

Head 256 - Report of the Auditor General on the Gampaha 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 Gampaha District Secretariat. The financial and physical performance reflected by the said 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 of the Accounting Officer for the Financial Management and Accountability

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 of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka. The Chief Accounting Officers have been appointed by the Minister of Finance to discharge the above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all the 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 Articles 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 Gampaha District Secretariat – Head 256 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, apply of internal control systems, compliance with laws, rules and regulations and maintenance of books, registers, records and reconciliation statements in an updated manner, 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 18 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 Gampaha District Secretariat for the year ended 31 December 2017 revealed in Audit, appear in the Management Audit Report in detail, mentioned in paragraph 1.3 above. The material and significant audit observations out of those observations appear from paragraph 2.1 to 2.8 of this report. It was observed that the accountability as the Accounting Officer had been satisfactorily executed, to ensure the adequacy of the financial administration subjected to the following summarized audit observations revealed in the execution of the provisions of the 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	Non-compliance with that Provision by the Accounting Officer	Reference to the Paragraph of the report which included the Observation
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Financial Regulations -----			
128(I)(a)	That the work of his department is planned and carried out with due dispatch, having regard to the policy laid down by the Government and the intentions of Parliament in granting him financial provision for the activities authorised and that an endeavour is made to complete the programme of work laid down for the year and/or to attain the targets specified ;	Failure in obtaining expected outcome	2.3
128(I)(d)	That an adequate system of internal check for receipts, payments and issues is maintained and tested from time to time;	Deficiencies in the Advances to Public Officers Account	2.9
128(I)(i)	That activities of his department are undertaken with due regard to economy, efficiency, propriety and integrity expected in the transaction of public business;	Uneconomic transactions	2.5

128(1)(o)	That 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 Financial Regulation 156(1).	Losses and damage	2.4
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2. Material and Significant Audit observations

2.1 Performance

Failure in obtaining expected Outcome

The following observations are made.

- (a) A number of 4,440 units of chairs, sheets and canopy huts valued at a total of Rs.7,661,139 of the Divulapitiya Divisional Secretariat had been granted to beneficiaries in the years 2016 and 2017. However, no follow up action had been taken on the economic and social development gained through distribution of these types of goods.

- (b) In terms of the Circular No. MNPEA 06/2017 dated 05 December 2017 issued by the Ministry of National Policies and Economic Affairs, the provisions allocated for a Member of Parliament under the decentralized budget should be invested in establishing or improving physical infrastructure facilities required for the promotion of economic, social, religious and cultural affairs as well as in projects targeting social welfare. Even though projects should be selected accordingly, contrary to the said Circular, office equipment valued at Rs.500,000 had been provided to an organization named “Yahaguna Dekma Padanama” by the Minuwangoda Divisional Secretariat.

2.2 Losses and Damage

The following observations are made.

- (a) A case had been filed in the Negombo District Court in the year 2001 against the Driver to recover the loss of Rs.189,360 relating to a cab vehicle belonging to the Minuwangoda Divisional Secretariat after meeting with an accident in July 1999. Nevertheless, the case had not been settled.

- (b) The loss of Rs.234,890 which had occurred to a cab vehicle belonging to the Katana Divisional Secretariat due to meeting with an accident in the year 2006, had not been settled.

- (c) Even though the insurance company had refused to settle the loss of Rs.187,503 due to the accident occurred in May 2015 to a cab vehicle belonging to the Ja Ela Divisional Secretariat, no steps had been taken to recover this loss from the responsible parties or to write off from books.
- (d) A sum of Rs.166,459 belonging to the Central Government had been misplaced due to the cash fraud occurred at the Mahara Divisional Secretariat in July 2014 and as a result, the loss occurred to the Government amounted to Rs.19,447. The remaining sum of Rs.147,012 was a value to be recovered from officers who carried out various duties. Even though the office inquiry relating to this cash fraud had been concluded, the activities of recovery had not been completed.

2.3 Uneconomic Transactions

A sum of Rs.2,021,952 had been spent for the construction of 02 tube wells out of Rs.2.5 million approved for the development of a playground under the Gama Neguma Project in the year 2014 in the area of authority of the Minuwangoda Divisional Secretariat. Even though it had been informed that provisions of Rs.500,000 of the year 2017 would be used for supplying the people with drinking water from the said two tube wells as a solution to the lack of water in the Division, that project had not been commenced in the year 2017 and steps had not been taken to develop the playground as well.

2.4 Management Weaknesses

The following observations are made.

(a) Disaster Management

- (i) The Gampaha District Secretariat had granted provisions of Rs.452,919,888 to 13 Divisional Secretariats of Gampaha District in the years 2016 and 2017 for reimbursement of indemnity from disasters and the Gampaha District Disaster Management Unit had spent a sum of Rs.59,038,484 for repairs of bridges, culverts and canals. However, many areas in the Gampaha District were at a risk of being flooded even in instances of light rain due to failure in paying adequate attention in repairing and maintaining 1,171 bridges, culverts, canals and anicuts broken down and in dangerous condition within the areas of authority of 7 Divisional Secretariats in the Gampaha District and due to unauthorized occupancies in the reserves of rivers and canals.
- (ii) The sum of Rs.1,814,734 which should be reimbursed to the Grama Niladharis for providing with cooked meals to victims of floods occurred in the year 2016 in the area of authority of the Divisional Secretariat of Biyagama, had not been provided even up to 5 January 2018 and even though the Ministry of Disaster Management had been notified in this connection from time to time, provisions had not been received.

(b) Scarcity of Water

A quantity of 7,200,000 litres of water had been distributed for 205 days to 121 out of 123 Grama Niladhari Divisions in the area of authority of the Divulapitiya Divisional Secretariat by spending a sum of Rs.5,840,009 as a solution to the severe scarcity of water existing since January 2017. Even though matters such as excavation and removal of hilly areas, felling the silviculture, sinking of the river bed due to sand mining in Ma Oya, large scale excavation of clay, sale of ground water on a commercial level, private construction of deep tube wells without supervision and crushing of metal had been identified as the main reasons for the scarcity of water in the area of authority, the Divisional Secretary had not been delegated with authority in taking action to minimize the said matters.

(c) State Lands

- (i) The Grants signed by the President relating to state lands in the area of authority of the Divisional Secretariat of Mirigama should be registered in the District Land Registry and granted to the owners. However, there had been instances where Grants had not been handed over due to reasons such as 9 blocks of land of which information could not be found of the owners, 18 blocks of land for which another Grant had been given instead of the relevant Grant, 02 blocks of land of which the owner had deceased and which other parties are occupying and 04 blocks of land of which the owner had deceased and the heirs are occupying.
- (ii) There had been 24 Grants not granted to the relevant owners by registering in the Land Registry in the area of authority of the Divisional Secretariat of Minuwangoda. Out of these blocks of land, the Grama Niladhari had reported that Grantees of 13 blocks of land had deceased and that their heirs are occupying the said blocks. As such, the Divisional Secretary had informed in June 2017 to take action to provide the Grants to those heirs. However, action had not been taken thereon even by 30 April 2018. Moreover, Grants had not been awarded due to non-occupancy of Grantees on 06 blocks of land and issue of other deeds for 05 blocks of land previously.

(d) Official Quarters

The official quarters of Divisional Secretaries belonging to Biyagama and Divulapitiya Divisional Secretariats had not been made use of since many years. As such, the said official quarters had been used as the main stores.

(e) Seva Piyas

- (i) The construction of the Community Hall and Seva Piyasa of the Beach Street East had been commenced by the Negombo Divisional Secretariat in the year 2014 and a sum of Rs.4,000,000 had been spent throughout 4 years. Nevertheless, it could not be completed due to allocation of inadequate provisions.
- (ii) The following matters were observed relating to the Minuwangoda Divisional Secretariat.

- Even though the construction of the Ellangala Seva Piyasa had been commenced without a plan by utilizing a sum of Rs.300,000 allocated in the year 2015, the agreement between the contractor and the Government had not been signed by both parties. Moreover, in the physical verification of this Seva Piyasa, it was observed that the roof had been put up without raising the beams and without building walls.
 - The Walpitamulla Seva Piyasa building had been repaired in the year 2015 without a proper plan by utilizing provisions of Rs.300,000. Even though the works had been completed without supplying water and electricity facilities, it had not been made use of.
 - Only the Family Health Service Officer in one Seva Piyasa and only the Grama Niladharis in another 3 Seva Piyas had been deployed in the service.
 - The Nila Sevana building in Yatiyana East had been constructed by utilizing provisions of Rs.2 million and documentary evidence was not available on the ownership of this land in the Government. Even though a certain party had complained of the inheritance of this land at the commencement of constructions of this building, constructions had been carried out without conducting any investigations in that connection whatsoever.
- (iii) Six Community Halls / Seva Piyas constructed by spending a sum of Rs.5.9 million in the area of authority of the Mahara Divisional Secretariat had not been made use of while 04 Seva Piyas which had completed constructions in the year 2017 by spending a sum of Rs.7 million had not been opened even by May 2018.
- (iv) The process of acquisition of lands relating to 08 Seva Piyas buildings constructed in the year 2015 in the area of authority of the Gampaha Divisional Secretariat had not been finalized even by May 2018.
- (v) Problems such as lack of water and electricity, necessity of partition of rooms, lack of sanitation facilities, cracking of walls and shortcomings in doors and windows had existed in 25 Seva Piyas buildings in the area of authority of the Gampaha Divisional Secretariat.

(f) Acting Appointments

Ninety one Grama Niladharis had performed acting duties in several Grama Niladhari Divisions relating to 07 Divisional Secretariats by 31 December 2017.

(g) Pensions Division

The following observations are made.

- (i) Pensions were being paid to 298 pensioners of 09 Divisional Secretariats without even temporary files.

- (ii) Even though files of 50 pensioners of 03 Divisional Secretariats without having even temporary files, had been prepared and forwarded to the Department of Pensions through the District Secretariat, approval therefor had not been received even by February 2018.
- (iii) The number of files of 09 Divisional Secretariats of which pensions had not been revised according to Public Administration Circular No.06/2006 on lack of adequate information, misplacement of files and unavailability of files, stood at 1,144.
- (iv) There had been 44 instances in which pensions had been paid through the data base in the Divisional Secretariats of Negombo, Katana and Kelaniya without the National Identity Card Number and by entering fake Identity Card Numbers.
- (v) Immediately when a pensioner or a widow or a person receiving other pension benefit dies, the information thereon should be provided to the relevant Divisional Secretariat and promptly discontinue the payments. However, there had been 79 instances in 05 Divisional Secretariats in which the Divisional Secretary had been notified after a delay period of 69 days to 1,070 days after the death of the pensioner. There had been a risk in the recovery of overpayments made for these deceased pensioners and no action whatsoever had been taken in respect of the persons responsible for the delay in notifying.
- (vi) A pensioner of the Wattala Divisional Secretariat had died on 01 January 2015 and a sum of Rs.483,937 had been remitted between the period from January 2015 to December 2016 to the account maintained in the Bank of Ceylon Welisara Branch on his behalf. Even though a sum of Rs.376,316 had been summoned in September 2017, the sum of Rs.107,621 further recoverable, had not been recovered up to now.
- (vii) Even though the number of inactive files of the Negombo Divisional Secretariat had been identified as 3,662, no appropriate action had been taken relating to these files.
- (viii) Nineteen pensioners of the Kelaniya Divisional Secretariat were not residents within the area of that authority and as files were not available, their details could not be transferred to the relevant Divisional Secretariats.
- (ix) A sum of Rs.454,918 had been paid as pension on retirement, to a Sub Postmaster belonging to the Wattala Divisional Secretariat who is not entitled to a pension and after having discovered the error, installments totalling Rs.46,000 had been recovered. The aforesaid pensioner had deceased on 31 July 2014 and a loss of Rs.408,918 had to be sustained by the Government. Action had not been taken to find out the officers responsible thereto and to recover the loss occurred to the Government.

2.5 Utilization of Provisions made available by Parliament for Performance of Functions

Details on provisions made for the District Secretariat during a period of 05 years ended 31 December 2017, utilization and savings thereof appear below.

Year	Type of Expenditure	Net Provision	Utilization	Savings	Savings as a Percentage of Net Provisions
		Rs.Millions	Rs.Millions	Rs.Millions	%
2013	Recurrent	799.75	768.02	31.73	3.97
	Capital	61.30	35.76	25.54	41.66
	Total	861.05	803.78	57.27	6.65
2014	Recurrent	728.67	723.38	5.29	0.73
	Capital	41.65	24.45	17.20	41.29
	Total	770.32	747.83	22.49	2.92
2015	Recurrent	949.43	944.99	4.44	0.47
	Capital	294.80	77.31	217.49	73.77
	Total	1,244.23	1,022.30	221.93	17.83
2016	Recurrent	1,011.80	997.43	14.37	1.42
	Capital	167.00	166.87	0.13	0.08
	Total	1,178.80	1,164.30	14.50	1.23
2017	Recurrent	999.33	993.17	6.16	0.62
	Capital	468.00	125.87	342.13	73.10
	Total	1,467.33	1,119.04	348.29	23.73

Utilization of Provisions made available by other Ministries and Departments

Provisions totalling Rs.5,099.16 million comprising sums of Rs.4,973.44 million and Rs.125.72 million had been granted respectively by 31 other Ministries and 21 Departments for various purposes. Out of those provisions, only a sum totalling Rs.3,932.35 million had been utilized by the end of the year under review. As such, the savings, after the utilization of provisions, amounted to Rs.1,166.8 million representing 22.88 per cent.

2.6 Advances to Public Officers Account

----- Limits authorized by Parliament -----

The limits authorized by Parliament for the Advances to Public Officers Account of the Gampaha District Secretariat Item No.25601 and the actual amounts are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
<u>Maximum</u>	<u>Actual</u>	<u>Minimum</u>	<u>Actual</u>	<u>Maximum</u>	<u>Actual</u>
<u>Limit</u>		<u>Limit</u>		<u>Limit</u>	
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Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
103	102.97	64	73.3	280	270.31

The following observations are made in this connection.

- Except for the balance of the officers transferred, the total outstanding balances in the Reconciliation Statement presented as at the end of the year under review amounted to Rs.1,926,475. Even though the said outstanding balances remained over a period of 3 years, the follow up action on the recovery of those outstanding balances had been at a weak level.
- A Grama Niladhari of the Minuwangoda Divisional Secretariat had been interdicted due to continuing in the service without the required educational qualifications and her loan balance amounting to Rs.71,483 had remained unrecovered even by 30 April 2018.
- A loan balance amounting to Rs.337,390 remained unrecovered from an officer whose service had been suspended due to a cash fraud in the Minuwangoda Divisional Secretariat.

2.7 General Deposit Account

The balances of 06 General Deposit Accounts under the District Secretariat totalled Rs.673.99 million as at 31 December 2017. The following observations are made thereon.

- Action had not been taken in terms of Financial Regulation 571 relating to a value of Rs.8,757,005 retained for contracts in 261 instances exceeding 2 years relating to 13 Divisional Secretariats and the value of third party payments valued at Rs.433,350 in 32 instances relating to 4 Secretariats.
- A deposit of Rs.6,268,552 relating to 28 instances exceeding 10 years for payment of compensations on lands relating to 04 Divisional Secretariats, had been retained continuously in the General Deposit Account.

2.8 Human Resources Management

Approved cadre, Actual cadre and Expenditure on Personal Emoluments

The position of the approved, actual and excess cadre and vacancies as at 31 December 2017 for the performance of the functions of the Gampaha District Secretariat is as follows. The District Secretariat had spent a sum of Rs.1, 369.34 million for the category of personal emoluments for the year under review.

	Category of Employees	Approved Cadre	Actual Cadre	Vacancies
(i)	Senior Level	41	40	01
(ii)	Tertiary Level	64	52	12
(iii)	Secondary Level	3,153	2,655	498
(iv)	Primary Level	132	112	20
	Total	3,390	2,859	531