

## **Report of the Auditor General on Head 278 – District Secretariat, Ratnapura – Year 2015**

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### **1.1 Scope of Audit**

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The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 278 District Secretariat Ratnapura 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 04 May 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 Responsibilities 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.901 million and out of that Rs.852 million had been utilized by end of the year under review. Accordingly, the savings out of the net provision of the District Secretariat amounted to Rs.49 million and represented 5.44 per cent of the net provisions. Details appear below.

Expenditure	<u>As at 31 December 2015</u>			Savings as a Percentage of Provision	Savings as a Net
	Net Provision	Utilization	Savings		
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	Rs.Millions	Rs.Millions	Rs.Millions		
Recurrent	734.20	730.41	3.79	0.52	
Capital	167.00	121.27	45.73	27.38	
Total	901.20	851.68	49.52	5.49	
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**(b) Utilization of Provision made available by Other Ministries and Departments**

Provisions totalling Rs.2,501 million had been made available by 26 other Ministries and 17 Departments for various activities and Rs.2,250 million had been utilized by the end of the year under review. Accordingly, provisions of Rs.251 million or 10 per cent out of the provisions had been saved.

**2.2 Advance Accounts**

**Advances to Public Officers Accounts**

**Limits Authorized by Parliament**

The limits authorized by Parliament for the Advances to Public Officers Account of the District Secretariat under Item No.27801 and the actual amounts are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
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Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions	Rs. Millions
61.34	43.97	39.00	45.61	200.00	152.09

### 2.3 Imprest Accounts

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The Imprest balance of the District Secretariat as at 31 December 2015 amounted to Rs.100,000 credit balance and it was settled in January 2016.

### 2.4 General Deposit Accounts

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The balances of 07 Deposit Accounts of the District Secretariat as at 31 December 2015 totalled Rs.515 million. Details appear below.

Deposit Account Number	Balance as at 31 December 2015
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	Rs.
6000/0000/00/0002/0056/000	1,371,650
6000/0000/00/0013/0043/000	1,458,765
6000/0000/00/0018/0013/000	29,031,000
6000/0000/00/0001/0042/000	1,075,880
6000/0000/00/0016/0011/000	328,249,104
6000/0000/00/0017/0002/000	156,122,706
6003/0000/00/0054/0000/000	(2,294,477)
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Total	515,014,628
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### 2.5 Audit Observation

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According to the financial records and books for the year ended 31 December 2015, it was observed that subject to the audit observations appearing in the Management Audit Report referred to in Paragraph 1.1 above, the Appropriation Account and the Reconciliation Statements of the District Secretariat, Ratnapura have been prepared satisfactorily. The material and important observations included in the Management Audit Report appear in Paragraph 3 herein.

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

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#### **3.1 Appropriation Account**

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The following observation is made.

Even though the unsettled liabilities of Rs.117,181 relating to the year 2015 had been settled in the year 2016, those liabilities had not been shown in the Appropriation Account.

#### **3.2 Imprest Account**

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Even though action should be taken to settle the cash book balance as at 31 December 2015 to the Treasury before 04 January 2016 in terms of Paragraph 2.2 of the Treasury Operations Circular No.06/2016 dated 23 December 2015, that balance had been settled on 07 and 20 January 2016.

#### **3.3 General Deposit Account**

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An unrealistic debit balance amounting to Rs.2,294,477 had remained in the Deposit Account No.6003/0000/00/0054/0000/000. Action had not been taken to recover this debit balance even by the end of the year under review.

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

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The following deficiencies were observed during the course of audit test checks of the Reconciliation Statement as at 31 December 2015 relating to the Advances to Public Officers Account Item No.27801.

- (a) According to the Reconciliation Statement presented to audit the balance that remained outstanding as at that date totalled Rs.2,503,352. Even though sums of Rs.90,050 Rs.348,905 and Rs.539,187 out of that, had remained for over a period of 07 years, period between 03 to 07 years and period between 1 to 2 years respectively, action had not been taken to settle those balances even by the end of the year under review.
- (b) Even though a loan balance of an employee who came on station transfer in November 2014 amounting to Rs.108,665 had remained for a period of 13 months, action had not been taken to settle the balance even by the end of the year under review.

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

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Instances on non – compliances 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</b>	<b>Value</b>	<b>Non-compliance</b>
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	Rs.	
<b>Financial Regulation of the Democratic Socialist Republic of Sri Lanka</b>		
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(a) Financial Regulation 66	531,320	The approval of the Secretary to the Treasury had not been obtained for transferring provisions in between Capital Projects.
(b) Financial Regulation 215	2,127,124	The goods intended to purchase in the year 2014 by the Divisional Secretariats, Ratnapura and Eheliyagoda had not been purchased during the year and brought to account as an expenditure. The cheque drawn thereon had not been handed over to the supplier and credited to the deposit account considering as an outdated cheque. As a result it was retained in the Deposit Account as a payment to be made in the future, contrary to the provisions of the Financial Regulation 215. It had not been settled even by the end of the year under review.

### 3.6 Implementation of Projects under Domestic Financing

#### Projects not Executed Adequately

Certain projects had not been carried out adequately and few such instances revealed during audit test checks are given below.

- (a) The following projects had been implemented during the year 2014 under the Divineguma National Programme Stage VI, Strengthening of 2.5 million Domestic Economic Units.

Project	Expenditure
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	Rs.
Distribution of Fruit Plants for 57500 Beneficiaries	9,948,930
Distribution of Vegetable Plants for 57500 Beneficiaries	2,072,720
Distribution of 30,809 Fruit Plants for Government Institutions and Officers	5,545,620
Distribution of 43125 "Kathurumurunga" Plants	1,293,750
Distribution of 48398 Coconut Plants	5,000,000
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	23,861,020
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The following observations are made in this connection.

- (i) The following deficiencies were observed during the audit test check carried out relating to distribution of 57500 fruit plants among beneficiaries.
- A sum of Rs.1,595,940 had been incurred for 9608 plants which had not been requested by the beneficiaries while 21236 plants had been purchased over the requested plants to the value of Rs.3,816,280.
  - Even though 8765 Guvawa, Promaganate and Jack plants had been requested by 10 Divisional Secretariats, no such plants had been supplied and 2040 Lime branch plants which were not requested by 15 Divisions amounting to Rs.153,000 had been supplied by the suppliers.
  - Some other plants had been supplied instead of requested plants as such a sum of Rs.80,075 had been overpaid.

- Even though the nurseries had been checked by the Office of the District Director of Agriculture, 3300 plants purchased at Rs.373,500 had been defective.
- (ii) Containers with coir refuse and vegetable seeds had been given to selected nurserymen from each Grama Niladari Division and action had been taken to provide 517,500 vegetable plants to the beneficiaries through nurserymen. The following deficiencies were observed during audit test checks carried out in this connection.
- The written evidence had not been furnished to ensure whether seeds and containers had been given to nursery owners with the supervision of Agrarian officers.
  - Even though a training had been given to Agrarian Instructors, Ratnapura with the objective of to make awareness of farmers in respect of nurseries in the containers that objective had not been achieved.
  - The recommendations relating to the growth of the plants had not been given after examination of the nurseries and record sheets and the quality reports relating to the growth were not made available in the files.
- (iii) The Agrarian Committees had informed to audit that 1188 “Kathurumurunga” plants valued at Rs.35,640 and 542 coconut plants valued at to Rs.271,000 and 10,630 plants in the containers issued had been in the lifeless position.
- (iv) Village Committees in every division and the Committees of Divisional Secretariats had not been established as per the instructions of the Secretary to the Ministry of Economic Development. Therefore, the activities should be executed by those committees such as implementation of the programme efficiently, evaluation of the progress, identification of the problems and resolve them could not be implemented.
- (v) The Manager of the Government Farm, Ratnapura had informed that the plants could be supplied if prior notice made, and the Secretary of the Ministry of Agriculture had informed to purchase from Government Nurseries. But 132,885 plants amounting to Rs.16,995,440 had been purchased from Private nursery owners in 04 instances. The District Secretary had informed to audit the reason was that the Government Farm, Ratnapura had informed that they were not in a position to transport plants.

- (vi) With the objective of strengthening of 2.5 million Domestic Economic Units through the Ministry of Economic Development, for the Divineguma National Programme Stage VI implemented in the year 2014 a sum of Rs.23,861,020 had been incurred for Ratnapura District. However, no methodology had been implemented to evaluate the present position of those projects as well as maintenance, control and follow up action. Accordingly, the prime objectives such as Strengthening of Domestic Economic Units with the participation of people, obtain fresh organic vegetables without chemicals from own garden, contribution to food security, upgrading family nutrition level, minimize the expenses for vegetables for the family and encourage the community for proper maintenance of the garden continuously had not been achieved.
- (b) Rural Economy and Livelihood Development Project for Good Governance (GLED) had been commenced with the financial contribution of the United Nations Development Programme in October 2013. The main components of the project are Result Oriented and Targeted Planning, Citizens Charter, E – Citizen Programme, Individual Beneficiary Access Project and Strengthening of Community Based Organizations Programme. The following deficiencies were observed at the audit test check carried out in this connection.
- (i) The objective of the Citizens Charter is to make a commitment to achieve public needs exactly by the state institutions. Even though this project had been commenced and 17 months had elapsed upto 17 June 2015 the Manual of Procedure which is the first step of the project had not been prepared. As non-preparing the manual and non-establishment of Citizens Charter in terms of guidelines, the sum spent amounting to Rs.969,095 thereon had become a fruitless expenditure.
- (ii) Even though the objective of the E-citizens Programme is to prepare and update a data base to obtain the particulars of the citizens easily, the required computers and internet facilities had not been provided and as such the sum spent thereon amounting to Rs.21,975 had become a fruitless expenditure.
- (iii) The objective of the Individual Beneficiary Access Project was to purchase equipment for business development on their own selection and provide them. Even though 12 project reports out of 187 reports had been selected and equipment amounting to Rs.448,000 had been given to those beneficiaries, a sum of Rs.410,175 had been spent thereon.



- (iv) The objective of the Strengthening of Community Based Organizations Program was to join non – government organisations within the Divisional Secretariat Division and to establish Community Based Committees and Regional Committees accordingly. Even though a sum of Rs.408,900 had been spent thereon, the District Committee to be established as at the end of the year 2014 had not been established even by May 2015.
- (v) Even though according to the Deposit Register a sum of Rs.4,084,780 had been spent for the program, it could not be ensured specifically the expenditure of each project and total expenditure of this program in audit.
- (c) Thirteen thousand kilograms of peanut seeds amounting to Rs.1,950,000 had been purchased for the Peanuts Seeds Production Promotion Project under the Additional Food Crop Production Program implemented in the year 2013 from the provisions received from the Ministry of Agriculture and distributed among the farmers. According to the Project Report of the District Director of Agriculture the planned yield target had been 1:15 of the input. According to the information received for audit, the progress had been 1:7 of the input less than the target. Therefore, yield expected but not received had been 111 metric tons.
- (d) Even though a glass of fresh milk should be given to all pre-school children through the provisions received from Child Secretariat, this concession had been given to minimum number of schools as 2.7 per cent to 1.8 per cent out of the total schools in the Ratnapura area for the years 2013 and 2014 respectively. Fresh milk that should be given for 18 months in above 02 years had been given only for 07 months and a sum of Rs.9,360 only had been spent, out of the provisions of Rs.812,800 received in the year 2014. This program had not been implemented even up to October 2015.

### **3.7 Transactions of Contentious Nature**

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Certain transactions entered into by the District Secretariat had been of contentious nature. Particulars of several such instances observed during the course of audit test checks are given below.

- (a) Notices had been published by the Divisional Secretary, Ratnapura in February 2014 to acquire 14 hectares of land from an estate belonging to Land Reform Commission under the Land Acquisition Act No.28 of 1964 for a Project of Public Servants and Middle Class Housing.

The following observations are made in this connection.

- (i) The basis for the selection of housing beneficiaries had not been furnished to audit. A housing Welfare Society had been commenced and funds totalling Rs.139,890,000 had been collected from its members and those money had been deposited in a private savings account of the Divisional Secretary. That bank account had been opened on the name used by the Divisional Secretary prior to the year 2000. It was a matter of contentious nature that using two names by same person for the duties of public service and the cash transactions made during the same period using the prior name which eliminated from the usage.
- (ii) Even though in terms of the Financial Regulation 53 the acquisition of developed land should be avoided as far as possible, 75 per cent of the acquired land had included developed lands and there were also 5 acres of paddy fields.
- (iii) Action had not been taken to obtain a valuation report from the Chief Valuer for two buildings in the land and furnish it to the Secretary to the Ministry in terms of Financial Regulation 53(2) and (3).
- (iv) The objective of this acquisition of the land was in doubt due to non-availability of any description relating to the methodology of the distribution of lands including details of housing beneficiaries and payments of compensation from any of the party including District Secretary, Divisional Secretary, Ratnapura and the Urban Development Authority and any responsibility of the project had not been taken by any officer.
- (v) Divisional Secretariat, Ratnapura had accepted a sum of Rs.110,000,000 to acquire the land in April 2014. However, no action whatsoever had been taken except issuing notices and above money had remained idle from April to December 2014. Subsequently that money had been remitted to the Treasury as a result of closing of accounts.
- (vi) Possessor of the land had filed a case at the Supreme Court against the acquirement of the said land. No progress of the project had revealed except relevant file taken over by the officers of the Commission of Investigation of Bribery or Corruption.

- (vii) According to the information furnished to audit, money collected from the housing beneficiaries had been invested in the fixed deposits and 05 savings accounts since September 2013 from time to time, while a sum of Rs.32,860,000 had been returned to the housing beneficiaries out of the total receipts amounting to Rs.145,858,078. Another sum of Rs.110,000,000 had been remitted to the Treasury. There was an unidentified expenditure of Rs.149,650 was shown out of that payments and a balance of Rs.2,848,428 had remained as at 19 March 2015 in the accounts.
- (viii) Even though the amount deposited by 62 depositors had been paid to them, the interest amounting to Rs.1,401,359 up to March 2015 had been retained without paying them though it was entitled to them. As this cash misappropriation had been done with the participation of the public officers, it could not be ruled out in audit that any damage would not be occurred to the dignity of the public service.
- (ix) The relevant works including issuing notices to acquire the land had been executed by the Divisional Secretary, Ratnapura and a sum of Rs.139 million had been collected by her functioning as the Secretary of the Housing Welfare Society. Contrary to the Section 1.10 of the Chapter XXX and Section 1:1 of the Chapter XXXI of the Establishments Code of the Democratic Socialist Republic of Sri Lanka, the activities of the Society had directly connected with the duties of the Divisional Secretary.

Therefore according to the Section 1:4 of the Chapter XLVII of the Volume II and the Paragraphs (4), (10), (12) and (15) of the First Schedule of the Section 8.2 of the Establishments Code, the Divisional Secretary, Ratnapura had taken actions to harm the dignity of the public service as well as the post she hold could not be ruled out in audit.

- (b) Travelling claims duly furnished monthly by 4 officers had been retained in hand for a long period in the Divisional Secretariat, Ratnapura and the total amount of Rs.139,521 had been paid as lump sum 31 December 2015.
- (c) A sum of Rs.30,810 had been paid for non-execution activities of 02 works carried out by Divisional Secretariat, Palmadulla.
- (d) Under the Programme for Strengthening of 2.5 million Domestic Economic Units, the private nursery owners had agreed for free transportation of plants. Nevertheless without considering that, a sum of Rs.521,320 had been paid for transportation based on a letter issued subsequently by the Ministry of Economic

Development. However, the District Secretary had informed to audit that the amount will be recovered.

### **3.8 Irregular Transactions**

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Certain transactions entered into by the District Secretariat had been devoid of regularity. Several such instances observed are given below.

#### **(a) Deviation from the Procedure laid down in the Government Procurement Guidelines.**

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Particulars of the transactions of deviation from the Government Procurement Procedure revealed during the course of audit test checks are given below.

- (i) A sum of Rs.545,213,986 had been paid by 16 Divisional Secretariats to Community Based Organizations for 1103 works contrary to the Guideline 3.9.1 of the Government Procurement Guidelines.
- (ii) Constructions of 06 Cultural centres which estimated cost amounting to Rs.80,668,323 had been split into below Rs.2,000,000 and awarded to 11 Community Based Organizations contrary to the Guideline 3.9.1 of the Government Procurement Guidelines. A sum of Rs.16,506,145 had been paid for those organizations contrary to Guidelines 4.1 and 4.4 of the Government Procurement Guidelines. Similarly the ability of those organizations relating to the constructions, registration qualification, prior construction works, ICTAD gradings had not been considered by a formal committee.
- (iii) A certificate had not been issued by the Officer in Charge relating to the quality of the equipment amounting to Rs.410,175 provided for beneficiaries under Individual Access Beneficiary Project in terms of the Guideline 8.12.3 of the Government Procurement Guidelines.
- (iv) Even though the extra works executed for one cultural centre and 02 Government houses had been 28 per cent, 19 per cent and 17 per cent respectively, the total cost estimate of Rs.1,531,883 had not been revised with the approval of the Chief Accounting Officer in terms of the Guideline 8.13.4 of the Government Procurement Guidelines.

- (b) The purchases of curtains for new Divisional Secretariat Building, Ratnapura had not been estimated, and a sum of Rs.436,625 had been paid on a computation made by the supplier. A recommendation of the Technical Officer had not been obtained in making payments for the quantity of square feet completed.

### **3.9 Operating Weaknesses**

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The following weaknesses were observed during the course of audit test checks relating to the transactions of the District Secretariat.

- (a) In terms of Guidelines of the Secretary to the Ministry of Disaster Management, the relief should be paid and finalized within 12 months after the disaster. However, a sum of Rs.938,000 had not been paid for the houses damaged in the first quarter of 2014 in the areas of Ayagama and Nivithigala even by August 2015.
- (b) Even though it was informed to National Building Research Organization in October 2014 relating to the situation of landslides of 03 divisions of Ayagama area, the inspection reports thereon had not been obtained even by August 2015. Further, boats, canoe and motor boats belonging to Disaster Relief Service Section had remained unsecuredly without covering.
- (c) Goods purchased under Livelihood Development Programme by the Divisional Secretariat Eheliyagoda in the year 2014 to the value of Rs.5,577,906 had remained idle in the Divisional Secretariat without being given to relevant beneficiaries as at 31 December 2014 and kept in the Divisional Secretariat even up to June 2015 and certain goods had remained insecurely in the office premises. Even though a sum of Rs.2,302,025 had been paid for another stocks of goods in the year 2014, those goods had not been received by the office even by June 2015. Approval had been given for these payments without ensuring that the goods have been correctly taken owner in terms of the Financial Regulation 137 (5).
- (d) The goods purchased amounting to Rs.1,310,925 in the year 2014 by the Divisional Secretariat, Eheliyagoda under Regional Development Programme had not been distributed even by June 2015. The 06 months liability period of those goods of had elapsed even without utilizing. Even though a sum of Rs.1,069,556 had been paid, those goods had not been received by the office even by 16 June 2015.

- (e) Loans amounting to Rs.310,000 had been issued from December 2013 up to June 2015 under the Loan Revolving Programme implemented by the Divisional Secretariat, Eheliyagoda out of the provisions of Sri Lanka Women's Bureau. Even though a sum of Rs.82,040 out of that had been recovered, those money had been retained in hand. Accordingly, the evidence had not been furnished to audit to ensure the money received were utilized only for issuing loans. As the payment vouchers and the cash books were not made available, it could not be ruled out in audit that a cash misappropriation had been occurred. Further, a lapsed loan balance amounting to Rs.255,560 had remained outstanding as at 31 December 2014.

### 3.10 Management Weaknesses

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

- (a) Even though defect liability period had elapsed, retention money of 93 works amounting to Rs.3,905,678 had been retained in the Divisional Secretariats, Ratnapura and Godakawela without being released.
- (b) A disaster management group including the residents had not been formed according to the inspections carried out in the year 2013 by the National Building Research Organization relating to the geological stability of the Ihala Bopitiya area in Pelmadulla. Even though the lands required for constructing new houses for those residents should have been released from Kahawatta Plantations, it had not been so done.
- (c) As the prior performance of the lowest bidder was not satisfactory and he had been already recommended for another contract amounting to Rs.5,481,814 the procurement committee had decided that there was a risk for completion of these proposed contracts during the year 2014 through said contractor. Therefore the lowest bid offered for 02 works proposed to implement through "Palath Neguma" Programme under the provisions of Ministry of Economic Development had rejected and the procurement was awarded to the second lowest bidder.

The following observations are made in this connection.

- (i) According to the Contractors Record Book issued to the above lowest bidder by the Institute of Construction Training and Development (ICTAD), considerable delays were not shown in his prior constructions. Similarly, no material evidence was made available relating to his prior performance as unsatisfactory.

- (ii) The above constructions awarded to second lowest bidder by rejecting lowest bid had not been completed during the year 2014, and uncompleted work of said constructions had been 74 per cent and 12 per cent respectively even by May 2015.
- (iii) Due to erroneous decision taken by the Procurement Committee the procurement had not been awarded for lowest bid and as such a loss of Rs.843,711 incurred by the Government.
- (d) Thirty seven Government houses belonging to District Secretariat had been graded and maintained. Nevertheless, the houses had not been graded according to the monthly salary and the class of the officers in terms of the Section 3 of the Chapter XIX of Establishments Code.

The following deficiencies were observed during the course of audit test check carried out relating to those houses.

- (i) B 04 house had been constructed as a Circuit Bungalow by spending Rs.3,580,653 in December 2014. But it was not utilized and maintained with proper security even by May 2015.
- (ii) B 11 house had been constructed as a Circuit Bungalow by spending Rs.3,247,268 and subsequently it was closed for 06 months. It was given to an officer for occupation in June 2010, but it was not utilized as a Circuit Bungalow even by May 2015.
- (iii) A building with an extent of 800 square feet of B 04 house had remained idle without utilizing from June 2009 up to May 2015.
- (iv) An unauthorized building had been constructed close to the entrance of the B 04 house. Even though the District Secretary had informed to Divisional Secretary, Ratnapura to check it and report in July 2007, no action whatsoever had been taken thereon even by May 2015, the date of audit.
- (v) Arrears of water bills and connection charges amounting to Rs.16,293 paid by the District Secretariat on behalf of a Government quarters had not been recovered from the officer who occupied the quarters then.
- (vi) Due to the delays of repairing of fifteen houses, certain houses had decayed as those could not be occupied. Even though the occupants had requested the repairs, the delayed period for non-execution of those repairs ranged from 01 year 07 years. Even though one house in extent of 1417 square feet had been closed for repairs from the year 2011, it was become like a jungle without repairing even by 21 May 2016.

- (vii) Occupants of 04 houses had obtained an extension after the end of 05 years period and as such the opportunities for registered stand– by officers had been deprived.
- (e) Action had been taken by the District Secretariat to auction a vehicle without an ownership. Even though 03 years period had elapsed after purchasing the vehicle at Rs.765,000 by the individual who purchased, the ownership of the vehicle could not be vested to him.

### **3.11 Expenditure without Objectives**

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The following observations are made during audit test checks.

- (a) A programme for development of sanitation and other facilities in rural schools had been implemented. However, according to the classification of the Zonal Directors of Education, Ratnapura there were 407 difficult and rural schools in the District. Without making a study of priority needs of those schools, a sum of Rs.42,547,247 had been incurred for the development of 121 non-rural schools.
- (b) A sum of Rs.8,155,526 had been incurred in the year 2014 for development of Government properties such as Divisional Secretariats, Offices of Pradeshiya Sabhas, Agrarian Service Centres and Government Quarters from the provisions received for Rural Development from the Ministry of Economic Development.

### **3.12 Fruitless Expenditure**

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The observations relating to the deficiencies revealed at audit test checks carried out on the transactions of the District Secretariat are given below.

- (a) The development works of the Epitawatta Smithy Village in Eheliyagoda from is being carried out from the year 2012 under the Semaul Undonng Project Aid of, Korean Government. The following observations are made during audit test checks carried out thereon.
  - (i) A Spring Leaf Thinning Machine valued at Rs.564,064 had been received in the year 2013 and it had not been installed even by July 2015. Similarly the Belt Hammer Machine had out of order even from the year 2007 which it was installed.



- (ii) Even though the financial facilities had been provided the works of 03 smithies out of 18 smithies had not been completed and production works of 04 smithies completed had not been commenced even by July 2015 due to non- availability of proper supervision.
  - (iii) The particulars relating to the number of participants participated for foreign tours and overall project expenditure including total expenditure incurred by Sri Lanka and Korea thereon had not been furnished to audit by the Secretary to the Ministry of Policy Planning and Economic Affairs.
  - (iv) The objectives of the project such as introduce new technology, supply primary infrastructure, introduce marketing methodology and a market for products and create an organized smithy village had not been achieved while hereditary knives production of smiths only had been carried out by them. Therefore, the money incurred amounting to Rs.4,161,000 thereon was not effective. According to the information received, 12 public officers including members of Pradeshiya Sabhas had participated for foreign trips on behalf of this project incurring a sum of Rs.758,209 in 04 instances. Nevertheless no contribution whatsoever had been earned for the advancement of the smiths.
- (b) An awareness meeting had been conducted in March 2014 with the objective to use the provisions more efficiently made for Ratnapura District by the Ministry of Economic Development. The following observations are made in this connection.
- (i) The bids had been called for supply a service amounting to Rs.2,396,550 without any Procurement Committee decision. Even though the bids opening had been carried out by a Committee chaired by the District Director of Planning, no bidders had been participated thereto.
  - (ii) Despite there was a possibility to supply other equipment including tin sheets covering required for this ceremony from the Ratnapura District at less prices, it was not considered and as such a sum of Rs.613,350 had to be overpaid by the Government.
  - (iii) Provisions received for the regional development from the various Ministries and Departments incurred by the each Divisional Secretariats under the supervision of the District Secretary to execute regional development works was a continued regular activity from the past. It was not so effective that action had been taken for further awareness by spending large amount and as such the expenditure incurred totalling Rs.3,767,606 had become fruitless.

- (c) The following deficiencies were observed relating to 07 cultural centres which commenced constructions from the provisions received from Ministry of Cultural Affairs and Arts.
- (i) Surroundings of Cultural Centre, Godakawela had become a jungle without using, due to non-completion of primary needs such as Dressing Rooms, Stages and Stores. Electric fittings had been misplaced and jack doors had been removed and kept at the Divisional Secretariat for security purpose.
  - (ii) Due to non- obtaining recommendation from National Building Research Organization relating to the geological stability before commencing the constructions of Cultural Centre, Kahawatta and non-taking actions according to the recommendations obtained from that institution relating to the landslide risk remained in the land after commencing the constructions, the buildings already constructed by December 2013 could not be used even for any purpose.
  - (iii) Except laying foundation by incurring a sum of Rs.676,714 in the year 2010 no work had been executed for the constructions of Cultural Centre, Kollonna.
  - (iv) Even though the constructions of 07 cultural centres had been commenced in the year 2010, it was failed to complete the constructions and could not be utilized for intended purpose even by December 2015 and as such a sum of Rs.8,671,118 spent during that period for constructions had become fruitless.
- (c) Even though 10 acres land in extent had been cleared to construct a school, such a school had not been constructed and it had become a jungle. As such the expenditure amounting to Rs.333,471 made by Divisional Secretariat, Ratnapura thereon had become fruitless.

### 3.13 Human Resources Management

#### Approved Cadre and Actual Cadre

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

	<b>Category of Employees</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>Number of Vacancies</b>	<b>Excess</b>
(i)	Senior Level	59	49	10	-
(ii)	Tertiary Level	41	22	19	-
(iii)	Secondary Level	1,204	1,150	77	23
(iv)	Primary Level	179	183	01	05
	<b>Total</b>	<b>1,483</b>	<b>1,404</b>	<b>107</b>	<b>28</b>

The following observations are made.

- (a) Action had not been taken by the District Secretariat to obtain formal approval relating to the excess cadre recruited.
- (b) The approved cadre had not been revised after the year 1992.