

Head 270 - Report of the Auditor General of the District Secretariat, Ampara – Year 2017

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, Ampara. The financial and physical performance reflected from the account and the reconciliation statement 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

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

The audit of the District Secretariat, Ampara – Head 270 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 31 July 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

The audit observations of the District Secretariat, Kandy 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 paragraph 2 to 2.16 of this report. It was observed that the Accounting Officer had satisfactorily discharged his accountability as to ensure the adequacy of the financial control, subjected to the audit observations summarized in the under mentioned table revealed in execution of provisions of Financial Regulation 128 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka

Accountability of the Accounting Officer in terms of Financial Regulation 128 (1)	Non-compliance with that Provision by the Accounting Officer	Reference to the Paragraph included Observation
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Financial Regulation ----- 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. Deficiencies in preparation of imprest estimates	2.12(i, ii, iii)
	2. Documents and Books had not been maintained	2.14
	3. Functions included in the action plan had not executed.	2.3(a)
	4. Relinquished projects without commence	2.3(b)
	5. Relinquished projects without completed	2.3.1(c)
	6. Delay in executed of projects	2.3(d)
	7. Although money had been released there were no progress obtained	2.3(e)
	8. Deficiencies in implementation of procurement process	2.4
	9. Deficiencies in attachment of staff	2.7
	10. Weaknesses in utilisation of provisions given by other ministries.	2.10

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-compliance 2. General Deposit Account	2.15 2.13
128(1)(e)	Adequate and proper arrangements are made for the safe custody and preservation of money, stores, equipment and other assets belonging to the Government, or is in its custody, and that these are verified from time to time and where they are disposed of such disposal is according to prescribed Regulations and instructions.	Deficiencies in assets management	2.5
128(1)(f)	Information, statements and returns as are called for by the Chief Accounting Officer or the Treasury are rendered correctly and promptly.	Deficiencies in preparation of imprest estimates	2.12
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.	Balances of outstanding loan	2.11
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. (In this context, economy	1. Audit paragraphs not resolved 2. Deficiencies in management 3. Improper transactions 4. Uneconomic transactions	2.8 2.9 2.6 2.7

means not nearly keeping with the Estimates but also ensuring that the Government receives best value for money expended

2.1 Key Function of the District Secretariat

- To confirm Sustainable Development within the district, the District Development Plan, Project Planning and implementation and supervision of Development Projects.
- Preparation of development of district agriculture plan and implementation of National food production programme.
- To hold system of the office of the divisional secretary office in efficiently well friendly to the people.
- Implementation of the district disaster management plan and providing disaster relief.
- Fulfilment of statutory duties
- Supply of necessary procedures to create rest and consistence among the people who are in various nationalities and belongs to religions.
- Act as a government chief agency Institution and organisation of state jubilees.
- Officers' attitude merits and skill development.
- Be hold nice coordination between all government Institutions within the district.

2.2 The Institutions under the District Secretariat and functions to be fulfil thereby

The institutions established under the District Secretariat and functions of those are given below.

	Institutions under the District Secretariat	Authority for the Establishment	Role of the Institution
i	Ampara, Divisional Secretariat	Act of the establishment of Divisional Secretary Offices Act No.58 of 1992	<ol style="list-style-type: none"> 1. High development of public welfare and development activities through the coordination on the activities within the legal regulations in all line ministries, Departments and Institutions. 2. Activities relevant all lands in the region. 3. Fulfil of duties assigned by the legislation Forest Conservation Wildlife, Excise, Motor Traffic, Geology and Excavation Irrigation, Election and Department of Registration of Persons etc. 4. Fulfilment of activities relevant for direction of social development activities and disaster management within the region. 5. Activities of the registrar duties. 6. Control and direction about the state revenue and financial activities.
ii	Akkaraipaththuwa Divisional Secretary, office		
iii	Addalachchena Divisional Secretary office		
iv	Alleyadivembu, Divisional Secretary office		
v	Damana, Divisional Secretary office		
vi	Dehiatthakandiya Divisional Secretary office		
vii	Irakkamam Divisional Secretary office		
viii	Kalmunai (Tamil) Divisional Secretary office		
ix	Kalmunai (Muslim) Divisional Secretary office		
x	Karathivu Divisional Secretary office		
xi	Lahugala Divisional Secretary office		
xii	Mahaoya Divisional Secretary office		
xiii	Navindaweli Divisional Secretary office		
	Ninthaur Divisional Secretary office		
xiv	Divisional Secretariat, Navindaweli		
	Padiyathalawa Divisional Secretary office		
xv	Pothuwil Divisional Secretary office		
xvi	Samanthurai Divisional Secretary office		
xvii	Sayindamarudu Divisional Secretary office		
xviii	Thirukkivil Divisional Secretary office		
	Uhana Divisional Secretary office		
xix			

2.3 Performance

----- Non-execution of Activities -----

The following observations are made.

(a) **Functions included in the Action Plan not executed** -----

Provisions of Rs.65 million had been provided for building construction activities in District Secretary Office and 5 Divisional Secretariat Offices by the Ministry of Home Affairs which as included in the annual action plan. Out of this construction works at Damana Divisional Secretary Office had not been done and the provision of Rs.18.52 million allocated for that had been used for other activities were in the Action Plan.

(b) **Relinquish Projects without commenced** -----

Sums of Rs.3,000,000, Rs.1,750,000 and Rs.250,000 provisions had been allocated for construction of trade stalls for improper 30 sellers, supply of cattles for beneficiaries in Lahugala domain and reconstruction of well in Pulungasmulla respectively but not receiving funds and non-making a supervision reasons of that this projects relinquished without commence.

(c) **Relinquish Projects without completed** -----

Sums of Rs.100,000, Rs.191,304 and Rs.980,000 provisions had been allocated for construction of Montessori building at Kalupaniebaddua in Ampara District, Development of Playground at Warapitiya School and construction of Marandara Building and construction of community hall at Marangala respectively but not receiving imprests and supervision of the contract activities had not been made in properly owing is that the projects relinquished without completed.

(d) **Delay in Execution of Projects** -----

A sum of Rs.7.89 million given for this development of special projects to the Akkaraipattuwa Divisional Secretary Office by the Industrial and Commerce Affairs Ministry had not been utilized at end of the year because of the delay in selecting of beneficiaries.

(e) **Although money had been released projects not implemented** -----

The following observations are made.

- (i) A cost of Rs.1,900,000 and Rs.1,493,500 had been spent for to initiated 2 water projects for the beneficiaries of 44 and 650 in divisional domains of Samanthurai

and Navindeveli had been implemented nor completed even as at audited date of month of May 2018. In the reason of that the necessity of fundamental requirement of supply of drinking water had not been executed.

- (ii) Even though, a sum of Rs.17,820 had been paid in the year 2016 to the National Water Supply and Drainage Board to give water supply connection for 2 beneficiaries by the Navindaveli Divisional Secretary Office but water facility had not been given to that 2 beneficiaries up to the audited date of 25 May 2018.

2.4 Supplies and Services obtained by procurement procedure

Following observations were made.

Provisions amounting to Rs.89.07 million had been obtained by net provision allocations in the annual budget estimate. Which is approved by the Parliament for the year 2017 and a sum of Rs.88.89 million had been utilized. In addition to that a sum of Rs.2,222 million provisions had been provided by the line ministries for various projects. The matters observed in respect of procurement process on the utilization of these provisions are given below.

- (a) Although it should be confirm whether relevant qualifications had been fulfil before awarding contracts to the Community Based Organizations in terms of guideline 3.9.1 of procurement guideline but without confirmed like that contracts totalled valued at Rs.31 million had been awarded by Divisional Secretaries offices of Padiyathalawa and Samanthurai.
- (b) Although when opening the bid prices bid presented bidder or his agent should be participated in the opening of bid prices in terms of guideline 6.3.3 (b) of procurement guideline but had not participated like that on contracts valued at Rs.4.25 million had been awarded by the Erakkamam, Samanthurai and Uhana Divisional Secretariats Offices.
- (c) Although a registered society can be give a contract in once time at maximum contract value is Rs.2 million but Samanthurai Divisional Secretariat Office had awarded a contract value at Rs.3 million for a one society.

2.5 Assets Management

Following deficiencies were observed at sample audit test check of the assets of the District Secretary Office.

(a) Utilization of Vehicles

Although a vehicle belongs to the Divisional Secretary Office an expense of Rs.22,350 had been paid for its repair expenses except drivers salaries and allowances during the

year 2017 had been in idle without running one kilometre during the year which is confirmed by the Administrative Officer of the Office.

(b) Idle Assets

As observed in sample test check in respect of assets existing in idling as follows.

- (i) The Ayurvedic building constructed in the area of Ninthaur at the Value of Rs.10.6 million during the year 2016 by the Ministry of Resettlement of the Eastern Provincial Council existing in idle near about 2 years at the audited date of January of 2018.
- (ii) Electric equipments and bathroom items had obtained, to fix these to the houses which were constructed at king Abdulla Model Town at the land of Norochchey housing scheme had been existing in idling without fixing since a period of about 7 years.
- (iii) The machineries valued at Rs.3,795,934 had been supplied in the month of August 2017 to the 5 Divisional Secretary Offices for to give the 6 months training for initiates small garment factories by the Ministry of Industrial and Commercial affairs. However, that machineries were existing in idle without using even as at April 2018.

2.6 Irregular Transactions

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

(a) Transactions without Authority

The following transactions had been done by without authority by the District Secretariat Office.

- (i) Although the authority assign to a Divisional Secretary for the year 2017, maximum value of plant and machinery can be purchase amounted to Rs.1 million but contrary to that equipments had purchased valued at Rs.18,479,789 and 18 cheques had been issued at the value of Rs.1,000,000. However, the balance sum of Rs.479,789 should be paid but it had not been paid even as at 07 October 2017.
- (ii) Under the assign authority for Divisional Secretaries by the District Secretary as per Financial Regulation 135, although Divisional Procurement Committee could be purchase machinery and equipment maximum limit at Rs.1 million but

Dehiaththakandiya and Akkraipattuwa Divisional Secretariats had been purchased more than Rs.1 million in 3 instances and 1 instance respectively.

- (iii) Although before make any construction in a land belongs to the government the land should be take over from Divisional Secretary which the relevant land situated area, but contrary to that a Ayurvedic building had been constructed at the demain of Nindaur Divisional Secretariat the provisions amounting to Rs.10.6 million had received from the Eastern Province Medical Department.

2.7 Uneconomic Transactions

Water projects implemented by the Ministry of Rehabilitation and Prison Reforms was implemented for the people who were disable and areas of resettled. Nevertheless, a sum of Rs.442,832 had been estimated to give water supply under this project for 8 officers who were not disable and work in government institutions in the area of the Samanthurai Divisional Secretary Office contrary to that. On the reasons of this 8 persons who were disable could be obtain the benefits had been deprived.

2.8 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 Auditor General	Report of Auditor	Subject under Reference
Year	Paragraph Number	
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)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.
2016	3.2.1(a)	Action had not been taken to charged overpayment

of a sum of Rs.3,860,500 on the purchasing of 79 cattles by Divisional Secretariat Offices of Navindaweli and Allayadiwembu.

2016 3.15 Action had not been taken in respect of holding a trade stall by the Development Officer and his spouse of the Pothuwil Divisional Secretary Office contrary to the Establishment Code.

2.9 Management Weaknesses

The following weaknesses were observed during audit test checks.

- (i) Although new water connections should be give under concessionary estimate to the Samurdhi beneficiaries under water project which is implemented by the Ministry of Rehabilitation and Prison Reforms. But contrary to that water connections had been give to 17 Samurdhi beneficiaries treated as non Samurdhi beneficiaries of the Samanthurai Divisional Secretary Office.
- (ii) A sum of Rs.1,071,669 had been gave to the Uhana Divisional Secretary Office for development of enterprises under the provisions of Ministry of Industrial and Commerce Affairs. However, out of that a sum of Rs.101,857 had not been spent for beneficiaries and it had been return to the Ministry thus expected result could not be reached.
- (iii) A sum of Rs.47,000 had been received to the Sayindamarudu Divisional Secretary Office for give training to 98 beneficiaries under the Livelihood Assistance Project implemented by the Ministry of National Unity and Rest. But that training had not been given even as at 22 March 2018.
- (iv) The total amount give for the water supply facility project by the Ministry of Rehabilitation and Prison Reforms should be expense in entirely on behalf of beneficiaries, a sum of Rs.183,610 had not been spend and returned by Mahaoya Divisional Secretary Office. Therefore, preparation of estimates had not been timely expected results could not be reached.
- (v) Even though, provisions of Rs.87,300 had been received for training of beneficiaries for one Grama Sewa Division at Rs.7,275 for each for 12 Grama Sewa Divisions out of that a sum of Rs.52,745 had not spent for training and send again to the Ministry.

2.10 Utilisation of provision made available by the parliament for the execution of functions

Details on the provision made available to the District Secretariat Office, utilisation and savings within 5 years from the year ended 31 December 2017 and the audit observations in this connection appear below.

Year	Category of Expenditure	Net Provision	Utilization	Savings	Savings as a Percentage of Net Provision
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		Rs.	Rs.	Rs.	
2013	Recurrent	673,687,000	672,588,832	1,098,168	0.16
	Capital	710,000,000	709,470,599	529,401	0.07
	Total	1,383,687,000	1,382,059,431	1,627,570	0.11
2014	Recurrent	654,795,000	654,769,799	25,201	0.00
	Capital	401,200,000	400,960,068	239,932	0.05
	Total	1,055,995,000	1,055,729,867	265,133	0.02
2015	Recurrent	778,251,000	778,250,111	889	0.00
	Capital	64,000,000	63,999,979	21	0.00
	Total	842,251,000	842,250,090	910	0.00
2016	Recurrent	886,000,000	859,738,743	26,261,257	0.29
	Capital	77,000,000	76,878,237	121,763	0.15
	Total	963,000,000	936,616,980	26,383,020	2.73
2017	Recurrent	884,640,000	795,587,249	89,052,751	10.06
	Capital	86,000,000	85,998,582	1,418	0.00
	Total	970,640,000	881,585,831	89,054,169	9.17

Utilisation of provisions made available by other Ministries and Departments

The provisions amounting to Rs.2,222 million had been available for different activities by other 11 Ministries during the year under review. Out of that only sum of Rs.1,969 million had been utilized by the end of the year. Accordingly, provisions of Rs.253 million or 11 per cent had been saved. The following deficiencies were revealed during the course of audit test check in this regard.

2.10.1 Utilisation of provisions made available by Ministry of National Policy and Economic Affairs

- (a) The following observations are made in connection with construction projects and livelihood assist projects implemented under the Rural Infrastructure facilities Development Programme.
- (i) At the physical inspection carried out in connection with the agro-well constructed at Hulannuge Grama Sewa Division under the above programme by Lahugala Divisional Secretary Office, payments should be made only for depth of 6.25 meters from the earth level which construction had completed, but payments had been made for depth of 9.4 meters. Therefore, a sum of Rs.133,904 had been over paid for non-constructed depth of 3.15 meters.
 - (ii) A sum of Rs.185,300 had been paid by the Allayadiwembu Divisional Secretary Office for the concreting of 10m³ as per item No.07 prepared for the estimate relevant to the Kalwali Rehabilitation Project which was functioned amalgamating 2 Grama Sewa Divisions under the above programme. But it was confirmed at physical inspection it was observed that completed quantity was 6.35 m³ in reason of that a sum of Rs.77,350 had been over paid.
 - (iii) Although receiving provisions for one Grama Sewa Division under the above programme it should be use to fulfil of 2 activities of construct activities and livelihood facilities programme as per the relevant circular but contrary to that, total amount of Rs.11 million received for 21 Grama Sewa Divisions had been used for contract activities only by the Alayadiwembu Divisional Secretary Office.
 - (iv) It should be selected the suitable price in calling 5 quotations in terms of the procurement Guideline on the purchasing of necessary machines and sewing machines for the development of small and medium size enterprises. However, 53 sewing machines valued at Rs.1,479,789 had been purchased on calling one quotation only from a private institution contrary to that by the Pothuwil Divisional Secretary Office.
 - (v) The relevant prices had been obtained by audit directly from the suppliers in respect of purchased sewing machines under the above programme by Pothuwil Divisional Secretary Office according to that prices a sum of Rs.1,404,750 should be paid for 53 machines but a sum of Rs.1,479,789 had been paid. Therefore, a sum of Rs.75,039 had been overpaid.
 - (vi) Ownership of the relevant land should be confirm before implementation of the development project, but to confirm the ownership of the land relevant

documents had not been presented is audit in respect of development project fulfil at Rs.1,463,864 by Irakkamam Divisional Secretary Office.

- (vii) It had been stated 80 beneficiaries had been selected by the Dehiattakandiya Divisional Secretary Office to give benefits under this project based on the criteria of the circular issued by the Ministry but for the selection of beneficiaries essential evident had not presented to audit.

(b) Implementation of projects under Domestic Financing

Provisions amounting to Rs.500,000 had been allocated to develop a playground in Akkraipattuwa Domain under the above project in the year 2017. Without preparing feasibility study in correctly and preparing estimated project had initiated only development activities done at the value of Rs.223,373 and the project had stopped on the way.

2.10.2 Utilisation of provisions made by Ministry of Industrial and Commerce Affairs

Following observations are made in respect of projects executed under the above Ministry.

(a) Project on Initiated Small Garment Factories for staff Training

- (i) Even though, machineries valued at Rs.4,254,960 had been procured for 5 Divisional Secretariat Offices for give 6 months training under the above project had been supplied at the month of August 2017 those had not been used for the relevant objective elapsed of 8 months period up to the audited date of May 2018.

- (ii) A sum of Rs.365,000 had been gave to the Padiyathalawa Divisional Secretary Office for payments made for salaries of teachers and watchers for the period of 6 months under the above project. However, a sum of Rs.293,833 had not been utilized for the relevant objective and had been returned to the Ministry.

(b) Special Enterprises Development Projects executed by the National Enterprise Development Authority

A sum of Rs.38,684,782 had been deposited in bank accounts of the 13 Divisional Secretariat Offices. Like this in implementing this project not fulfilling the necessities the project done by not properly identify the planning, identify the priority and distribution of fund in fairly and the identified observations as follows.

- (i) Although selecting beneficiaries for the above project should be done in correct methodology on precise basis but contrary to that different persons who were not perform duties in the Divisional Secretary Office decided to give material and

equipment's for 1601 beneficiaries in 8 Divisional Secretariat Offices valued at Rs.33,058,330 but equipments purchased valued at Rs.18,065,865.

- (ii) Within this methodology out of materials and equipments purchased at value of Rs.10,465,375 had not been given to the relevant beneficiaries and exist in idling near about 4 months period.

2.10.3 Utilisation of provisions of Ministry of National Integration and Reconciliation

The livelihood Assist Project implemented under this Ministry observed matters are as follows.

- (i) Although as per Animal Act No.29 of 1958 a certificate of veterinary surgeon about the position of health of the animals should be obtained when purchasing of goals to distribute to the beneficiaries by the Addalachchenai Divisional Secretary Office Contrary to that 34 goals had purchased at value of Rs.3,916,200 and had distributed. At the physical inspection 30 goals valued at Rs.286,200 was died.
- (ii) Fifteen beneficiaries who were selected in first to distribute who were selected in first to distribute equipments valued at Rs.135,000 by the Sayindamarudu Divisional Secretary Office under the above project beneficiaries stated relevant equipment not essential after that these equipments had been distributed to other 15 beneficiaries. Therefore, it was observed selecting of beneficiaries and methodology of distributing of equipments irregular.
- (iii) Forty goals had been purchased spending Rs.975,650 to distribute to 10 beneficiaries by Allayadiwembu Divisional Secretary Office under this project. Four goals valued at Rs.97,565 gave for one beneficiary on the physical inspection that goals were not custody of the beneficiary.
- (iv) Material and equipment purchased at the value of Rs.1,559,030 under the Ministry of Prison and Rehabilitation by the Akkaraipattuwa Divisional Secretary Office payments to be made by one cheque instead of that payments had been made in 11 cheques separately in the reason of that it was observed avoiding in exceeding the expenditure limit.

2.10.4 Utilisation of provisions made available by Eastern Province Ministry of Education Information, Technology, Pre School Education, Sports, Cultural Affairs, Youth Services and Rehabilitation and Resettlement

Following observations are made in connection with province Special Development Grant Project (PSDG) which is implemented in domain of the Thirukkivil Divisional Secretary Office under this provisions.

- (i) A cheque valued to Rs.436,875 had been gave to the contractor on 07 December 2016 by the Divisional Secretary Office for supply of sand to 75 beneficiaries in the Kanchikudichchiarru area under the above project. However, sand not supplied and that cheque had been cashed on 27 April 2017. But without supplying and for the beneficiaries the relevant money had been deposited into the accounts after 2 months, the contractor had way to misuse that money.
- (ii) Although sum should be paid for 252 cubic of sand (Tractor) supplied for 126 beneficiaries in the area of Thangawelandapuram under this project was Rs.376,640. But a sum of Rs.734,025 had been paid for 492 sand loads in reason of that a sum of Rs.357,385 had been over paid in connection with 240 sand cubics. (Tractor)

2.10.5 Utilisation of provisions made available by Ministry of Prison Reconstruction, Rehabilitation and Resettlement and Hindu Religion Religious Affairs

Following observations are made in connection with implemented development activities by the Divisional Secretariats.

(a) **Constructions of Drinking Water Wells**

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- (i) Although a sum of Rs.1,427,640 should be paid as per the estimate in connection with 09 wells constructed in the year 2017 by Samanthurai and Lahugala Divisional Secretary Offices under the above project but a sum of Rs.2,406,317 had been paid for that in reason of that a sum of Rs.978,667 had been over paid.
 - (ii) Depth and wide of a one well should be exist in 7.6 meters and 2.4 meters respectively which mentioned in the estimate when constructing 20 drinking water wells constructed at the valued at Rs.4,160,000 in domain of Thirukkivil and the above project by the provisions of the year 2016. However, depth and wide of the constructed 20 wells were exist in very low than the quantity of the estimate but payments had been made.
 - (iii) Even though, provision of Rs.300,000 had been allocated for construction of one well as per the circular issued by the Ministry, estimate had been prepared for a one well-constructed value should be Rs.80,000 in eliminating 5 vital items by the Thirukkivil Divisional Secretary Office. In the reason of this a sum of Rs.1.6 million had not been utilized and it was observed construction of 20 wells had been constructed without standard.

(b) Construction of Houses Project

Each instalment amount relevant to the construct of a house should be issued considering both of house and sanitary unit parallel to the construction as per the paragraph 3.4 of circular No.MR/4/1 issued by the Ministry. However, unit of sanitary work had not been commenced a sum of Rs.4,200,000 had been given as 3 instalments for 6 beneficiaries by the Allayadivembu Divisional Secretary Office.

(c) Construction of Sanitary Units Project

The matters observed in this connection are given below.

- (i) Construction of Sanitary Units should be done after the resettlement of disable people in relevant areas under the above project. However, spending a sum of Rs.871,039 had constructed sanitary units for 16 beneficiaries without resettlement of people in the year 2016 by the Samanthurai Divisional Secretary Office. However, these sanitary units are in existing without usage even as at audited date of month of March 2018.
- (ii) Although to confirm the ownership of the relevant lands where the sanitary units constructed relevant documents requested by audit from the Divisional Secretary Office those had not been given by Samanthurai Divisional Secretary Office so ownership of the lands could not be confirmed in audit.

(d) Livelihood Assist Project

Observed matters in this connection are as follows.

- (i) A sum of Rs.231,000 had been paid for purchase of 6 scales each at the rate of Rs.38,500 for 06 beneficiaries by the Samanthurai Divisional Secretary Office under the programm. However, above kind of scale had been purchased each at the rate of Rs.23,750 by the Adlachchenai Divisional Secretary Office which is situated close to the Divisional Secretary Office. Therefore, it was observed about a sum of Rs.88,500 had been over paid for this 6 scales.
- (ii) A sum of Rs.489,300 had been spend for purchased of 28 goals and to distribute them to 28 beneficiaries by the Thirukkivil Divisional Secretary Office. In the physical inspection of goals gave for several beneficiaries 06 goals valued about Rs.100,000 gave for a one beneficiary non of the custody of that beneficiary.

- (iii) Although according to the decision of the procurement of purchasing of goals it should be purchased “Jamuna Mixed” goals, instead of that local goals had been purchased. When comparing the prices gave for purchasing of these goals by nearest Divisional Secretary Office purchasing of goals by Thirukkovil Divisional Secretary Office a sum of Rs.117,950 had been over paid.
- (iv) Although in supplying of benefits correct beneficiaries should be selected to carry on the project able in successfully, but 90 chicks valued at Rs.28,380 had been gave for a person whose age of 90 years by the Navindaweli Divisional Secretary Office and 75 chicks had die as at 25 May 2018.
- (v) A machine valued at Rs.42,500 given to a one beneficiary by the Navindaweli Provincial Secretary Office under this project had idling without using even as at 25 May 2018. Also, it was observed 2 water pumps valued at Rs.66,000 given to this beneficiary and other beneficiaries had misplaced.

2.10.6 Ministry of Women and Child Affairs

Implemented projects in the Divisional Secretariat Offices by the above Ministry observed matters are shown below.

- (i) Even though, a bill should be give to the beneficiaries in connection with supply of goods at the value of Rs.2,000 as per the issued circular in respect of foods supply programme for the pregnant mothers which implemented by the Pothuvil Divisional Secretary Office but three selected suppliers were not issued bills for the relevant goods.
- (ii) According to the signed agreement by the Pothuvil Divisional Secretary Office between the suppliers in respect of goods distributed to the pregnant mothers before to the distribution, should present the recommendations of the Area Medical Officer of Health and Public Health Inspector but this procedure had not been followed as at 30 September 2018.

2.11 Advances to Public Officers Account

Limits Authorised by parliament

The limits authorized by parliament for the advances to Public Officers Account, Item No.27001 of the District Secretariat 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
70.00	72.18	48.00	52.66	240.00	171.78

The following observations are made in this connection.

Non-recovery of outstanding Loan Balances

According to the Reconciliation Statement presented to audit outstanding balances as at that date except the loan balances the officers who were transferred amounted to Rs.350,290 and that outstanding coming from the period of 8 months up to 10 months and recovery of that loan balances had been failed.

2.12 Imprest Account

According to the imprest estimate prepared by the District Secretary Office for the year under review, imprests expected to be obtained received in monthly. Imprests requested in monthly and imprests received are given below.

Month	Imprest Requested	Imprest Received	Differences between Imprest requested and imprest received
	Rs.	Rs.	Rs.
January	180,119,000	133,119,000	47,000,000
February	148,619,000	200,425,000	(51,806,000)
March	101,619,000	144,425,000	(42,806,000)
April	280,000,000	169,068,000	110,932,000
May	311,100,000	234,868,000	76,232,000
June	476,000,000	187,068,000	288,932,000
July	579,462,000	261,318,000	318,144,000
August	544,677,000	231,280,000	313,397,000
September	250,338,000	236,330,000	14,008,000
October	368,708,000	336,811,000	31,897,000
November	644,462,000	326,905,000	317,557,000
December	674,928,000	616,009,000	58,919,000
Total	4,560,032,000	3,077,626,000	1,482,406,000

Following observations are made in this connection.

- (i) It had not been planned by the District Secretary Office necessity of how much imprest should be request in each month.
- (ii) The following activities could not be completed even as at end of the year under review, the imprest money not received within the relevant period to fulfil the activities in relevant time frame to as planned.

Activity	Ministry	Provision	Imprest money not received as at 31 December 2017
-----	-----	-----	-----
		Rs.	Rs.
Development of Public Stadium Palamuena	Ministry of Sports Development	1,000,000	1,000,000
Construction of quarters at Dehiatthakandiya	Ministry of Home Affairs	9,000,000	2,298,778

- (iii) It had not been planned to implemented beginning of the year although provisions had been received at the end of the year by different ministries and Departments for various projects but imprest money not received as at 31 December 2017 was Rs.165,212,881 in respect of total provisions of Rs.285,060,879 relating to projects. Details are given below.

No. of projects	Ministry	Provision	Imprest money not received as at 31 December 2017
-----	-----	-----	-----
		Rs.	Rs.
Various Projects 07	Ministry of Town Planning and Water Drainage	52,310,879	52,310,879
Various Projects 08	Ministry of Town Planning and water drainage	55,250,000	55,250,000

Various Projects 03	Ministry of National Integration and Rest	27,500,000	18,956,699
Various Projects 37	Ministry of National Policy and Economic Affairs	150,000,000	38,695,303
		----- 285,060,879 =====	----- 165,212,881 =====

2.13 General Deposit Account

The following observations are made in this connection.

Sums of Rs.7,898,030 and Rs.5,631,000 had been gave for Akkarapattu and Sayindamarudu Divisional Secretariat Offices by the Ministry of Industrial and Commerce Affairs respectively, but relevant activities not fulfil and that money had been retained in Deposit Account near about 05 months.

2.14 Non-maintenance of Registers and Books

It was observed in test checks following mentioned some registers had not been maintained, while certain other registers had not been maintained in proper and updated manner by the Kalmunai and Lahugala Divisional Secretariat Offices.

Type of Register	Relevant Regulation	Observation
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Fixed Assets	Treasury Circular No.842 dated 19 December 1978	Not maintained.
Fixed Assets Register on Computer accessories and Hardware	Treasury Circular No.IAI/2002/02 dated 28 November 2002	Not maintained.
Security Register	Financial Regulation 891(1)	Not maintained.
Register of Losses	Financial Regulation 110	Not maintained.
Register of Vehicles Listing	Financial Regulation 1647(g)	Not maintained.
Register of Bid Calling	Guideline 5.2.1 of Government Procurement Guideline	Lahugala Divisional Secretary Office had not been maintained.

2.15 Non-compliance with Laws, Rules and Regulations

Non-compliance with provision of laws, rules and Regulations observed during the course of audit checks are analysed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
	Rs.	
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka		
(i) Financial Regulation 371(5)	40,000	Although received advance should be settle within 10 days after complete the work but advance had not been settled in 2 instances elapse of 3 to 4 months by the Kalmunai Divisional Secretary Office.
(ii) Financial Regulation 137, 138 and 139	1,000,000	After receiving the goods and services cheque relevant to that and payment procedure should be done. Contrary to that in relevant to the purchasing of sports equipments cheque had been written and had been kept in hand by the Nindaur Divisional Secretary Office. However, sports equipments had not been received even as at audited date.
(iii) Financial Regulation 137, 138 and 139	958,560	A cheque had been written on 30 December 2017 and had been kept in hand even as at 29 March 2018 in connection with including the works not completed but written for the entire value of Rs.958,560 relating to the Kalmuthalawa Neela Building by the Padiyathalawa Divisional Secretary Office.
(iv) Financial Regulation 137, 138 and 139	1,421,017	Two cheques had been written on 30 December 2017 and had been kept in hand even as at 29 March 2018 in

connection with including the works not completed but written for the entire value of Rs.921,338 and Rs.499,679 relating to the construction of Gulordae Neela Sewana Building by the Padiyathalawa Divisional Secretary Office.

- (v) Financial Regulation 135 1,755,425 Although according to the Authority Power issued by the District Secretary Office for the year 2017 the limit of purchasing of equipments in connection with the Regional Procurement Committee was Rs.1,000,000 but contrary to that procurement decisions had take to purchase machine valued at Rs.1,755,425 and that purchase had been made under the provisions of Ministry of Industrial and Commerce Affairs by the Addalachchnei Divisional Secretary Office.

**(b) Government Procurement
Guideline 2006**

- Guideline 5.4.12 1,355,969 It should be informed the details of paid Value Added Tax to the Commissioner of Inland Revenue with a copy to the Auditor General after fifteen day of the ensuing month, Value Added Tax amounting to Rs.854,151 and Rs.501,818 paid by Allayadivembu and Thirukkovil Divisional Secretariat Offices respectively that details not furnished to the Auditor General.

2.15.2 Non-compliance with Tax Requirements

The following observations are made in this connection.

- (i) Although relevant documents should be furnished on the occasion of bids are presented if the bidders had been registered for Value Added Tax as per 13.3 of the Standard Bidding Documents of procurement Guideline but in the occasion of that documents not

presented, value added tax amounting to Rs.213,770 had been paid to the contractor by the Irakkamum Divisional Secretary Office.

- (ii) Although who is registered for value added tax, in preparation of estimates should be done with the value added tax as per the Procurement Guideline but estimates for 20 wells had been presented without value added tax a sum of Rs.501,818 had been paid as value added tax to the contractor by the Thirukkivil Divisional Secretary Office.

2.16 Human Resources Management

Approved Cadre, Actual Cadre and Expenditure on Personnel Emoluments

The position on the cadre, actual cadre, vacancies and excesses as at 31 December 2017 for the performance of the function mentioned in paragraph 2.1 above is given below.

The District Secretary Office had spent a sum of Rs.691 million for the personnel emoluments for the year under review. Therefore, the expenditure per employee was Rs.339,744 while regular steps had not been taken to fill vacancies.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
(i) Senior Level	97	83	14
(ii) Tertiary Level	76	24	52
(iii) Secondary Level	1,933	1,690	243
(iv) Primary Level	257	237	20
	2,363	2,034	329

Following observations are made in this connection.

Training of Staff

Provisions amounting to Rs.7,350,000 had been received in the previous 5 years by the District Secretary Office for training of staff but persons ranging from 396 up to 546 in the District Secretary Office and Divisional Secretary Offices in the previous 5 years who had not undergone the training.