

The Appropriation Account and the Reconciliation Statement under Head and Item Number stated in the First Schedule and Third Schedule of the Appropriation Act No. 24 of 2016 as amended by the Appropriation (Amendment) Act No.32 of 2017 were presented to audit by the District Secretariat, Galle. The financial and physical performance reflected from those accounts and the reconciliation statements were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

## **1.2 Responsibility on the Financial Management and Accountability of the Chief Accounting Officer and the Accounting Officer**

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The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124. The Minister of Finance appoints the Chief Accounting Officers to discharge above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all financial transactions of his Department in terms of Financial Regulation 125(1)(a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament in accordance with the provisions in Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Government Financial Regulations and Administrative Regulations.

## **1.3 Scope of Audit**

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The audit of the District Secretariat, Galle – Head 261 for the year ended 31 December 2017 was carried out in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka in respect of designing of financial and physical performance, Government expenditure, Government revenue, management of human and physical resources, applying of internal control systems, compliance with laws, rules and regulations and maintenance of updated books, registers, records and reconciliation statements, preparation and presentation of accounts in timely manner, issuance of performance reports to respective parties based on the performance indicators. The Management Audit Report for the year under review was issued to the District Secretary on 13 June 2018. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the plans, accounts, reconciliation statements and performance reports 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.

## 1.4 Audit Observation

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The audit observations of the District Secretariat, Galle for the year ended 31 December 2017 revealed in audit appear in Management Audit Report mentioned in paragraph 1.3 above. The material and significant audit observations out of the audit observations included in the Management Audit Report appear in paragraphs 2.1 to 2.14 of this report. It was observed that the accountability as the Accounting Officer has been executed, to ensure the adequacy of the financial control satisfactorily subjected to the following summarized audit observations revealed in the performance of the provisions of the Financial Regulations 128 of the Democratic Socialist Republic of Sri Lanka.

Financial Regulation 128 (1)	Non-compliance with that Provision by the Accounting Officer	Reference to the Paragraph included Observation
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Financial Regulations		
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128 (1) (a)    The work of his Department is planned and carried out with due despatch, having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provision for the activities authorized and that an endeavour is made, to complete the programme of work laid down for the year and/ or to attain the targets specified.	1. Non-utilization of allocated provisions. 2. Deficiencies in utilization of provisions made available by other Ministries, Departments and other offices.  3. Preparation of Action Plan incompletely 4. Irregular Transactions 5. Management Weaknesses	2.9.1, 2.4     2.9.2 2.3.1 2.5 2.8
128(1)(c)    The Financial Regulations and other Supplementary instructions of the Government are adhered to in his Department and that they are supplemented by Departmental instructions where necessary.	1. Non-compliances 2. Actions not taken on lapsed deposits.	2.13 2.12

128(1)(i)	The activities of his Department are under taken with due regard to economy, efficiency, propriety and integrity expected in the transaction of public business.	<ol style="list-style-type: none"> <li>1. Projects abandoned without completing.</li> <li>2. Deficiencies in project implementation</li> <li>3. Projects not achieved expected objectives.</li> <li>4. Imprest account</li> <li>5. Deficiencies in utilization of provisions made available by other Ministries, Departments and other offices.</li> <li>6. Unresolved audit paragraphs</li> <li>7. Deficiencies in staff training</li> </ol>	<p>2.3.2(a)</p> <p>2.3.2(b)</p> <p>2.3.2(c)</p> <p>2.11</p> <p>2.9.2</p> <p>2.7</p> <p>2.14(c)</p>
128 (1)(h)	Special arrangements are made to recover outstanding dues and that the officers assigned that task report to him at least once a quarter or as otherwise directed regarding arrears and action pursued to expedite their money.	Outstanding loan balances	2.10
128(1)(o)	The procedure laid down in Financial Regulations 103 to 108 is adhered to in case of losses to Government by the delays, negligence, faults or frauds on the part of officers/ employees and surcharges are imposed on officers/ employees responsible for such losses in terms of FR 156(1)	Losses and damages	2.6

## 2. Material and Significant Audit Observation

### 2.1 Key Activities of the District Secretariat Galle

- (a) Coordination of Government activities in Divisional and village level by the Divisional Secretariats as well as implementing of activities entrusted by law, collection of relevant payment and revenue.
- (b) Collection of revenue and payments by acting as agents of other Ministries and Departments.
- (c) Implementation of Decentralized Budget and other Development programs in Divisional Secretariat level and payments thereon.
- (d) Engaging in activities entrusted to Provincial council as necessary and collection revenue and payment activities which should be performed there to.

### 2.2 Institutions under the District Secretariat and Activities carried out

Institutions established under the District Secretariat and the role of those institutions is given below.

Institutions under the District Secretariat	Authority for the Establishment	Role of the Institution
Divisional Secretariats		
(i) Galle - Kadawath Sathara	Transfer of Powers (Divisional Secretariats) Act No.58 of 1992	Implementation of administration and development activities assigned by the Central Government and Provincial Councils in Divisional level.
(ii) Bope – Poddala		
(iii) Akmeemana		
(iv) Elpitiya		
(v) Niyagama		
(vi) Nagoda		
(vii) Waliwitiya - Divitura		
(viii) Baddegama		
(ix) Imaduwa		
(x) Gonapinuwala		
(xi) Neluwa		
(xii) Thawalama		
(xiii) Karadeniya		
(xiv) Hikkaduwa		
(xv) Ambalangoda		
(xvi) Benthota		
(xvii) Yakkalamulla		
(xviii) Balapitiya		
(xix) Habaraduwa		

## 2.3 Performance

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### 2.3.1 Planning

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According to the Public Finance Circular No. 01/2014 dated on 17 February 2014; though action plan had been prepared for the year 2017, the action plan had not been prepared in view of fulfilling expected results of 19 Statutory Institutions established under District Secretariat.

### 2.3.2 Non-execution of Activities

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The following observations are made.

#### (a) Abandonment of Projects without Completing

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Out of the projects started by the District Secretariat in view of implementing the main objectives, six projects of Rs. 9.918 million had been abandoned without completing.

#### (b) Deficiencies in Project Implementation

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The following deficiencies were observed in implementation of projects by the District Secretariat

##### (i) Benthota Divisional Secretariat.

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Construction of 04 Community Halls had been commenced by spending a sum of Rs. 5,733,435 from the provision of the years 2015, 2016 and 2017 in 4 Grama Niladhari Divisions under Rural Infrastructure Development Program. Though the projects should be identified, which could be completed within the cash limit provided for that project from the budget as one of the criteria which should be considered at the time of selecting a project; construction of these building had been commenced and provision of 02 years had been provided without considering in that regard. However, these building could not be utilized even as at 28 August 2017 due to non-completing of the constructions.

##### (ii) Akmeemana Divisional Secretariat

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- A sum of Rs. 633,300 had been estimated for laying of interlock stones in 185.8 square meters surrounding the premises of Divisional Secretariat new building by using cash provision provided from District Secretariat in the year 2016, and the work had been completed without complying into the standard as well as contrary to the estimated specification and a sum of Rs.165,163 had been overpaid in that regard.

- Provisions of Rs. 2,884,000 had been received in the year 2017 for laying interlock stones in 712.5 square meters of the balance portion surrounding this building. District Procurement Committee had decided to grant this contract for the same contractor, who constructed the new building, without calling for bids. Accordingly, it was observed in audit that, 06 interlock stones taken from the laid interlock stones, for the consideration of strength test, were not reached the relevant strength level. Accordingly, the work value and the Value Add Tax inclusive amount of Rs. 2,810,678 had been paid for this project relying with the same unit price requested by the contractor.

(iii) Habaraduwa Divisional Secretariat

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- An estimate had been prepared for the value of Rs. 525,000 to construct a drain system with a length of 270 feet, width of 1.8 feet and height of 1.17 feet under the Koggala Modaragoda Drain System Construction Program, and had been entered into an agreement with Elders Organization for a work value of Rs. 515,492 on 01 November 2017, and works had been completed on 06 December 2017.
  - According to the ground level of the drain construction, though Technical Officers had discovered that the maximum length for water draining would be 125 feet, the estimate had been an over estimation due to preparing the estimate without identifying the correct length of drain construction at the time of planning the work. Accordingly, the works of 53 per cent of the estimate amount had not been performed and more than 50 per cent of provisions made for the project could not be utilized.
  - Though the objective of this drain construction was to drain out water which was gathered in houses due to rain, into low land; it was observed that the water flowing from the main drain had been returned into houses along with this drain due to non-constructing the water flowing direction when connecting this drain into main drain flowing from high land into downward.

(c) **Projects not Achieved Expected Objectives**

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It was observed that the expected objectives of the following projects completed by the District Secretariat were not achieved.

(i) Habaraduwa Divisional Secretariat

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- An estimate had been prepared and approved for the works amounting to Rs. 338,725 to excavate canal for a distance of 275 meters and to fix kithul strips on the both sides when rehabilitating Attharagoda Hin Ela under village improvement program of the Ministry of Economic Development in the year 2015. According to the estimate; though it was proposed to rehabilitate for a distance of 275 meters, the distance of 225 meters had only been rehabilitated.
- Though the main objective of the rehabilitation of this canal was to cultivate fallow fields, those fields had not been cultivated even it was lapsed 02 years for the rehabilitation of the canal and situation had been created where the canal could not be useable as it was completely wilderness.

(ii) Ambalangoda Divisional Secretariat

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The works had been completed on 21 December 2017 by engaging into an agreement with Mativala Parape Rural Development Society on 06 October 2017 for works amounting to Rs. 472,007 for the rehabilitation of Baddaramulla Yaya Ela with the length of 1,135 meters with the objectives of taking more paddy harvest through cultivating fallow fields. It was observed at the time of audit on 22 May 2018 that, a part consisting with 200 meters from the beginning of this canal had been wilderness and water had not been flown sufficiently. Though the objective of the project was to cultivate fallow field, cultivation of fields had not even been started as at the time of audit.

- (d) According to the Sustainable Development Agenda for the year 2030 of the United Nations Organization, when examining with regarding preparedness in achieving objectives and targets so as to achieve, actions had not been taken to identify sustainable development objectives and targets with relating to sustainable agenda 2030 not only during the year 2017 but also even as at 31 May 2018 by the District Secretariat.

## 2.4 Implemented Local Funded Projects

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The provisions totaling Rs. 2,918.5 million had been provided by the District Secretariat in the year under review for 12 projects implemented by using domestic funds and, out of them, the provisions of Rs. 1,739.15 million had been saved from the provisions given to rehabilitate emergency disaster - flood infrastructure.

## **2.5 Irregular Transactions**

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A sum of Rs. 1,350,000 had been spent by Kadawath Sathara Divisional Secretariat for building materials and library books of astrological library under Decentralized Budgetary Program and following matters were observed in this regard.

- (i) This library was established within a premises approximately 600 square feet of the second floor of a private building with three floors, and it was observed that the given building materials were more than the requirement of that library premises.
- (ii) The building and the land which were operated Voluntary Organization including this library, had been sold out to another person in the year 2015 and some other business activities had been being operated in that premises at present. Accordingly, the grant given by the government for public interest had been utilized for personal interest.

## **2.6 Losses and Damages**

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The following observations are made on losses and damage revealed during the course of audit test checks.

- (a) Cheque fraud of Rs. 815,650 had been done by an officer in Karandeniya Divisional Secretariat on 05 September 2006 by placing fraudulent signatures. Though it was lapsed a period of 11 years for the occurrence of relevant loss, recovery of that loss could not be done even in the year under review.
- (b) As per the court decision made in Galle District Court with regarding the accident cause to vehicle belonging to the Ambalangoda Divisional Secretariat on 26 June 2001, the loss of Rs. 130,168 had not been recovered from the relevant accused even as at the end of the year under review.

## **2.7 Unresolved Audit Paragraphs**

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



**Reference to Report of  
Auditor General**

**Subject under reference**

<b>Year</b>	<b>Paragraph Number</b>	
2014	3.1(a)(ii)	Mobilization advances amounting to Rs. 139,333,203 given to Sri Lanka Engineering Corporation for 27 projects of laying road carpets in the years 2011 and 2013, had not been settled even as at 31 December 2016.
2015	3.4.2(c)	(i) Though a sum of Rs. 1,440,507 had been spent as Mobilization Advances, Consultancy Services Charges and Allowances for Procurement and Technical Evaluation Committees for Batapola District Hospital Development Project; steps had not been taken to recover the paid advance amount as the works of the project had not been commenced even as at 31 December 2016.  (iii) A sum of Rs. 1,325,945 had been spent as Mobilization Advances, Consultancy Services Charges and Allowances for Procurement and Technical Evaluation Committees for Ambalangoda Kahatapitiya Playground Rehabilitation Project. Agreement period of this had been lapsed as at 31 December 2016 and though more than 2 years had been lapsed for the above payment, not even 20 per cent works of the project had been completed.
2016	3.8	Though 61 acres 142 perches had been distributed under the relevant program as at the year 2016 by initiating the acquisition activities of Apthowatta land in the year 1999 with an extent of 467 acres 1 rood 26 perches with relating to village expansion program, further 01 acre 58 perches had been given for hotel industry contrary to the objective. Though 18 years had been lapsed for the land acquisition, project activities had not been completed properly and that land were with unauthorized people. A sum of Rs. 1,585,625 given by Southern Development Authority had been held in General Deposit Account.

## 2.8 Management Weaknesses

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

(a) District Secretariat

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- (i) Allocations of Rs. 1,995 million had been received as per the approval granted for the Cabinet Paper presented by the Minister of National Policies and Economic Affairs by the name of “Relief Mechanism for Accelerating of Rehabilitation and Reconstruction Activities in the Areas Damaged from Flood and Landslides” due to the adverse weather affected in May 2017.
- According to the Circular No. MNPEA 04/2017 dated 22 August 2017 issued by the Secretary to the Ministry of National Policies and Economic Affairs in this regard, though the contracts should be awarded for contractors registered in Construction Industries Development Authority (CIDA) by giving equal opportunity for everyone, contract awarding activities had not been performed accordingly.
  - All allocations had been given to District Secretary and it had been entered into agreements with Southern Province Road Development Authority for contracts of Provincial Road Rehabilitation valued at Rs.255.67 million and with contractors under the supervision of Road Development Authority for contracts of National Road Rehabilitation valued at Rs. 828.38 million. Though preparation of estimates with relating to roads of Southern Provincial Road Development Authority had been prepared by that Authority and with relating to roads of roads development Authority had been prepared by that Authority; correctness of these estimates had not been examined through an independent Institute. Further, no evidences were available that the conducting of any supervision, though the sole responsibility of supervision and technical consultancy is on the first party (District Secretary) as per the agreement.
  - The instances were observed that, the construction works of some roads belonging to Road Development Authority had been given to one contractor by dividing into several phases.
  - According to paragraph 6 of the Memorandum of Understanding, though the sole responsibility of supervision and technical consultancy had been entrusted to Provincial Road Development Authority, supervision had not been performed by an independent party due to the Authority is performing as the contractor.

- According to the above circular, contracts works of 6 projects, which should be completed as at 31 December 2017, had even not been started as at the month of January 2018. Other than that, the percentage completed in contracts works of 12 projects were remained less than 25 percent.
- Projects among the road modernization projects under the supervision of Road Development Authority, which should be implemented through normal procurement process, had been implemented other than project which should be implemented through the accelerated mechanism. Accordingly; the rates of Southern Provincial Road Development Authority which were higher than the approved rates in Road Development Authority had been used in preparing road estimates. A sum of Rs. 4,869,808 had been over paid to contractors due to making payments as a basis of estimated volume instead of considering the thickness taken from the surface as a basis which the asphalt supplied and laid by the contractors. A sum of Rs. 2,487,893 had been over paid with relating to 7 contracts due to non-making payments by calculating the average of the core sample when making payments for asphalt cause. Further, payments had been made in instances where the asphalt compaction was in lower than the percentage approved, when making payments.

(b) Neluwa Divisional Secretariat

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- (i) Batuwangala Kurunduwatta land was with an extent of 07 acres and though the activities of acquisition to the Government had been commenced in the year 2001 in view of distributing among landless people under village expansion scheme, identification activities of the people getting the right of lands had not been completed even as at the end of the year 2017. This had been partitioned into 52 land lots and 42 out of them had been given to victims from flood in the year 2003. Out of these land lots, license had not been given to 23 lots even as at October 2017.
- (ii) Acquisition activities of the land with extent of 0.1316 hectares had been commenced in the year 2013 for reconstruction of No.9/5 bridge in Thawalama – Neluwa - Batuwangala road. The Interim Order 38 (a) of the Land Acquisition Act had been issued on 10 March 2014 and though the construction work of the bridge had been completed as at 20 October 2017, the land acquisition activities had not been completed by identifying the land owners in terms of paragraph 07 of the Act even by that time.
- (iii) The Acquisition activities of the land named Kirimanakatiya with extent of 48.946 hectares located in Higuruva village had been commenced in the year 1996 to maintain a reserve under Department of Forest. Though it was lapsed 20 years a period by now, activities such as conduct title examination, compensation

payment, granting of land possession had been being delayed even as at the end of the year 2017.

- (iv) People without land identified according to the Land Kachcheri System remained in the years 2011 and 2013 were 1464 and giving of lands for those people could not be conducted even by now. 19 encroached land lots with the range between 20 to 82 perches, which had been identified through Land Kachcheri, had been proposed to give on long term lease basis. Though 14 land lots out of them had been sent for approval of Provincial Land Commissioner, approval for that had not been received. Actions had not been taken with regarding the giving of further 04 land lots on long term lease.

(c) Karandeniya Divisional Secretariat

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- (i) Government acquisition process of Punchi Borkanda watta land with extent of 5 acres 1 rood 1 perch belonging to Land Reclamation Commission located in Borakanda Grama Niladhari Division, had been commenced for the construction of T.D Samaraweera Stadium in the year 2006. Though the notice under the Section 2 of Chapter 460 of Land Acquisition Act had been published on 26 February 2007 for acquisition of the land, Interim Order 38 (a) of relevant Land Acquisition Act had been issued on 31 December 2007 based on progressive tracing due to mentioning land extent of proposed acquisition as 0.285 hectares. Accordingly, vesting of land lots relating to each Government Institutions had been a problem due to the issuance of Interim Order 38 (a) by mentioning lesser amount than the amount proposed to acquire. It was requested by the Ministry of Land to revise the progressive tracing from the letter dated 28 July 2015 in this regard. However though 2 years had been lapsed as at 18 September 2017 for the receipt of that order no any actions had been taken in this regard.
- (ii) Government acquisition activities of 02 acres from Parawela land in Mahaedhanda village had been commenced in the year 1986 with the view of vesting to Karandeniya Pradeshiya Sabha for Karandeniya City Development. Though it had been decided to pay compensation amount of Rs. 960,000 for 05 people who were entitled compensation at the time of land acquisition, the compensation amount had been deposited in the Court as there were doubts with relating to ownership of the land. The compensation payment activities had been abundant due to non-receiving of cash properly from Pradeshiya Sabha and steps had not been taken to get those cash. Additional interest had to be paid as delay in making compensation payments. Though the revenue is generated from the development made in the acquired land by Karandeniya Pradeshiya Sabha, no any benefit had been received in many years by the people who lost their lands.

(d) Benthota Divisional Secretariat

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- (i) Seventy four houses had been given for the displaced people by constructing 03 Tsunami villages in the year 2006. Following observations are made in this regard.
- Actions had not been taken even as at August 2017 to issue deeds for the relevant beneficiaries by clearing the ownership of 66 houses.
  - Out of 15 houses in Miriswatta, Mahakurunda, Gamunupura Tsunami villages, owners of 08 houses had given these houses on monthly rental basis to other parties. 04 houses of the project had not been utilized and 02 out of them were not in living condition.
  - It was confirmed by the reports of Grama Niladhari that 13 houses out of 49 houses in Nelum Pokuna U.S.A housing scheme and Paramitha housing scheme had been given to non-affected people by Tsunami disaster. 03 houses of this housing scheme had been sold out to other parties.
- (ii) The floating restaurant operating by the name Floating Restaurant in the address of Paradise Island, Fisheries Road, Benthota had been registered as proprietorship on 03 day of month of February in the year 2012. That registration had been canceled in the month of November 2012 by considering the changing of the place of operating the business and complaints. Though the business activities of this floating restaurant had been conducted without having any license from the year 2012 to the year 2017, no any step had been taken in this regard by the Authorized Officers.

(e) Habaraduwa Divisional Secretariat

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- (i) Ten perches from Government land named Modara wellawatte located in Koggala Grama Niladhari Division had been given to a person on long term lease basis to operate Private Tuttle Conservation Centre.
- According to the instructions given to Southern Provincial Land Commissioner by Divisional Secretary in this regard, actions had been taken to obtain the consent of the Institutions such as Habaraduwa Pradeshiya Sabha, Coast Conservation Department, Central Environmental Authority and Ministry of Wildlife Conservation. However, though it was informed by the Director General of Department of Wildlife Conservation that the approval could not be granted for Private Tuttle Conservation; according to the letter of granting approval of Secretary to the Ministry of Wildlife Conservation without the letter reference, this land had been

leased out for a period of 30 years on long term lease basis by the Commissioner General of Land.

- Though granting of powers for the rehabilitation and conservation of species which are threatened or likely to become endangered under Paragraph 45 (c) Fauna and Flora Protection (Amendment) Act No. 22 of 2009, should be done by the Director General Wildlife Conservation Department; granting of such power had not been made.
- It was observed in the physical inspection made in this regard, that the nearest Government land is encroached other than the vested Government land.

(f) Ambalangoda Divisional Secretariat

Land extent of 93.42 hectares located in 03 Grama Niladhari Divisions had been acquired to the Government by issuing Interim Order 38(b) of Land Acquisition Ordinance in the Gazette No. 524/23 of 23 September 1988 on the requirement of Ambalangoda Municipal Council for the Development of Ambalangoda City. Though it was lapsed about 30 years for the acquisition of the land by now, payment of compensation had not been completed by conducting title inspection for land extent of about 65 hectares of that land. Though compensation amount of Rs. 19.72 million had been valued for the area of about 13.19 hectares which was completed the conducting of title inspection, those cash had not been paid to land owners. The land owners were got into difficulty due to the delay in payment of compensation for a long period. Further the interest payable for the land owners had been Rs. 13.78 million by 31 August 2018. Further the land extent of 81.11 hectares from the total acquired land had not been utilized for the expected effective development activities.

**2.9 Utilization of Provisions made by Parliament to execute Activities**

2.9.1 Provisions made available, utilization and information above the saving of District Secretariat during the 05 years ending 31 December 2017 and audit observations in that regard were shown below.

Year	Category of Expenditure	Net Provision	Utilization	Savings	Savings as a Percentage of Net Provision
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		Rs. Million	Rs. Million	Rs. Million	
2013	Recurrent	1,014.98	1007.6	7.38	0.73

	Capital	60.76	60.06	0.69	1.14
	<b>Total</b>	<b>1,075.74</b>	<b>1,067.66</b>	<b>8.07</b>	<b>0.75</b>
2014	Recurrent	890.58	884.42	6.16	0.69
	Capital	45.80	45.62	0.18	0.39
	<b>Total</b>	<b>936.38</b>	<b>930.04</b>	<b>6.34</b>	<b>0.67</b>
2015	Recurrent	1042.30	1037.71	4.59	0.44
	Capital	78.00	47.28	30.72	39.38
	<b>Total</b>	<b>1,120.30</b>	<b>1,084.99</b>	<b>35.31</b>	<b>3.15</b>
2016	Recurrent	1,079.00	1,074.73	4.27	0.39
	Capital	78.00	77.19	0.81	1.04
	<b>Total</b>	<b>1,157.00</b>	<b>1,151.92</b>	<b>5.08</b>	<b>0.43</b>
2017	Recurrent	1,074.71	1,068.79	5.92	0.55
	Capital	2,120.20	380.56	1739.64	82.05
	<b>Total</b>	<b>3,194.91</b>	<b>1,449.35</b>	<b>1745.56</b>	<b>54.63</b>

The following observations are made in this regard.

#### **Non utilization of made Available Provisions**

Provisions had been given at the end of the year for rehabilitation of infrastructure affected by flood and landslide disasters in the year under review. Out of the total provisions of Rs. 1,995.2 million made available a sum of Rs. 248.44 million or 12 per cent had not been utilized for any project due to the provision could not be utilized as there were no sufficient time period for feasibility study, procurement and implementing by the end of the year under review.

#### **2.9.2 Utilization of Provisions given by Other Ministries, Departments and Other Offices**

The provisions totaling Rs. 3,841.99 million had been given by 26 Other Ministries, 20 Departments and 02 Offices by Rs. 3,531.75 million, Rs. 268.49 million and Rs. 41.75 million respectively for various activities. Out of that, only a sum of Rs. 2,799.75 million had been

utilized by the end of the year under review. Accordingly, the savings out of the provisions made available amounted to Rs. 1,042.23 million or 27.13 per cent. The following deficiencies were observed during the course of audit test checks carried out in this regard.

- (a) Eighteen equipment sets including tab computers with a value aggregating Rs.648,000 had been given to relief officers in the month of March 2016 to establish a Disaster Relief Information System in 18 Divisional Secretariats (excluding Tawalama Divisional Secretariat) by National Disaster Relief Services Centre in the Ministry of Disaster Management. However access to the information, entering data and updating them could not be done due to non-giving a proper training to Disaster Relief Officers on the utilization of computer equipment sets, non-availability of sufficient internet facilities in Divisional Secretariats to activate this information system.
- (b) Renovating activities of Wathu Gedara Sinigoda Road and the road near by Vidhaya Samadi Pirivena in Galle District had been done from the provisions given by National Policies and Economic Affairs Ministry. Though a sum of Rs.1,991,716 had been paid to the relevant contractor as value add tax, proper tax invoices had not been taken from the contractor and the payment of tax amount to the Inland Revenue Department could not be verified.
- (c) Loan programs had been implemented from the provision given by Department of Divi Neguma Development in 10 Community Base Banks belonging to 3 Divisional Secretariat in Galle District. The loan balances of Rs. 20,930,093 which was recoverable as at 31 August 2017 from 682 beneficiaries had been identified as belated loans and the follow up activities of recovering those loan balances were in poor level.
- (d) A sum of Rs. 400.00 million had been given to Galle District from the provision given by the Department of National Budget to improve infrastructure of flood affected people in Galle District, and out of them a sum of Rs. 291.24 million had been given to Kadawath Sathara Divisional Secretariat in Galle for the implantation of 202 projects. Out of them though it was planned to implement 199 projects amounting to Rs. 240.44 million, only 69 projects with an estimated value of Rs. 45.05 million had been completed as at 05 January 2018. Though contract activities of 27 projects with a value of Rs. 32.85 million had been started, works had not been completed even as at 19 March 2018. Further, contract activities of 103 projects valued at Rs. 162.54 million had not been commenced even as at 19 March 2018.
- (e) The estimated value of the project of coating bitumen, constructing the drain and the culvert in Jambugahawatta Attham Niwasa Road in the induranvila Grama Niladhari Division belonging to Imaduwa Divisional Secretariat had been Rs.1,523,576 from the provisions given by the Department of National Budget and though it had been entered into an agreement with a Community Base Society in the Division to perform the contract, the contract had been performed by some other outside party and the



responsibility of the defects in the contract had not been borne by the Contracting Society. Following observations were made in this regard.

- (i) According to the work item No. 22 of the estimate, though the drain should be constructed with 1:2:4 (3/4) mixture percentage providing with reinforcement and 24.7 cubic meters of smooth inside concrete surface, a sum of Rs. 847,806 had been paid to the contractor though the below mentioned deficiencies were there.
- A concrete laid to the drain foot had not been solid and it had been fractured.
  - Many places of the drain wall had been cracked.
  - It had not been verified that the concrete layer were in relevant strength indexes.
- (ii) According to the work items No. 9 to 18 of the estimate, though it was planned to lay a concrete layer of cubic meter 0.86 with 1:2:4 (3/4) mixture ratio for the construction of base as per the work item No. 11 by providing sum of Rs. 186,341 for the construction of box culvert, that work item had not been performed. The concrete slab of 1.30 cubic meters laid on the culvert had been cracked in many places.

## 2.10 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.26101 and the actual amounts are given below.

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
86.00	85.74	57.00	66.77	235.00	219.22

The following observations are made in this regard.

## Non-recovery of Outstanding Loan Balances

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According to the Reconciliation Statement presented to audit, the loan balances that remained outstanding as at 31 December 2017 totalled Rs. 1,446,210 except the loan balances of the officers transferred out. Those balances were Rs. 600,310 as at 31 July 2018 and those balances were remained for a period ranging from 01 year to 06 years.

### 2.11 Imprest Account

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The balance of Rs. 0.19 million which were remaining in the Imprest Account under the District Secretariat from the year 2006 had not been settled as at 31 December 2017.

### 2.12 General Deposit Accounts

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The balances of 04 General Deposit Accounts of the District Secretariat as at 31 December 2017 totalled Rs. 435.71 million. Out of them, actions had not been taken in terms of Financial Regulation 571 with relating to 339 deposits aggregating Rs. 170.7 million which were over 2 years (excluding land deposits).

### 2.13 Non-compliances

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

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

Reference to Laws, Rules and Regulations	Value	Non-compliance
-----	-----	-----
	Rs.	
(a) <b>Financial Regulations of the Democratic Socialist Republic of Sri Lanka</b>		
-----		
Financial Regulation 104 (4)	525,738	Though it was lapsed a period between 03 months to 12 months from the occurrence of the accident as at 03 April 2018, the reports which should be prepared with relating to 07 vehicle accidents occurred during the year had not been presented to Auditor General.

**(b) National Budget Circular Instructions Letters**

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Instructions Letters of the Director General of the Department of National Budget No.BD/GPS/13/0/9/14/MC-ii and MC-iii dated on 07 July 2015 and 06 January 2017

138,500

Though the market value of the motor bike should be recovered from the officer who had received motor bikes and going abroad on no pay leave or leave for more than 06 months with pay before completing 05 years; that amount had not been recovered from a female officer in abroad.

1,560,500

Though the market value of the motor bike should be recovered from the officer who is assigned to a post without an entitlement of motor bikes or is resigned from the post before completing 05 years; that amount had not been recovered from 10 such officers.

**(c) Paragraph 20 (2) of Value Add Tax Act No. 14 of 2002**

15,746,176

It was unable to verify that the tax amount was remitted to the Commissioner of Inland Revenue due to non-inclusion of name, address, date, invoice number in the invoices presented by the contractor for the payment of Value Add Tax amount.

**2.14 Human Resources Management**

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**Approved Cadre, Actual Cadre and Expenditure for Personal Emoluments**

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The particulars on approved cadre, actual cadre, vacancies and the excess cadre as at 31 December 2017 to execute the functions as mentioned in paragraph 2.1 above are given below. The District Secretariat had incurred a sum of Rs. 925.4 million for personal emoluments expenditure category for the year under review. Accordingly, the per capita expenditure amounted to Rs. 312,003.

<b>Category of Employees</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>Number of Vacancies</b>	<b>Excess Cadre</b>
(i) Senior Level	105	83	22	-
(ii) Tertiary Level	44	27	20	03
(iii) Secondary Level	2,849	2,677	214	42
(iv) Primary Level	183	173	10	-
(v) Casual/ Contract Basis	-	06	-	06
<b>Total</b>	<b>3,181</b>	<b>2,966</b>	<b>266</b>	<b>51</b>

The following observations are made in this regard.

**(a) Non filling of Vacancies in Staff Cadre**

Out of the approved cadre, 266 had been vacant as at the end of the year under review. Actions had not been taken properly by the District Secretariat to fill those vacancies.

**(b) Recruitment made Excessive to the Approved Cadre**

Fifty one officers had been recruited more than the approved amount without a proper approval.

**(c) Training of Staff**

Number of officers in District Secretariat and Divisional Secretariat who had not been received a minimum training period of 08 hours during the year under review and previous year were approximately 185.