

## Report of the Auditor General on Head 272 – District Secretariat, Kurunegala – Year 2015

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 272 – District Secretariat, Kurunegala for the year ended 31 December 2015 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 17 June 2016. 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 and preparation and fair presentation of the Appropriation Account, Advance Account for Liquidation of Accounts 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

### 2.1 Appropriation Account

#### (a) Total Provision and Expenditure

The total net provision made for the District Secretariat amounted to Rs.1,601.22 million and out of that Rs.1,584.66 million had been utilized by the end of the year under review. Accordingly, the savings out of the total net provisions of the District Secretariat amounted to Rs.16.56 million or 1.03 per cent. Details appear below.

Expenditure	<u>As at 31 December 2015</u>			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	1,547.22	1,540.52	6.65	0.43
Capital	54.00	44.09	9.91	18.00
Total	1,601.22	1,584.66	16.56	1.03

**(b) Utilisation of Provisions made available by Other Ministries and Departments**

Provisions totalling Rs.8,829 million comprising Rs.7,441 million and Rs.1,388 million had been made available by other 32 Ministries and 18 Departments respectively for various activities and out of that a sum of Rs.8,313 million comprising Rs.7,036 million and Rs.1,277 million had been utilized by the end of the year under review. Accordingly, provisions totalling Rs.516 million comprising Rs.405 million or Rs.111 million or 5.56 per cent had been saved.

**2.2. 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 under Item No.27201 and the actual amounts are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
<b>Maximum Limit</b>	<b>Actual</b>	<b>Minimum Limit</b>	<b>Actual</b>	<b>Maximum Limit</b>	<b>Actual</b>
Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
85.66	69.71	78.00	91.36	300.00	252.70

**2.3 General Deposit Accounts**

The balances of the 07 Deposit Accounts under the District Secretariat as at 31 December 2015 totalled Rs.974.03 million. Details appear below.

<b>Deposit Account Number</b>	<b>Balance as at 31 December 2015</b>
	Rs.Millions
6003/0000/00/0048/0000/000	7.70
6000/0000/00/0001/0068/000	2.33
6000/0000/00/0013/0060/000	119.37
6000/0000/00/0016/0042/000	526.07
6000/0000/00/0017/0013/000	14.63
6000/0000/00/0018/0054/000	3.93
6000/0000/00/0011/0600/000	300.00
Total	974.03

## 2.4 **Audit Observation**

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The Appropriation Account and the Reconciliation Statements for the year ended 31 December 2015 of the District Secretariat had been satisfactorily prepared subject to the audit observations appearing in the Management Audit Report referred to in Paragraph 1.1 above. The material and significant audit Observations out of the audit observations included in the Management Audit Report appear in Paragraph 3.

## 3. **Material and Significant Audit Observations**

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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.

<b>Type of Register</b>	<b>Relevant Regulation</b>
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(a) Register of Fixed Assets	Treasury Circular No.842 of 19 December 1978.
(b) Register of Electrical Equipment	Financial Regulation 454 (2)

### 3.2 **General Deposit Account**

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The following observations are made.

- (a) Action in terms of Financial Regulation 571 had not been taken on 30 deposits older than 2 years totalling Rs.29,156,582.
- (b) Adequate information was not made available for audit relating to the General Deposit Balance amounting to Rs.300,000,000 remained for over one year as at 31 December 2015 under General Deposit Account No.6000/0000/00/0011/0600/000.

### 3.3 **Reconciliation Statement of the Advances to Public Officers Account**

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According to the Reconciliation Statement of the Advances to Public Officers Account, Item No.27201 as at 31 December 2015, the balances that remained outstanding as at that date totalled Rs.1,305,907. Even though those outstanding balances remained over periods ranging from 01 year to 11 years, the follow-up action on the recovery of the outstanding balances had been at a weak level.

### 3.4 **Assets Management**

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#### **Idle and Underutilised Assets**

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It was observed during the course of audit test checks that certain assets as categorized below had been either idle or underutilized.

- (a) A cab vehicle belonging to the Divisional Secretariat, Polpithigama had been removed from running without being repaired for a period nearly one year. The Water Bowser and the two wheeler Kubota Tractor had been removed from the use and as such they were remained decaying in the office premises for a number of years.
- (b) The Government land in extent of 80 perches close to Hiripitiya Town in the Divisional Secretariat, Ganewatta had remained idle and the rest house maintained in the land had been in a dilapidating condition without being utilized for any purpose for over 10 years period.
- (c) Six unused vehicles remained decaying in the office premises of the Divisional Secretariat, Kotavehera since number of years.
- (d) The cab vehicle belonging to the Divisional Secretariat, Kotavehera had been removed from running due to decaying the chasis of the jeep and parked in the office premises for a period about 6 months.

### 3.5 Non-compliances

#### ----- Non-compliance with Laws, Rules and Regulations -----

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

<b>Reference to Laws, Rules and Regulations etc.</b>	<b>Non-compliance</b>
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<p><b>(a) Statutory Provisions</b> ----- Sections 5 (1), 23 (3) and 22 (2)(g) of Guns Ordinance and the Letter No.MOD/CIS/3/F/2/2016/01 of Secretary to the Ministry of Defence dated 30 September 2015.</p>	<p>The Fire Arms Licenses had not been obtained by 46 Fire Arms holders in 10 Divisional Secretariats since number of years.</p>
<p><b>(b) Public Administration Circulars</b> ----- Circular No.41/90 dated 10 October 1990.</p>	<p>Fuel consumption test had not been done once in 6 months in respect of 03 vehicles of the District Secretariat, Kurunegala and vehicles belonging to Divisional Secretariats, Mallowapitiya, Ganewatta, Bingiriya and Udubaddawa.</p>

**(c) Circulars of District Secretariat**

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Direction No.1/2011 of the District Secretary, Kurunegala dated 14 June 2011.

The Advanced Programmes should have been furnished before 25<sup>th</sup> of the previous month by the officers who should furnish those programmes. Nevertheless, certain field officers in the District Secretariat and the Divisional Secretariats, Polpithigama, Kuliypitiya (East), Udubaddawa, Alawwa, Wariyapola and Narammala had not furnished those advanced programmes.

**3.6 Implementation of Projects under Domestic Financing**

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

(a) Projects Abandoned without Commencing

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Twenty two projects totalling Rs.15,149,682 estimated by the Divisional Secretariat, Ganewaththa under District Secretariat had been abandoned without commencing due to heavy rains.

(b) Benefits after Completion of Projects

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The following observations are made in this connection.

- (i) A sum of Rs.490,000 had been incurred in respect of construction of playground Hewanpalassa in the Divisional Secretariat, Nikarawaratiya, under the programme of “One Work for One Village” in the year 2014. However, there was a risk remained for the users of the playground due to a heavy slope was in the one corner of the playground.
- (ii) The Wariyapola Special Economic Development Centre, in the Divisional Secretariat, Wariyapola had been opened in a previous instance and it was become unsuccessful. Nevertheless, it was opened again in June 2015 without being doing a feasibility study and incurred a sum of Rs.741,565 thereon. It had been closed again by December 2015 without being utilized.
- (iii) A sum of Rs.459,005 had been incurred to concrete the Hewapolagama Centre Road of the Divisional Secretariat, Mallwapitiya. Nevertheless, about 20 feet of the middle of the road had broken.
- (iv) A sum of Rs.1,152,738 had been incurred for the multi-purpose building belonging to the Divisional Secretariat Mallwapitiya, but both sides of the wall near the front stage and the cement floor near the stage were cracked and some places of the roof were broken.

- (v) Even though a sum of Rs.381,957 had been paid to the Rural Samurdi Society, Dimunuwa for construction of a culvert of the Road up to Koonkumbura in the Grama Niladhari Division of Galagedara in the Divisional Secretariat, Panduwasnuwara (East), the road was broken due to water flowing over the road below the culvert as the culvert was not adequate.
- (vi) Even though a sum of Rs.1,974,000 had been incurred to concrete the bunds of the Palugamuwa Mediriyawera Tank under “Deyata Kirula National Programme – 2014” in the Divisional Secretariat Udubaddawa, the work of carrying water from the tank to the required places had not been completed.
- (vii) Even though a sum of Rs.1,472,107 had been incurred to concrete the bund of the Dummalasooriya – Weehena Road under the “Deyata Kirula National Programme 2014” in the Divisional Secretariat Division, Udubaddawa, the bunds were inundated with water at the time of audit.
- (viii) Even though a well had been constructed by incurring a sum of Rs.1,096,399 under Walakuburumulla Drinking Water Project belonging to the Divisional Secretariat, Pannala, water Pumping stations, water tanks, water line systems and water pump had not been constructed.

### **3.7 Losses and Damages**

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According to the Statement of Losses and Waived off furnished with the Appropriation Account, a balance of Rs.131,011 remained over 05 years out of the losses totalling Rs.3,856,240 remained to recover further or to write off or waived off was shown.

### **3.8 Management Weaknesses**

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The following management weaknesses were observed during the course of audit test checks.

- (a) Social Service Officers of the Divisional Secretariats had not enquired the reasons in respect of non-obtaining elders allowances by the elders over 70 years of age continuously in the Divisional Secretariats Kobeigane, Nikaweratiya and Wariyapola.
- (b) Seventy six projects which total value amounting to Rs.1,497,110,430 under Deyata Kirula National Development Programme in the year 2014 implemented by the Engineering Section of the District Secretariat had not been completed even by 29 February 2016.
- (c) Only eight drivers had been deployed in the service of 10 assigned and pool vehicles belonging to the District Secretariat.

- (d) According to a policy decision of the Government a sum of Rs.10,330,672 had been given in cash as subsidy of seeds paddy without a request from the farmers in the Divisional Secretariat Division, Alawwa after the cultivation of Maha Season 2014/2015. The District Secretariat had not carried out any follow up action on the cultivation of paddy by the farmers who obtained subsidy of seed paddy. It was observed that 78 farmers who obtained subsidy of seed paddy amounting to Rs.123,690 had not obtained the fertilizer subsidy. Accordingly, the evidence was not made available for audit to prove the subsidy of seed paddy paid had been utilized for cultivation of paddy.

### 3.9 Human Resources Management

#### Approved Cadre and Actual Cadre

The position of the cadre as at 31 December 2015 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess Cadre
(i) Senior Level	128	119	10	01
(ii) Tertiary Level	76	57	20	01
(iii) Secondary Level	3,784	3,500	314	30
(iv) Primary Level	312	276	37	01
(v) Others (Casual/ Temporary/ Contract Basis)	-	04	-	04
Total	4,300	3,956	381	37

A procedure for station transfers for all other public services should be established by following the Annual Station Transfer Procedure of the officers of the Sri Lanka Administrative Service mentioned in the Public Administration Circular No.16/2011 dated 08 September 2011 and in terms of the Circular No.12/2011 dated 25 October 2011 of the Secretary to the Ministry of Public Administration and Home Affairs. Nevertheless there was a large number of officers who had been deployed in the service in same station for over 05 years, in the District Secretariat, Kurunegala and 30 Divisional Secretariats.