total | 1458 | 1395 | 97 | 34 |
| | ===== | ===== | ===== | ===== |

The following observations are made.

- (a) Action had not been taken to fill 97 vacancies by the District Secretariat by the end of the year under review.
- (b) Action had not been taken to obtain a proper approval for the excess cadre recruited by the District Secretariat.