

Report of the Auditor General on Head 270 – District Secretariat, Ampara –Year 2016

The audit of the Appropriation Account and the Reconciliation Statements including the financial records, books, registers and other records of the Head 270 – District Secretariat, Ampara for the year ended 31 December 2016 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 12 July 2017. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the Accounts and Reconciliation Statements presented to audit and tests of samples of transactions. The scope and extent of such review and tests were such as to enable as wide an audit coverage as possible within the limitations of staff, other resources and time available to me.

1.2 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements.

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account, and the Reconciliation 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.963.00 million and, out of that Rs.936.62 million had been utilized by the end of the year under review. Accordingly, the savings out of the net provision of the District Secretariat amounted to Rs.26.38 million or 2.74 per cent. Details appear below.

Expenditure	<u>As at 31 December 2016</u>			Savings as a Percentage of Net Provision
	Net Provision	Utilization	Savings	
	Rs. Millions	Rs. Millions	Rs. Millions	
Recurrent	886.00	859.74	26.26	2.96
Capital	77.00	76.88	0.12	0.16
Total	963.00	936.62	26.38	2.74

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

Provisions totalling Rs.2,339.76 million had been made available by other 12 Ministries and 01 Department for various activities and out of that a sum of Rs.2,251.44 million had been utilized by the end of the year under review. Accordingly, provisions of Rs.88.32 million or 3.77 per cent had been saved by the end of the year under review.

2.2 Advance Account

2.2.1 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, Item No.27001 and the actual amounts are given below.

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
50.00	49.99	40.00	49.15	350.00	152.26

2.3 General Deposit Account

The balances of the 06 Deposit Accounts of the District Secretariat as at 31 December 2016 totalled to Rs.214.67 million. Details appear below.

Deposit Account Number	Balance as at 31 December 2016
	Rs. Millions
6000/0000/00/0001/0089/000	9.30
6000/0000/00/0002/0119/000	1.90
6000/0000/00/0014/0013/000	13.04
6000/0000/00/0016/0067/000	154.03
6000/0000/00/0017/0020/000	1.52
6000/0000/00/0020/0011/000	34.89
Total	<u>214.68</u>

2.4 Audit Observation

The Appropriation Account and the Reconciliation Statements for the year ended 31 December 2016 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

3.1 Non – maintenance of Registers and Books

It was observed during audit test checks that the District Secretariat had not maintained the following registers while certain other registers had not been maintained in the proper and updated manner.

	Type of Register	Relevant Regulation	Observations
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(i)	Register of Fixed Assets	Treasury Circular No.842 of 19 December 1978.	Not maintained by the District Secretariat and 05 Divisional Secretariats.
(ii)	Register of Fixed Assets on Computers, Accessories and Software	Treasury Circular No.IAI/2002/02 dated 28 November 2002.	Not maintained by 06 Divisional Secretariats.
(iii)	Register of Receiving Cheques, Money orders etc. and Inventory Book	Financial Regulation 451 and 454 (1)	Not maintained by Divisional Secretariat, Uhana.
(iv)	Register of Security	Financial Regulation 891(1)	Not maintained by 08 Divisional Secretariats.
(v)	Register of Losses	Financial Regulation 110	Not maintained by 09 Divisional Secretariats.
(vi)	Attendance Register of the Members of the Procurement Committees and Technical Evaluation Committees	Guideline 2.11.2 of the Government Procurement Guidelines	Not maintained by 04 Divisional Secretariats.

3.2 Utilisation of Provisions made available by other Ministries and Departments

3.2.1 Utilisation of Provisions made available by the Ministry of Prison Reforms, Resettlement and Hindu Religious Affairs

The following observations are made in this connection.

(a) Livelihood Development Programme for Resettlement People

The following observations are made in respect of providing cattle and goats to the self-employed people under the above programme.

(i) Providing Cattle to the Self Employed Persons

Seventy nine cattle had been purchased by Divisional Secretariats, Navidanveli and Alliadiwembu spending Rs.7.85 million to provide cattle to the self-employed persons. The following deficiencies were revealed at the audit test check carried out thereon.

- * According to the decisions of the Procurement Committees of the Divisional Secretariats of Navidanveli and Alliadiwembu approved to purchase 79 cattle of the “Sahival Mix” variety. Contrary to that decision, 49 cattle of local “Jersey” variety had been purchased and distributed among the self-employed persons. Therefore, it could not be provided the cattle to the self-employed persons as expected by the programme.
- * According to the instructions of the Circular No.03/2016 of the National Livestock Development Board dated 01 January 2016, the payments should be made at the rate of Rs.250 per kilogramme of the weight of one cattle of the “Sahiwal Mix” variety. Therefore, a sum of Rs.3,989,500 should have been paid for average weight of 15,958 kilogrammes of above 79 cattle. But a sum of Rs.7,850,000 had been paid by the relevant Divisional Secretariats for 79 cattle and a sum of Rs.3,860,500 had been over paid accordingly.
- * Even though, a sum of Rs.202,000 should be paid by the Divisional Secretariat, Thirukkivil for total weight of 808 kilogrammes of 04 cattle purchased under above programme in terms of the Circular of the National Livestock Development Board, a sum of Rs.396,200 had been paid thereon. Accordingly, a sum of Rs.194,200 had been over paid.

(ii) Distribution of Goats for Self-employed Persons

Thirty five goats had been purchased by the Divisional Secretariat, Navidanveli under the above project by spending Rs.198,000. The following observations are made in this connection.

- * A sum of Rs.800 should have been paid for one kilogramme of the weight of a goat in terms of the Circular No.03/2016 dated 01 January 2016. It was observed at the physical examination carried out on 15 February 2017 that, a sum of Rs.140,800 should have been paid for total weight of 176 kilogrammes of 08 Goats, out of the Goats purchased but a sum of Rs.198,400 had been paid for 248 kilogrammes on 27 December 2016. Accordingly, a sum of Rs.57,600 had been over paid.

- * Even though, the total Goats purchased had been 35, thirty Goats only had been distributed for beneficiaries. Accordingly, 5 Goats valued at Rs.85,715 had been distributed irregularly without being distributed for relevant beneficiaries contrary to the objectives of the programme.

(b) Project for Construction of Houses for Displaced People

The following deficiencies were observed at the audit test check carried out on “Construction of Houses” for displaced people under this project.

- (i) Thirteen beneficiaries who obtained high marks had been dropped by the Divisional Secretariat, Alliyadiwembu without giving any specific reason in selection of beneficiaries as per the instructions of the Circular No.MR/4/1 of Ministry of Prison Reforms, Rehabilitation, Resettlement and Hindu Cultural Affairs dated 25 April 2016. Eight beneficiaries who obtained less marks ranging from 55 to 75 had been selected. Therefore, the opportunity to gain benefits for the beneficiaries who was eligible to obtain houses under the project was deprived.

- (ii) Benefits amounting to Rs.5.79 million had been paid by the Divisional Secretariats, Alliyadiwembu and Navidanveli for 21 beneficiaries selected informally without an approval of the District Secretary.

- (iii) Even though, the ownership of the land should be with the selected beneficiaries in which expected to construct houses, the Divisional Secretariat, Navidanveli had selected 08 beneficiaries who were not the owners of the lands and the houses had been constructed.

- (iv) The first installment of Rs.190,000 should have been paid before commencement of the constructions in terms of the instructions of the Circular of MR/4/1 of the Ministry of Prison Reforms, Rehabilitation, Resettlement and Hindu Cultural Affairs dated 25 April 2016. Nevertheless, the Divisional Secretariat,

Sammanthurai had paid first installment for 07 beneficiaries with a delay of one month after completion of the relevant works and as such completion of relevant project was delayed.

- (v) Even though, the thickness of the outer walls should be 06 inches according to the estimate, it was observed during physical examination that the thickness of the outer walls of 04 houses constructed under the supervision of the Divisional Secretariat, Navidanveli had been 04 inches only. Therefore, it was observed that the beneficiaries had to incur an additional expenditure as the proper supervision had not been done by the Divisional Secretariat.

(c) Project of Construction of Sanitation Units for Displaced People

The prior approval of the District Secretary should be obtained for beneficiaries selected. Nevertheless, without obtaining the approval of the District Secretary, a sum of Rs.6.92 million had been incurred for 142 beneficiaries selected irregularly contrary to the Paragraph 3.1 of the Circular No.MR/4/1 of the Ministry of Prison Reforms, Rehabilitation, Resettlement and Hindu Cultural Affairs dated 25 April 2016.

(d) Project of Providing Drinking Water for Displaced People

The following observations are made in this connection.

- (i) At the physical examination carried out on construction of 10 water wells out of 30 wells constructed under the supervision of the Divisional Secretariat, Mahaoya, it was observed that one beneficiary had dug the well by himself up to 18 feet depth and the amount of Rs.22,625 to be paid for digging the well as mentioned in the estimate had been paid to the contractor. Another beneficiary had paid a sum of Rs.18,000 to a contractor personally for digging the well and as such a sum of Rs.40,625 had been overpaid to the contractor for 02 water wells.
- (ii) Under the above project, a sum of Rs.3.82 million had been paid by the Divisional Secretariat, Uhana on 26 October 2016 to the Water Supply and Drainage Board to provide drinking water facilities for 292 beneficiaries. But, the water supply had been provided only for 225 beneficiaries even by 06 July 2017. Even though, the money had been paid by 26 beneficiaries personally to obtain water facilities, the Divisional Secretariat also had paid a sum of Rs.338,922 on behalf of above beneficiaries. Action had not been taken to recover the amount over paid even by 12 July 2017.

(e) Livelihood Support Programme for Displaced People

The following observations are made during the course of audit test check on providing equipment and material for self – employment of the displaced people under the above programme.

- (i) Twenty three Rice Production Machines had been purchased and distributed by Divisional Secretariat, Addalachchenai in December 2016 for the beneficiaries of 04 Grama Niladhari Divisions by spending a sum of Rs.845,250. At the audit test check carried out on 11 July 2017, it was observed that the machines provided for 10 beneficiaries had remained idle in the houses of the beneficiaries without utilizing for the respective objective.
- (ii) Even though, a cheque valued at Rs.360,000 had been drawn for the Paddy Marketing Board by the above Divisional Secretariat in December 2016 in respect of purchasing paddy for 24 beneficiaries of 04 Grama Niladhari Divisions, the paddy had not been purchased and distributed among the beneficiaries even by 11 July 2017.
- (iii) Even though, fertilizer had been purchased by the above Divisional Secretariat by paying Rs.276,000 in December 2016 for 46 beneficiaries in 06 Grama Niladhari Divisions, fertilizer had been distributed only for 36 beneficiaries even by 11 July 2017.

3.2.2 Utilisation of Provisions made Available by Ministry of Social Services

In terms of the Paragraph 9 of the Circular No.NCPD 3/2015 of the Ministry of Social Services dated 06 January 2016 the respective allowance should be paid to the selected beneficiaries through a bank account in respect of the programme of providing an allowance of Rs.3,000 for the disabled persons implemented under the Ministry of Social Services. As the Divisional Secretariat, Alliadiwembu had paid allowances by cash amounting to Rs.4,740,000 from January to August 2016, it could not be ascertained that the money had been received by the respective beneficiaries.

3.2.3 Utilisation of Provisions made available by Ministry of National Policies and Economic Affairs

Under the “Rural Infrastructure Development Programme” implemented under the Ministry, sums totalling Rs.3,565,008 had been paid to National Water Supply and Drainage Board in respect of 04 water supply in the area of the Divisional Secretariat, Thirukkivil by December 2016. Nevertheless, respective water supply had not been made even by 10 July 2017.

3.3 General Deposit Account

The following observations are made.

- (a) Action in terms of Financial Regulation 571 had not been taken on 83 deposits older than 2 years as at 31 December 2016 totalled Rs.5,202,535.
- (b) A sum of Rs.1.06 million had been given by the District Secretariat and the Department of Hindu Religious and Cultural Affairs to Divisional Secretariat, Thirukkovil for the development of projects such as Rehabilitation of Kovils and Development of Shakthi Vidyalaya in the years 2013 and 2014. That amount had been retained in the Deposit Account even by 31 December 2016 without being utilizing for the respective purpose.

3.4 Reconciliation Statement on the Advances to Public Officers Account

The following deficiencies were observed during the course of audit test checks of the Reconciliation Statement as at 31 December 2016 relating to the Advances to Public Officers Account Item No.27001.

- (a) According to the Reconciliation Statement presented to audit, the balances that remained outstanding as at that date totalled Rs.2,714,336. Even though, those outstanding balances remained for a period ranging from 03 months to 09 months, the Divisional Secretariat had failed to recover those outstanding balances even by 31 December 2016.
- (b) Action had not been taken to recover the balances recoverable from the officers deceased and retired shown in the Reconciliation Statement of the Advances to Public Officers Account totalling Rs.2,168,938 even by 31 December 2016.

3.5 Assets Management

Idle and Under-utilized Assets

The following observations are made.

- (a) Twelve Government quarters belonging to Divisional Secretariat had remained idle without being utilized for a period ranging from 01 year to 06 years.
- (b) Electric equipment and bathroom items obtained to fix for the constructions (King Abdulla Model Town) of the land in which implemented the Housing Scheme of Divisional Secretariat, Addalachchenai had remained idle since about 06 years period without being fixed.

3.6 Non-compliances

(a) Non-compliance with Laws, Rules and Regulations

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

Reference to Laws, Rules and Regulations	Non-compliance
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.	
Financial Regulation 141	Even though, the second signatory shall sign after the first signatory signed, where payment is made by cheque, a cheque valued at Rs.53,922 had been furnished to the Bank by the Divisional Secretariat, Sammanthurai with the second signatory only.
(b) Government Procurement Guidelines	
Guideline 5.4.11	When informing the details of the Value Added Tax paid for the contracts to the Department of Inland Revenue, a copy of that details should be furnished to the Auditor General. At the audit test check carried out, it was observed that the information relating to the Value Added Tax amounting to Rs.33,236,926 paid in the year 2016 had not been furnished to Auditor General.

(b) Non-compliance with Tax Requirements

The following observations are made.

- (i) A sum of Rs.495,724 had been paid as Value Added Tax to a contractor who had not registered for Value Added Tax in respect of the “Constructions of Indoor Badminton Courts” of the Almeena Vidyalaya situated in the area of the Ninthaur implemented by the Divisional Secretariat, Ninthaur.

- (ii) The Value Added Tax amounting to Rs.527,281 payable to the contractor in respect of Development of Panama R Chandrasena and Lahugala Public Grounds implemented by the Divisional Secretariat, Lahugala under the provisions of the Ministry of Sports had been retained in the General Deposit Account from 29 December 2016 to 23 March 2017.

3.7 Implementation of Projects under Domestic Financing

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

(a) Projects abandoned without Commencing

The District Secretariat had not commenced the following projects.

	Project	Estimated Cost	Due Date of Commencing	Reasons for not Commencing - briefly
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		Rs.		
(i)	Construction of a Marketing Centre in the Divisional Secretariat, Uhana.	2,725,017	20.12.2016	Non-preparation of estimates accurately and not obtained a contractor.
(ii)	Construction of the Divisional Secretariat, Dehiaththakandiya.	9,000,000	2016	Not implemented, due to a problem arised in respect of the selection of the land.

(b) Projects abandoned without Completing

Even though the District Secretariat had commenced the following projects, those projects had been abandoned without being completed.

	Project	Estimated Cost	Date of Commencement	Expenditure up to 31 December 2016	Reasons for Abandoning
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		Rs.		Rs.	
(i)	Construction of the Playground and Pavilion Damana, Posonpura	1,455,348	27.10.2014	217,087	The contractor had stated that the construction could not be executed on the prices fixed in 2014.

(ii)	Project for construction of Anicut in Navagamgoda, Ampara	2,524,654	15.11.2014	141,960	Even though, the estimates had been prepared by considering the position in the feasibility study, it could not be executed due to increase of the cost at present.
(iii)	Development of Public ground in 04 Grama Niladhari Divisions of Kalmunikudi in the Kalmunai area.	1,000,000	13.08.2014	320,877	Weaknesses of the contractual company and affects of the weather conditions.
(iv)	Construction of Ninthaur Pallaweli Road	2,000,000	30.11.2014	219,846	Even though, this project had been implemented by the Department of Irrigation, but it had not been executed due to problems arised between the owners of the paddy fields.
(v)	Construction of Class Room Building of the Saindamarudu Sahira Vidyalaya.	5,000,000	30.12.2014	1,252,979	Non-availability of the adequate time to implement the project and could not be completed due to school examinations and heavy rains.
(vi)	Construction of Playground of the Saindamarudu Sahira Vidyalaya.	3,324,020	15.09.2016	Nil	Non- availability of adequate time to implement the project and could not be completed due to school examinations and heavy rains.

(c) Delays in the Execution of projects

Delays in the execution of the following projects by the District Secretariat were observed.

Project	Estimate d Cost	Date of Commencemen t	Due date of Completi on	Date of Completi on	Expenditur e as at 31 December 2016	Reasons for Delay
	Rs.				Rs.	
(i) Construction of two storied new building of the Ampara, Nawagampura Saddhatissapura Primary Vidyalaya	4,916,439	21.11.2014	04.01.2015	23.12.2016	4,380,000	Delay of the contractor and delay of receipts of funds.
(ii) Construction of Playground and the Pavilion of the Ampara, D.S.Senanayaka Vidyalaya	2,468,744	31.12.2014	15.02.2015	19.12.2015	2,058,107	Legal problems arised on the land and weaknesses of the supervision.
(iii) Construction of Udayapura Playground and Pavilion.	2,615,097	20.10.2014	05.12.2014	20.12.2015	2,443,661	Delay of the contractor and delay of receipts of funds.
(iv) Construction of Ampara, Rajawera Playground.	954,231	24.11.2014	08.01.2015	19.12.2015	945,676	Delay of receipts of funds.
(v) Development of Bolverian 01 Road	1,179,375	31.12.2013	31.03.2014	31.12.2016	1,179,234	Delay of receipts of funds.

3.8 Performance

The observations on the progress of the District Secretariat according to the Annual Budget Estimates and Action Plan for the year 2016 are given below.

(a) Execution of Projects Deviation from Objectives

The following observations are made.

- (i) Provisions of Rs.9.00 million had been granted to District Secretariat, Ampara to construct new building of the Divisional Secretariat, Dehiattakandiya though the provisions of the Ministry of Home Affairs in the year 2016. But those provisions had been utilized for development activities of the other Divisional Secretariats.
- (ii) A sum of Rs.1,258,000 had been incurred for the Development of Panama R. Chandrasena and Lahugala Public Play Grounds situated in the area of the Divisional Secretariat, Lahugala under the Rural Playgrounds Development Programme implemented in the year 2016 by the Ministry of Sports. The Lighting posts had been erected by fixing 185 small size CFL bulbs with a supporting base at the rate of Rs.6,800 around two playgrounds. But, above amount had not been utilized effectively for the objective of the development of playgrounds as these playgrounds are not using at nights and as there was no requirement to fix above mentioned small size bulbs.

(b) Key Functions not executed Adequately

The following observations are made.

- (i) The Programme of “Providing a Glass of Fresh Milk for the Pre-school Children” implemented by the Ministry of Women and Child Affairs for the year 2016 had been implemented within the Ampara District. There were 21,005 children in 739 eligible pre-schools and the daily requirement of the milk thereon had been as 3,151 litres. But, this programme had been implemented by 31 December 2016 only for 3,722 children in 92 pre-schools situated in 08 Divisional Secretariats in the Ampara District of which had a high milk production when considering the Milk Production of Sri Lanka. Therefore, the opportunity to obtain required vitamin content to the growth of the pre-school children by the project was deprived.
- (ii) The lists of the beneficiaries had not been prepared accurately by the Divisional Secretariats to construct the houses damaged due to the floods affected to the areas of Lahugala and Dehiattakandiya in the month of December 2014. As those particulars not furnished to the Ministry accurately, the provisions of Rs.13.67 million, out of the provisions of Rs.23.69 million received for the beneficiaries in the year 2016 had not been utilized even by 31 December 2016. Therefore, the opportunity to utilize that provisions for the beneficiaries of another project of the Ministry was deprived.

3.9 Contract Administration

The following observations are made.

- (a) Provisions of Rs.1,500,000 had been made to construct Posonpura Play Ground and the Pavilion in the area of the Divisional Secretariat, Damana in Ampara District under the Palath Neguma Programme of the year 2014. The activities amounting to Rs.217,087 had only been completed by 31 December 2016. Accordingly, the benefits could be obtained by the people had been deprived and no action had been taken against the contractor for non-completion of the contract.
- (b) Under the provisions of the Ministry of Economic Development in the year 2014, provisions of Rs.2,000,000 had been allocated to construct Pallaweli Road in the area of the Divisional Secretariat, Ninthaur without a feasibility study. A sum of Rs.219,846 had only been incurred by 31 December 2016 and subsequently the project had been abandoned. Therefore, it appears as a fruitless expenditure.
- (c) Provisions of Rs.5,000,000 had been made to construct a class room building of the Sahira Vidyalaya in the area of the Divisional Secretariat, Saindamarudu under Gamaneguma Development Programme of the Ministry of Economic Development in the year 2014. Even though, all provisions of the year 2016 had been made available by the Divisional Secretariat, the project had not been completed by 31 December 2016 and a sum of Rs.1,252,979 only had been incurred thereon. Accordingly, the benefits could have been obtained by the school children through the above project had not been obtained. No action whatsoever had been taken on the contractor according to the agreement in respect of the non-completion of the contract.
- (d) Provisions of Rs.4,000,000 had been made for the development of the Play ground of the Sahira Vidyalaya in the area of the Divisional Secretariat, Saindamarudu under the Project of Development of Rural Play grounds for the year 2016 implemented by the Ministry of Sports. According to the agreement, the project should be completed on 31 October 2016. Nevertheless, the construction works had not been commenced even by 31 December 2016. Therefore, the benefits which could be obtained by the school children through the above project were deprived. Similarly, required action had not been taken on contractor in terms of the agreement in respect of non-completion of the contract.
- (e) The Indoor Badminton Courts of the Almeena Vidyalaya had been constructed by the Divisional Secretariat, Ninthaur under the provisions of Ministry of Economic Development for the year 2014. A sum of Rs.1,013,169 had been over paid as the payments had been made exceeding the amounts of the original engineering estimate prepared thereon. Therefore, constructions of 20 works including supply of electricity and fixing aluminum doors and windows included in the original estimate amounting to Rs.929,010 could not be carried out.

3.10 Deficiencies in the Operation of Bank Accounts

Balances for Adjustment

Information revealed at an analysis of the adjustments shown in the Bank Reconciliation Statement prepared by the District Secretariat for the month of December 2016 is given below.

Particulars of Adjustments	Age Analysis		Total
	Over 06 months less than 01 year	Over 01 year less than 03 years	
	Rs.	Rs.	Rs.
(i) Deposits not realized	-	10,000	10,000
(ii) Cheques issued but not presented for payment	152,539	-	152,539
(iii) Unidentified Debits	86,048	-	86,048
(iv) Unidentified Credits	800	-	800
Total	239,387	10,000	249,387

3.11 Irregular Transactions

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

(a) Deviation from the Government Procurement Guidelines Procedure

The following observations are made.

- (i) The Divisional Secretariat, Mahaoya had awarded contracts to the contractors in respect of construction of 30 Drinking Water Wells Project totalling Rs.6,112,961 without the participation of contractors or their agents and the Chairman of the Committee for the bids opening meeting.
- (ii) The purchases of furniture and office equipment amounting to Rs.4,694,074 had been made by the Divisional Secretariat, Padiyathalawa and Lahugala in the month of December 2016 without calling bids.
- (iii) Under the "Programme of Providing a Nutritional Meal for the Pregnant mothers" implemented by the Ministry of Women and Child Affairs, the purchases should be made through several suppliers according to the Procurement decision as per the Circular No.06/2016 of the Ministry of Women

and Child Affairs dated 11 April 2016. Contrary to that, all purchases during one month had been made by the Divisional Secretariat, Sammanthurai only from one single supplier.

- (iv) Under the project of the “Economic Co-operation Programme” implemented through the provisions of the Ministry of National Integration and Reconciliation for the year 2016, forty six water pumps valued at Rs.1,391,500 purchased by the Divisional Secretariat, Pothuvil had been purchased only from one single supplier contrary to the Government Procedure Guidelines.

(b) Transactions without Authority

The following observations are made.

- (i) Six payment vouchers totalling Rs.3,518,152 paid for contracts by the Assistant Divisional Secretary of the Divisional Secretariat, Addalachchenai had been approved without the authority.
- (ii) Under the project of “Construction of Drinking Water Wells for Displaced Families” implemented by the Ministry of Prison Reforms, Resettlement and Hindu Cultural Affairs, the construction of respective drinking water wells should be done by the same beneficiary in terms of the instructions of the Circular No.MR/04/40 of the Ministry of Prison Reforms, Rehabilitation, Resettlement and Hindu Cultural Affairs. Nevertheless, the construction of 50 water wells amounting to Rs.10,272,961 had been constructed by the Divisional Secretariats, Mahaoya and Thirukkovil through contractors without the approval of the Ministry.

3.12 Losses and Damage

The loss incurred due to the robbery made by the thieves on 21 September 2015 in the Saddhatissapura stores belonging to the District Secretariat, Ampara had been assessed as Rs.850,738 and the particulars had been furnished to the relevant Ministry. Nevertheless, the final action had not been taken even by 31 December 2016.

3.13 Uneconomic Transactions

Under One work for One Village programme implemented in the year 2014, a sum of Rs.120,000 had been over paid for the work not executed according to the estimate in the Development of Public Playground of Grama Seva Division 04 of Kalmunikudi implemented by the Divisional Secretariat, Kalmunai.

3.14 Unresolved Audit Paragraphs

Reference to the audit paragraphs on which the District Secretariat had not rectified the deficiencies out of those pointed out in the paragraphs included in the reports of the Auditor General relating to the District Secretariat is given below.

Reference to Report of Auditor General	Subject under Reference	
Year	Paragraph Number	
2014	3.1	Non- maintenance of updated Register of Fixed Assets.
2014	3.9	A cab vehicle parked without repairing for a number of years.
2015	3.6 (b) (i)	Non-completion of constructions of pre-school building in Kalupanibedda situated in the area of Mahaoya.
2015	3.6 (b) (ii)	Non-completion of constructions of teachers hostel in Tampitiya Vidyalaya situated in the area of Mahaoya.
2015	3.6 (b) (iii)	Non-completion of development work of the playground of Warapitiya Vidyalaya situated in the area of Mahaoya.
2015	3.6 (b) (iv)	Non-completion of balance work of the construction of the Community Hall Marangala situated in the area of Padiyathalawa.
2015	3.11	Non-recovery of loss caused due to the robbery of the Saddhathissapura stores.

3.15 Matters of Contentious Nature

A Development officer of the Divisional Secretariat, Pothuvil and his spouse had maintained a trade stall contrary to the Section 1.2 of the Chapter XXX of the Establishments Code. Food items valued at Rs.8,146,000 had been purchased by the Divisional Secretariat, Pothuvil for the Programme of providing Nutritional Food Bags for Pregnant Mothers during the period from May to December 2016 from that trade stall.

3.16 Management Weaknesses

The following weaknesses were observed during audit test checks.

- (a) Under the programme of “Providing a Glass of Milk to Pre-school Children” implemented by the Ministry of Women and Child Affairs, the Public Health Inspectors of the area should check the health protective status of the milk regularly and the quality of the milk should have been checked by the Veterinary Medical Officers in terms of the Paragraph 4.4 of the Circular No.2015/01 of the Ministry of Women and Child Affairs dated 10 February 2015. Action in terms of the provisions of the Circular had not been taken on milk provided by the Divisional Secretariat, Dehiattakandiya for the year 2016.
- (b) The Vidatha Resource Centre implemented under the Divisional Secretariat, Dehiattakandiya had not been operated since the period of 08 years and Computer Accessories, Yoghurt production machines and Food Dehydration machines valued about Rs.15 lakhs belonging to the Centre had been stored without being utilized. The Divisional Secretariat had not taken action to provide benefits to the public which should be provided by the Centre.
- (c) Forty six Nutritional food bags valued at Rs.92,000 had remained without being distributed by the Divisional Secretariat, Dehiattakandiya for the month of April 2016 in respect of the programme for providing a Nutritional Food Bag valued at Rs.2,000 to the pregnant mothers monthly implemented by the Ministry of Women and Child Affairs It was observed that, those bags had been stored irregularly from 31 August to 23 November 2016 and those food items were not suitable for the consumption.
- (d) A stock of school equipment valued at Rs.62,395 which donated by the people of Dehiattakandiya area to the Divisional Secretariat for the distribution among the school children of the families displaced due to earth slips of the Aranayaka area in May 2016 had stored irregularly without being distributed even by 23 November 2016.
- (e) Even though, the time recording machines operated in the Divisional Secretariats of Dehiattakandiya, Alliadiwembu, Damana and Sammanthurai had remained non-operational, action had not been taken by the management to repair and operate them even by 31 December 2016.
- (f) A balance of Rs.34,430 had remained as an unidentified balance in the Bank Reconciliation Statements prepared from June to October 2016 due to a mistake made when banking the salaries of the month of June 2016 of the Divisional Secretariat, Dehiattakandiya. Action had not taken to rectify that even by 22 November 2016.
- (g) The Vidatha Resource Centre implemented from the year 2009 under the Divisional Secretariat, Uhana and the machines and equipment thereto had remained idle for nearly 04 years from 13 February 2013 to 10 November 2016 without being utilized.

- (h) Even though, unidentified payments valued at Rs.86,047 remained from the year 2015 in the Divisional Secretariat, Pothuvil had been shown in the Bank Reconciliation Statement, action had not been taken to identify and rectify those balances even by 31 December 2016.
- (i) A cheque valued at Rs.100,000 issued by a private institution on 31 December 2015 had not been presented to the bank by the Divisional Secretariat, Sammanthurai for encashment even by 30 June 2016.

3.17 Human Resources Management

Approved Cadre and Actual Cadre

The position on the cadre of the District Secretariat and Divisional Secretariats as at 31 December 2016 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess Cadre
(i) Senior Level	84	77	7	-
(ii) Tertiary Level	83	16	67	-
(iii) Secondary Level	1,874	1,676	198	-
(iv) Primary Level	214	233	-	19
Total	<u>2,255</u>	<u>2,002</u>	<u>272</u>	<u>19</u>