

Report of the Auditor General on Head 274 – Anuradhapura District Secretariat – 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, Anuradhapura. The financial and physical performance reflected from the account and the reconciliation statement was 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 Chief Accounting Officers were appointed by the Minister of Finance 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, Anuradhapura – Head 274 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, 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 as audit coverage as possible within the limitations of staff, other resources and time available to me.

1.4 Audit Observation

The audit observation of the District Secretariat, Anuradhapura for the year ended 31 December 2017 revealed in audit was appeared 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 2.1 to 2.13 of this report. The audit observations revealed in the execution of accountability satisfactorily as the Accounting Officer in accordance with provisions of the Financial Regulation 128 of the Democratic Socialist Republic of Sri Lanka, to ensure the adequacy of the financial administration are summarized and shown in the under mentioned table.

Accountability of the Accounting Officer in terms of the Financial Regulation 128(1)	Non-compliance with that Provision made by the Accounting Officer	Reference to the Paragraphs in the Report included observations
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Financial Regulations -----		
128(1)(a) The functions of the District Secretariat Office is planned and carried out with due dispatch, having regard to the policy laid down by the Government and the intensions of Parliament in granting him financial provision for the activities authorized and that an endeavor is made, to complete the programme of work laid down for the year under review and/ or to attain the targets specified.	1. Action Plan had not been prepared to the complete and accurate manner. 2. Non-maintenance of registers and books. 3. Deficiencies in implementing procurement procedure. 4. Existence of idle and under-utilized assets.	2.3.1 2.11 2.4.1 2.5
128(1)(c) The Financial Regulations and other supplementary instructions of the Government are adhered to in his Department and issued departmental instructions additionally where necessary.	Non-compliance	2.12
128(1)(i) The functions of his Department are under taken with due consideration to the facts such as economy, efficiency, propriety and intergrity expected in transacting of the government businesses.	1. Non-achievement of Expected Output Level. 2. Non-achievement of Expected Outcome. 3. Delays in the Execution of Projects.	2.3.2(a) 2.3.2(b) 2.3.2(c)

2. Material and Significant Audit Observations

2.1 Key Functions of the District Secretariat Office

- (i) Initiating to minimize the poverty of the people in the District.
- (ii) Planning and Co-ordination of Development Projects.
- (iii) Administration and Directing of District Projects.
- (iv) Collecting of Revenue.
- (v) Safeguarding and Controlling of Government Assets.
- (vi) Controlling of Hazard Relieving and Rehabilitation Projects.
- (vii) Co-ordination of Election activities.
- (viii) Co-ordination of Government Activities through Officers and Organizations in Divisional Level and Rural Level and Accomplishing of Activities accredited by the Law.
- (ix) Acting as the Agent of Other Ministries and Departments.
- (x) Helping to Provincial Council Activities and Performing All Administration tasks in the District.

2.2 Institutions under the District Secretariat Office and the functions need to be performed by Those Institutions

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

Institutions under the District Secretariat Office	Authority for the Establishment	Role of the Institution
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 Divisional Secretariat Offices

- (a) Padaviya
- (b) Kebithigollewa
- (c) Medawachchiya
- (d) Rambewa
- (e) Horowpothana
- (f) Galenbindunuwewa
- (g) Kahatagasdigiliya
- (h) Nuwaragam Palatha Eastern (NPE)
- (i) Nachchaduwa
- (j) Nuwaragam Palatha Central (NPC)
- (k) Nochchiyagama
- (l) Mahawilachchiya
- (m) Thalawa
- (n) Thambuttegama
- (o) Rajanganaya
- (p) Galnewa
- (q) Ipalogama
- (r) Thirappane
- (s) Mihintale
- (t) Palugaswewa
- (u) Kekirawa
- (v) Palagala

Transfer of Powers
 (Divisional Secretaries)
 Act No. 58 of 1992

Each Division shall be assigned to a Divisional Secretary as his area of Authority and such Divisional Secretary shall exercise, perform and discharge, within such Division, any power, duty or function conferred or imposed on, or assigned to, him by written law.

2.3 Performance

2.3.1 Planning

The following deficiencies were observed relating to the Action Plan prepared for the year 2017 according to the Public Finance Circular No.01/2014 dated 17 February 2014.

- a) Activities related to the utilization of provisions received from Other Ministries and Departments to the District Secretariat had not been included in the Action Plan.
- b) Action Plan had not been prepared in the way of fulfilling 10 main activities expected by the District Secretariat Office and 22 Divisional Secretariat Offices established under District Secretariat.

2.3.2 Non-execution of Activities

The following observations are made.

(a) Non-achievement of Expected Output Level

A sum of Rs. 29 Million provisions had been made for the years of 2016 and 2017 in order to implement the programmes under 2 main activities implemented in the Anuradhapura District. A sum of Rs.20.9 Million provisions had been utilized as at the end of the year under review. But, out of that the following instances were observed relating to non-acquisition of expected output level.

Main Activity	Provision made available	According to the performance indicator		
		Physical Targeted Quantity	Quantity not achieved	Aborted Provision
	Rs. Million			Rs. Million
(i) Manufacturing of mobile stalls and distribution to the beneficiaries	22.3	228 (Mobile stalls)	15	0.97
(ii) Distribution of milk cows to the beneficiaries	6.3	59 (Milk cows)	-	-

- A sum of Rs.977,174 worth of 10 mobile stalls given to the beneficiaries had been observed as idle during the course of sample audit test performed in 04 Divisional Secretariat areas relating to 150 mobile stalls distributed among beneficiaries after purchasing them during the year of 2016 for Rs.14,657,325.
- Though the provisions had been made for manufacturing and distribution of 78 mobile stalls during the year of 2017, those mobile stalls had not been manufactured and distributed among beneficiaries as at 30 July 2018.
- The criterions had not been prepared relating to the implementation of Milk Cow Farming Project by the Ministry which given the provisions for this project or by the District Secretariat. However, though it should be obtained 15 Litres per day from a milk cow according to the Guidelines and the Manual of the Department of Animal Production and Health, it was 07 Litres per day according to the reports given by the Veterinarians of the area. But, the volume of milk of a milk cow obtained per day subjected to the sample check was less than 02 Litres.

(b) Non-achievement of Expected Outcome

- (i) Though it had been spent a sum of Rs.495,000 for the Project of reconstruction of Canal Road from Pandarellawa Tank to Kokembe Tank in the Kahatagasdigiliya Divisional Secretariat area and completed the works, Water could not be drained from Pandarellawa Tank to Kokembe Tank due to that the both tanks are situated in higher level and the canal road is situated in lower level.
- (ii) Playgrounds had not been used and remained as idle which constructed by spending Rs.601,848 for Kudawewa playground and developed by spending Rs.426,362 for Chandranipura playground in the Nachchaduwa Divisional Secretariat area whereas net fence and gate doors of those playgrounds had been destroyed even as at 25 April 2018.

(c) Delays in the Execution of Projects

A sum of Rs.100,000 had been paid to Anuradhapura Depot Manager of Ceylon Transport Board for completing the task of the approved project of providing the driving license to 10 selected youth in the area under the Centralized Budget Development Programme in Palagala Divisional Secretariat area. But, actions had not been taken to issue the driving license as at 06 June 2018 whereas one of them had been obtained a driving license personally by paying money due to the delay of issuing licenses. Further, among the selected people one person had been died during this period.

2.3.3 Achievement of Sustainable Development Goals

District Secretariat Office had been informed about the way of functioning related to the duties laid down to their scope for the year under review whereas all public sector institutions should be performed according to the “Agenda” 2030 Sustainable Development year of United Nations.

2.3.4 Annual Performance Report

Though the Annual Performance Report related to the year under review should be assembled in Parliament during the 150 days period after ending the finance year by the District Secretariat Office according to the Public Finance Circular No.402 dated 12 September 2002, those reports related to the year under review and the preceding year had not been assembled in Parliament even as at 31 July 2018.

2.4 Obtaining of Supplies and Services through Procurement Procedure

A sum of Rs.130.5 Million provisions had been made for obtaining supplies and services according to the government Procurement Guideline whereas only Rs.90.9 Million provisions had been utilized by the District Secretariat Office during the year under review.

Vote	Description of the Vote	Net Provision made available	Utilization	Savings
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	Supplies	Rs.	Rs.	Rs.
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1201	Stationary and Office Needs	13,001,575	12,999,086	2,489
1203	Foods, Beverages and Uniforms	72,000	44,430	27,570
1302	Machineries and Fixtures	2,600,000	2,587,875	12,265
1303	Buildings and Constructions	2,062,413	1,745,125	317,288
1409	Other	20,000,000	19,903,712	96,288
2003	Vehicles	1,600,000	1,585,040	14,960
2103	Acquisition of Machineries	1,200,000	1,097,723	102,277
2104	Construction of Buildings	90,000,000	50,911,531	39,088,469
	Total	130,535,988	90,874,522	39,661,606
		=====	=====	=====

2.4.1 Implementation of Procurement Procedure

The following observations are made.

- Though, it should be checked according to the specifications after calling the samples of all qualified bidders by the Technical Evaluation Committee in purchasing mobile stalls for the year 2016, only the sample of the lowest price bidder had been evaluated by the Technical Evaluation Committee. Bids had been rejected without checking the samples related to the bid documents which submitted by the other bidders after recommending those mobile stalls are not matched with the specifications by the Technical Evaluation Committee. Further, MDF board had been used for the floor of the mobile stalls purchased by the District Secretariat Office though it should be used 0.47 mm Zink Aluminum Colour Flat Sheet for the outer covering body, windows, doors and roof of the mobile stalls and 22 mm Timber Plank for the pallet and floor of the stalls according to those bidding documents. Furthermore, a steel flat sheet which is in the general market had been used for the doors, windows and outer covering body of all mobile stalls and had been coated the paint in the inner areas.
- A sum of Rs.6,268,500 worth of 59 milk cows had been distributed after purchasing from a farm owner who is conducting a milk cow farm in the Divisional Secretariat area out of the Procurement Procedure for the implementation of Milk Cow Farming Project in Kebithigollewa and Mahawilachchiya Divisional Secretariat areas. As like as the volume

of milk which can be obtained from a milk cow was lessen level to 2 Liters per day. But, It was observed that it should be distributed the milk cows with minimum amount of 7 Liters of milk which could be milked per day according to the recommendations of the veterinarians.

2.5 Asset Management

The following facts were observed during the course of sample audit test committed relating to Assets of the District Secretariat Office.

(a) Non-utilization of State-owned Assets with Maximum Efficiency

- (i) It had been spent a sum of Rs.1,164,028 for construction of a centre for servicing vehicles in the District Secretariat Office premises during the year of 2015. But, constructed servicing centre had not been used for servicing the vehicles or washing the vehicles as at the end of the year under review due to deficiencies of planning and fixing.
- (ii) A sum of Rs.4,530,951 worth of 12,152 agro equipment had been retained as idle in the store without distributing till 31 December 2017 Purchased in the year of 2014 under the Divineguma Development Programme for distribution to the selected farmers in order to develop the means of livelihood of beneficiaries in the Divisional Secretariats of Ipalogama and Thambuttegama.

(b) Non-alienation of Income receiving to the Government from Assets

A sum of Rs. 812,500 of revenue had been alienated to the government due to not taking proper actions being offering advantages to the un-authorized sand miners in the Heen Oya Cannel in the village of Kelepuliyankulama of Kekirawa Divisional Secretariat by the Grama Niladari of the area. Though a proper disciplinary test is being conducted regarding this incident according to the Section 08 of the First Schedule of the Chapter XLVII of the Establishment Code, this had not been concluded as at 30 June 2018.

2.6 Informal Transactions

Rs. 500,000 worth of miscellaneous goods and equipment had been given to the Kekirawa Welfare Association situated in the address of Main Street, Maradankadawala in Kekirawa Divisional Secretariat by the provisions of Centralized Budget Programme. But, it could not be found such an association in above address or in any other place during the physical inspection programme.

2.7 Financial Irregular Nature Transactions

Rs.58.47 million worth of money had been remitted to the post master for paying of senior citizen allowances relevant to the period from January 2013 to December 2017 by Nuwaragam Palatha Eastern Divisional Secretariat Office in Anuradhapura District. But, a sum of Rs.2.33 million of money which beneficiaries not presented to obtain had been returned to the Divisional Secretariat Office by money orders through the registered post. It was observed that the subject clerk had been changed these money orders and obtained and misused the money without entering them in the books and registers of the Divisional Secretariat Office.

2.8 Utilization of Provisions made available by Parliament for fulfilling the Duties

Details relating to the provision made available to the District Secretariat Office, utilization and savings during 05 preceding years as at the end of 31 December 2017 and audit observations relating to above details are appeared below.

Year	Expenditure Category	Net Provision	Utilization	Saving	Saving as a Percentage of Net Provision
		Rs. Millions	Rs. Millions	Rs. Millions	
2013	Recurrent	626.22	625.42	0.80	0.13
	Capital	39.42	38.65	0.77	1.95
	Total	665.64	664.07	1.57	0.24
2014	Recurrent	606.19	605.25	0.94	0.15
	Capital	415.18	411.48	3.70	0.89
	Total	1,021.37	1,016.73	4.64	0.45
2015	Recurrent	776.10	773.74	2.36	0.30
	Capital	80.00	53.23	26.77	33.46
	Total	856.10	826.97	29.13	3.40
2016	Recurrent	806.06	801.47	4.59	0.56
	Capital	69.20	66.75	2.45	3.54
	Total	875.26	868.22	7.04	0.80
2017	Recurrent	810.79	799.87	10.92	1.35
	Capital	124.56	85.17	39.39	31.62
	Total	935.35	885.04	50.31	5.37

The following observations are made in relation to the above details.

(a) Non-utilization of Provisions made available

Though Rs.90 million provisions had been made after preparing plans by District Secretariat for construction of buildings during the year under review, Rs.39 million or 43 percent had been saved out of the total provision as at the end of the year under review.

(b) Making available of Over-provisions

Provisions had been transferred to other votes during the year under review due to make available of over-provisioning for 06 votes. Those provisions which transferred to other votes had been ranged from 49 per cent to 100 per cent out of the net provisions.

(c) Utilization of Provisions made available by other Ministries and Departments

Provisions totaling Rs.4,615.7 million had been made during the year under review for the District Secretariat Office by 25 Ministries, 17 Departments and 02 Offices for various activities amounting to Rs.4,475.7 million, Rs.100.8 million and Rs.39.1 million respectively. Out of the provisions made to the District Secretariat Office, it had been saved 18 per cent provisions which the value was of Rs.843 million due to utilization of only sum of Rs.3,773 million provisions as at the end of the year under review. The following shortcomings were revealed during the course of sample audit tests.

- (i) Provisions had been saved and returned from 10 per cent to 85 per cent provisions out of the net provisions made by 08 Ministries and 02 Departments under provisions received as other Ministries and Departments during the year under review.
- (ii) A saving of Rs.20.64 million had been observed due to utilization of provisions amounting to Rs.326.36 million at the end of the year under review though Rs.347 million provisions had been made for the Rural Infrastructure Development Programme of the year 2017.
- (iii) Though provisions amounting to Rs.2.2 million had been made during the year under review by Ministry of National Policies and Economic Affairs for developing of small businesses of Small Enterprises Development Unit according to the action plan for the year 2017, a total sum of Rs.1.1 million had been utilized whereas 50 per cent of total provisions had not been utilized during the year 2017.

- (iv) Though provisions amounting to Rs.990,420 had been made for the 16 projects relating to General Programmes, Saloon Programmes and Swashakthi Loans according to the action plan for the year 2017 of Small Enterprises Development Unit, those programmes had not been implemented during the year under review.

2.9 Advances Account to Public Officers

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances Account to Public Officers, Item No. 27401 relating to the District Secretariat Office and 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
75	74	49	50	230	195

The following observations are made in relation to the above details.

- (a) Aggregated loan balances outstanding from 10 officers who had been interdicted relating to 09 Divisional Secretariat Offices were Rs.1,537,711 and out of that balance, a sum of Rs.966,475 loan balances relating to 05 officers were outstanding older than 05 years.
- (b) Action had not been taken in the year under review to recover loan balances totaling Rs.26,613 outstanding for over a period of 05 years from a Grama Niladari who had been transferred from Rajanganaya Divisional Secretariat Office Thambuttegama Divisional Secretariat Office.

2.10 General Deposits Account

The following observations are made.

- (a) Actions in terms of Financial Regulation 571 had not been taken on 05 deposit accounts older than 2 years (except Land Deposits) totaling Rs. 6,173,784.
- (b) It had been retained in the general deposit account without returning till receiving the approval for the submitted new estimate to the Paddy Selling Board for the balance amount of Rs.123,271 from the money given by the Paddy Selling Board in order to repair Senapura paddy store of Ipalogama Divisional Secretariat Office.

- (c) Actions in terms of Financial Regulation 571 had not been taken to recognize to the government income and to release the retention money in the deposit account older than 2 years and recognized as expired deposits amounting to Rs. 90,369 in Nochchiyagama Divisional Secretariat Office.

2.11 Non-maintenance of Registers and Books

Un-paid elders allowances register, allowances payment ledger, monthly summarized reports and waiting register had not been maintained by 04 Divisional Secretariat Offices which should be maintained relating to the elders allowances payments according to the Ministry of Social Services, Welfare and Livestock Development Circular No. 01/2015 dated 16 March 2015.

2.12 Non-compliances

2.12.1 Non-compliance with Laws, Rules and Regulations

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

Reference to Laws, Rules and Regulations	Value	Non-compliance
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	Rs.	
(i) Cabinet Decision Letter of No. 1/9/2/18 and dated 03 March 2016.	18,518,095	61 Construction Development Projects of the Rambewa Divisional Secretariat Office had been offered to 4 community based organizations which had not been registered in the Construction Industry Development Authority.
(ii) No. 103(1), 104(1), 105(1) and 128 of the Financial Regulation of the Democratic Socialist Republic of Sri Lanka.	Value had not been recognized	Damages had been occurred to 22 Office Equipment of the Nuwaragam Palatha Central (NPC) Divisional Secretariat Office in repairing due to remove the roof without taking actions for the safety of the assets. Value of the damages had not been recognized.
(iii) Ministry of National Policies and Economic Affairs Circular No.MNPEA/02/2017 dated 11 January 2017.	18,518,095	It had been spent only on 03 recognized elements for developing infrastructure facilities from aggregated allocations for 08 elements of the Rural Infrastructure Facilities Development Programme of the Rambewa Divisional

Secretariat Office. Development of employment and livelihood opportunities, Improvement of the economic condition of rural people, generation of self-employment among youth and women etc. objectives of the above programme had not been fulfilled due to above reason.

(iv) Circulars No.2016/03 and No.2017/06 of Divineguma Director General 1,287,500

Scholarship allowances of Thalawa and Nochchiyagama Divisional Secretariat Offices had been paid with a delay from 01 month to 18 months though the scholarship funds should be paid immediately relating to the Divineguma Sipedora Scholarship Programme.

(v) Circular No. 2016/05 of Divineguma Director General 3,681,000

It had been considerably delayed in paying of benefits to 254 beneficiaries relevant to 04 Divisional Secretariat Offices though the benefits should be paid immediately before ending the funeral activities of a death of the beneficiaries of the Social Protection.

2.13 Human Resource Management

2.12.1 Approved Cadre, Actual Cadre and Expenditure for Persons' Emoluments

Information on Approved, Actual and Vacancy Cadre as at 31 December 2017 are given below for fulfillment of the duty described in Paragraph 2.1 above. It had been spent Rs.710.07 million for persons' emoluments by the District Secretariat Office for the year under review. Thus, the Per Capita Expenditure had been Rs.332,241.

Employee Category	Approved Cadre	Actual Cadre	Number of Vacancies
i. Senior Level	107	77	30
ii. Tertiary level	54	20	34
iii. Secondary Level	2,329	1,854	475
iv. Primary Level	221	186	35
Total	2,711	2,137	574