

Head 259 - Report of the Auditor General of the District Secretariat, Matale - 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, Matale. The financial and physical performance reflected from those accounts 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, Matale - Head 259 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 28 August 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, Matale for the year ended 31 December 2017 revealed in audit appear in Management Audit Report mentioned in Paragraph 1.3 above in detail. The material and significant audit observations out of the audit observations included in the Management Audit Report appear in Paragraph 2.1 to 2.18 of this Report. It was observed that the Accounting Officer had executed his accountability on a satisfactory manner subject to audit observations as summarized in the undermentioned table revealed while performing the Financial Regulations 128 of the Financial Regulation of Democratic Socialist Republic of Sri Lanka to ensure the adequacy of the financial administration.

Accountability of the Accounting Officer in terms of Financial Regulation 128 (1)	Non - compliance with those provisions by Accounting Officer	Reference to the Paragraph of the report which included the Observation
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Financial Regulation -----		
128 (1) (a)	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 authorized, and that an endeavor is made to complete the programme of work laid down for the year and/or to attain the targets specified.	1. Non - preparation of the Action Plan accurately. 2.1.1 (b) 2. Delays in implementation of Projects. 2.1.2 (a) 3. Projects that had not obtained progress though the Funds Released. 2.1.2 (b) 4. Deficiencies in implementation of Procurement Procedure. 2.2.2 (a), (b), (c), (d)
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	1. Delays in settlement of ad hoc sub – imprest. 2.12 2. Deficiencies in General Deposit Account . 2.13

	Instructions, where necessary.		
		3. Non - maintenance of Registers and Books.	2.14
		4. Non - compliance .	2.15
128 (1) (d)	An adequate system of internal check for receipts, payments and issues is maintained and tested from time to time.	Deficiencies appeared in Public Officers' Advance Account.	2.11
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.	1. Documentation of Assets. 2. Not confirming the safeness of Assets . 3. Not acquiring the ownership of the of the vehicles. 4. Misuse of Government Vehicles. 5. Idle and Underutilized Assets. 6. Deficiencies in conducting Annual Board of Survey.	2.3 (a) 2.3 (b) 2.3 (d) 2.3 (e) 2.3 (f) 2.3 (g)
128 (1) (f)	Such information, statements and returns as are called for by the Chief Accounting Officer or the Treasury, are rendered correctly and promptly.	1. Commitments and Liabilities. 2. Non- preparation of Budget Estimates in a realistic manner. 3. Submission of Annual Performance Report in delay.	2.4 2.10 (a) 2.3 (b) I 2.1.3
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 recovery.	Recovering of arrears loan balances in Public Officers' Advance Account. .	2.11 (a)
	The activities of his Department are	Irregular Transaction	

128 (1) (i)	undertaken with due regard to economy, efficiency, propriety and integrity expected in the transaction of public business.	1. Management Deficiencies 2. Deficiencies occurred at the utilization of provisions provided by the other Ministries and the Departments	2.5 2.9 2.10 (b) (II)
128 (1) (m)	An Appropriation Account is rendered to the Chief Accounting Officer at the end of the financial year in respect of each Programme of a Head of Expenditure for which he is responsible as Accounting Officer .	Deficiencies appear in Appropriation Account.	2.10 (b)
128 (1) (n)	Officers liable to provide Security do so in terms of the law and instructions in force.	Deficiencies in obtaining Security from the related officers .	2.17
128 (1) (o)	The procedure laid down in Financial Regulations 103 to 108 is adhered to in case of losses to Government by the delays, negligence's, faults or frauds on the part of officers/ employees and surcharges are imposed on officers/employees responsible for such losses in terms of F.R.156 (1) .	1. Transactions in financial irregularity nature. 2. Responsibility with regard to Damages	2.6 2.7

2. Material and Significant Audit Observations


2.1 Key Functions of the District Secretariat

- (a) Conducting District Administration coordinating with the Regional Administration.
- (b) Maintaining a sound financial management by providing financial provisions to Divisional Secretariats.
- (c) Coordinate all the planning activities at Provincial Level and control their progress.
- (d) Conducting Human Resource Development activities of all the officers involved in the District Administration.
- (e) Coordinate the work related to the development of livelihood of the people in the district and carry out the progress of their activities.

- (f) Planning and supervision of all construction activities relating to capital investments to strengthen the administration of the district
- (g) Coordination of District Agriculture and Environmental Affairs and solving of related problems.
- (h) Conducting necessary activities for the spiritual development of the district and mutual respect among the communities.
- (i) Coordinating the land issues.
- (j) Issuing firearms permits and issuing of explosive material.
- (k) Compilation of district information.
- (l) Implementation of programs relating to district entrepreneurship development.

2.2 Institutions exists under District Secretariat and Functions to be achieved by that

The Institutions established under District Secretariat and the functions thereon are appear below.

Institutions established under District Secretariat	Authority to the Establishment	Function
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Divisional Secretariat Matale Divisional Secretariat Ukuwela Divisional Secretariat Naula Divisional Secretariat Dambulla Divisional Secretariat Pallepola Divisional Secretariat Rattota Divisional Secretariat Ambanganga Divisional Secretariat Laggala - Pallegama Divisional Secretariat Wilgamuwa Divisional Secretariat Yatawatta Divisional Secretariat Galewela	 <p>Transfer Of Powers (Divisional Secretaries) Act No. 58 of 1992</p>	Implementation of Administrative and Development functions assigned by the Central Government and Provincial Councils at Provincial Level.

2.3 Performance

2.3.1 Planning

The following observation is made in this regard.

The Action Plans of the Divisional Secretariats of Wilgamuwa and Rattota had not been prepared for the year under review even by 31 December 2017 .

2.3.2 Not performing the Functions

The following observations are made in this regard.

(a) Delays in implementation of the Projects

Even though it had been decided in the year 2017 for the commencement of the remaining part of the construction project at Galudahena - Maniwakawatta at an estimated cost of Rs. 3.65 million without utilizing the total provision received for the construction of Brandigala Botanical Gardens in the year 2014 by Divisional Secretariat Ukuwela , that had not been implemented even by the end of the year under review.

(b) Projects that had not obtained progress though the Funds Released

The following observations are made.

- (i) Even though a total of Rs. 1,841,266 had been released for one project of National Water Supply and Drainage Board and 06 projects of Ceylon Electricity Board as Rs. 557,980 and Rs. 1,283,286 respectively by Divisional Secretariat Dambulla, those projects had not been completed.
- (ii) Even though a sum of Rs. 8.83 million had been incurred for the purchase of the goods by 87 cheques in the year under review by 09 Divisional Secretariats such as Wilgamuwa, Galewela, Yatawatta, Ambanganga Korale, Laggala Pallegama, Rattota, Naula, Pallepola and Ukuwela , the goods and supplies relating to that had not been supplied.

2.3.3 Annual Performance Report

Even though the Annual Performance Report relating to the year under review should be tabled in the Parliament within 150 days after the end of the financial year by the District Secretariat in terms of the Public Finance Circular No. 402 dated 12 September 2002, that Report had not been tabled in Parliament even by 14 June 2018.

2.4 Obtaining Supplies and Services through Procurement Procedure

A provision of Rs. 302 million had been made available to District Secretariat and Divisional Secretariats for the fulfillment of supplies and services through the procurement process during the year under review and out of that a sum of Rs. 208.19 million had been utilized. Accordingly, a sum of Rs. 93.81 million or 31 per cent out of the provisions made available had been saved.

2.4.1 Planning Procurement

The following observations are made in this regard.

(a) Planning Procurement and the Initial Stage

The Annual Procurement Plan for the year 2017 had not been prepared by the District Secretariats Wilgamuwa, Yatawatta, Ukuwela, Rattota, Pallepola, Naula, and Dambulla in terms of Public Finance Circular dated 17 February 2014.

2.4.2 Implementation of Procurement Procedure

The following observations are made in this regard.

- (a) The activities of opening of bids should be reported in a prescribed form in terms of Guideline 6.3.6 of the Government Procurement Guidelines and although all the members of the Bids Opening Committee should have signed those reports, such a record had not been maintained at Divisional Secretariat Wilgamuwa.
- (b) A Total Cost Estimate had not been prepared by the Ministry of Disaster Management for the expansion of Dambulla Thammenna canal and construction of banks at the agreed amount of Rs. 25.1 million for 08 industries in terms of Guideline 4.3.1 of the Government Procurement Guidelines.
- (c) Even though it should be confirmed whether the bidders had quoted unrealistically low rates on critical important items and if so, the bidder shall be requested to prove to satisfy how the bidder intends to provide a rate analysis submitted for each item by the imaginary low-priced bids prior to awarding a contract to ensure that they perform the same, as per Guideline 7.9.11 of the Government Procurement Guidelines, there were variances in price revisions relating to the estimates and the prices of the contractor between 25 per cent and 78 per cent of Stage 9, 11 and 12 in the Dambulla Flood Disaster Mitigation Project.
- (d) Even though a bid evaluation should be carried out by executing a post qualification examination in terms of Guideline 7.10.1 of Government Procurement Guideline, such

an evaluation had not been conducted whilst selection of contractors in respect of the Dambulla Flood Disaster Mitigation Project valued at 25.1 million .

2.5 Assets management

The following deficiencies were revealed during the audit test checks carried out regarding the assets of the District Secretariat.

(a) Documentation of Assets

The registers had not been maintained pertaining to government houses owned by the Divisional Secretariat Yatawatta separately and documents for electrical equipment and other inventory.

(b) Not confirming the safeness of Assets

The warehouse, the youth service building and the items which were at repairable condition and the items that were unused as well had been retained insecurely in the garage next to the Morgahakanda Project Office at Naula Divisional Secretariat.

(c) Vehicle utilization under Financial and Operational Leasing

Even though the Lease installments relating to the 12 vehicles valued at Rs. 67,200,000 handed over to the District Secretariat, Matale under the Financing Lease Method in the years 2011 and 2012 under the Budget Circular No. 150 dated 07 December 2010 had been paid completely during the year under review, the possession of these vehicles had not been taken over by the District Secretariat.

(d) Misuse of Government Assets

The regulatory or taking over activities of the total of 299 plots of land as 03 unauthorized and 296 plots of land respectively relating to Dambulla and Ukuwela Divisional Secretariats had not been completed.

(e) Idle and underutilized Assets

It was observed in audit test checks carried out that the certain assets categorized as below were in idle .

Type of Assets -----	Number of Units -----	Value ----- Rs.	Period remained Idle -----
(i) Buildings	02	Not - assessed	Between 01 year to 03 years
(ii) Machinery	05	- do -	- do -

(f) Conducting Board of Survey

Although the Board of Survey Report relating to the year 2017 should be submitted to the Auditor General before the date of 15 June 2018 by the District Secretariat in terms of Paragraph 3.2.6 of the Public Finance Circular No. 05/ 2016 dated 31 March 2016 , those reports had not been submitted to the audit by 30 June 2018 .

2.6 Commitments and Liabilities

The following observations are made in this regard.

(a) Entered in to Commitments exceeding the Annual Budget Limits

It had been entered in to commitments amounted to Rs. 2.5 million out of the provision made available amounted to Rs. 257 million for 11 Objects exceeding by Rs. 2.2 million non - compliance with Section 02 (a) of the Public Accounts Circular No. 255 /2017 dated 27 April 2017 .

(b) Assets which had not Disclosed

The liabilities of the District Secretariat and 08 Divisional Secretariats amounted to Rs. 735,125 had not been disclosed .

2.7 Transactions in Irregularities

Certain transactions entered in to by the District Secretariat had been devoid of regularity. The instances observed as such are given below.

- (a) Out of the provision made available amounted to Rs. 3.63 million for the construction of 03 Nila Sevana buildings of the Divisional Secretariat ,only two buildings had been constructed by incurring a sum of Rs. 3.59 million.
- (b) Fourteen projects worth of Rs. 5.84 million have been awarded to a contractor who should be blacklisted in the Divisional Secretariat, Rattota.
- (c) The Divisional Secretariat Wilgamuwa had placed orders for two private institutions for the purchase of goods and equipment and the value of Rs. 74,280 relating the same orders had been paid to one institution .

2.8 Transactions in Financial Irregularity Nature

The details in respect of the transactions in fraud nature observed at the audit test checks are appear below.

- (a) The fuel had been obtained in excess amounted to Rs. 113,662 exceeding the fuel requirement as per the distance of running for 02 vehicles which are being used at Wilgamuwa Divisional Secretariat.
- (b) A sum of Rs. 78,289 had been paid for uncompleted concrete works whilst concreting on both sides of the road where the interlock blocks spread out on Divisional Secretariat Galewela and Badagahawatta Road.
- (c) An overpayment amounted to Rs 405,058 had been made due to the ABC mixture was not spread out, the weakness of the concrete mixture on both sides of the road, the wood moldings used for that was a futile expense as per the instructions of agreed estimates of the interlock blocks industry at Beliyakanda Farm Group Road of Divisional Secretariat Galewela .

2.9 Responsibilities with regard to Damages

Actions had not been taken to recover the loss of Rs. 88,665 for the misplaced laptop of the District Secretariat in the preceding year and the loss of Rs. 70,000 including the Departmental charges for the Tablet computer in Yatawatta Divisional Secretariat from the responsible officers even by the end of the year under review.

2.10 Unresolved Audit Paragraphs

The Reference to the Audit Paragraphs relating to the District Secretariat included in the Reports of the Auditor General on which corrections had not been made by the District Secretariat for the shortcomings pointed out, are given below.

Year	Reference to the Auditor General's Report	Observation
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2007	7.5 (a)	Shortcomings in the construction of the Atavarahena Community Center.
2008	7.4 (c)	(i) Purchasing goods in contrary to the provisions of the Budget Circular. (ii) Expenditure incurred in contrary to the provisions of Circulars issued by the Ministry of Nation Building and Estate Infrastructure. (iii) Paying overtime and holiday pay in contrary to the Public Administration Circular.
2010	4.10 (a)	Non- commencement of Wilgamuwa Bathgampala Rice Processing Centre and
2012	1.7	its assets remained in idle and being futile of the cost incurred for it .
2014	3.5	
2015	3.6 (b)	
2015	3.6	(a) Idle and Underutilized Assets. (b) Not starting the Center for Textile Industry Naula . (c) Providing the water motor relating to the Naula Water Project to the External Parties. (d) The assets received as donations not taking in to account.
	3.12 (d)	Futility of payment made for the Ritigala Canal and the

Water Project.

	3.9 (a) (i)	Wilgamuwa Cultural Center remains in idle without using.
2016	3.2.2 (a), (f), (g), (h) (j), (k), (l), (m), (n)	<p>(a) Saving of provisions in 08 Capital Objects amounted to Rs. 135 million.</p> <p>(f) Habaraghamada Textile Center remained in idle.</p> <p>(g) The raw materials and equipment purchased to the Habaraghamada Textile Center remained in idle.</p> <p>(h) Construction of T.B Thennakoon Cultural Centre without acquiring the land.</p> <p>(j) Failure in Naula Lihinipitiya Water Supply Project due to the deficiencies in spreading of pipelines.</p> <p>(k) Deficiencies in constructing of the playground in Elkaduwa town, Ukuwela.</p> <p>(l) Being futile of the cost incurred due to not receiving the rest provision for the Community Centre of Udangamuwa , Ukuwela.</p> <p>(m) Failure in the Opalgala Water Supply Scheme at Naula.</p> <p>(n) Failure in the Moraghamada Water Supply Scheme at Naula.</p>
	3.7 (a) (b)	<p>(a) Development Project of Kandangamuwa School Lane Galewela.</p> <p>(b) Abandonment of 11 Projects by the District Secretariat and 05 Divisional Secretariats without completion.</p>
	3.8 (a) (ii) (b) (b)	<p>(a) Weaknesses in construction of fence at the Rattota Divisional Secretariat premises.</p> <p>(b) Not carrying out the projects according to the Action Plan of the District Secretariat.</p>
	3.10 (a), (b)	<p>(a) Not providing an adequate time for bidding.</p> <p>(b) Not obtaining Bids through Registered Post by 04 Divisional Secretariats.</p>

3.11 (a) Misplacement of a Laptop Computer and a Tablet computer provided to the officers of the District Secretariat and Divisional Secretariat Yatawatta .

3,14 (a) Delays in acquiring the lands for the development activities of the State in 54 occasions from 02 years to 35 years.

2.11 Management Weaknesses

The following weaknesses were observed at the audit test checks carried out.

- (a) The 12 Grants prepared for signing and distribution were detained without distribution during the period between 21 and 35 years at the Ukuwela Divisional Secretariat.
- (b) The equipment amounted to Rs. 408,000 provided at 12 instances under the development proposal provision of the Divisional Secretariat , Pallepola had been handed over to same institutions and societies.
- (c) Items and equipment amounted to Rs. 327,000 had been provided for 15 registered societies which were not active in the Divisional Secretariat Pallepola.
- (d) A number of 126 cheques had been retained for the purchase of goods valued at Rs. 14.34 million by the District Secretariat and 06 Divisional Secretariats without handing over to the creditors even by 31 December of the year under review.
- (e) Three transactions relating to a total of Rs. 659,748 of the Divisional Secretariat Pallepola could not be satisfactorily vouched because of payment vouchers were not submitted to the audit.
- (f) The answers for the 09 issued Audit Queries to the District Secretariat during the year under review and 02 Audit Queries issued in the previous year had not been furnished even by 31 March 2018 and the value of transactions that could be counted relating to these queries was Rs. 3,042.35 million .

2.12 Utilization of Provision made by Parliament for the Execution of Activities

The particulars relating to the provision made available, utilization and savings of the District Secretariat for the 05 years period ended 31 December 2017 and the audit observations in respect of that are appear below.

Year	Category of Expenditure	Net Provision	Utilization	Savings	Savings as percentage of Provision	as of	a	Net
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		----- Rs. Million	----- Rs. Million	----- Rs. Million	-----
2013	Recurrent	436.83	435.06	1.77	0.41
	Capital	50.25	47.76	2.49	4.96
	Total	487.08	482.82	4.26	0.87
2014	Recurrent	429.58	429.48	0.10	0.02
	Capital	51.25	50.29	0.96	1.87
	Total	480.83	479.77	1.06	0.22
2015	Recurrent	556.15	552.48	3.67	0.66
	Capital	212.00	69.96	142.04	67.00
	Total	768.15	622.44	145.71	18.97
2016	Recurrent	584.20	579.23	4.97	0.85
	Capital	296.00	205.56	90.44	30.55
	Total	880.20	784.79	95.41	10.83
2017	Recurrent	583.69	577.20	6.49	1.11
	Capital	302.00	208.19	93.81	31.06
	Total	885.69	785.39	100.30	11.32

The following observations are made in this regard.

(a) Preparation of Budget Estimates

Due to the Budgetary Estimate prepared to make the provisions available to achieve the functions relating to the District Secretariat had not been prepared in a realistic manner, it had occurred to make additional provision amounted to Rs. 14.30 million for 02 Objects by Supplementary Estimates and to increase the provision of 11 Objects reducing the provision amounted to Rs. 33.55 million from 17 Objects by Financial Regulation 66 .

(b) Appropriation Account

The following observations are made.

- (i) The assets amounted to Rs. 1,419,887 had been obtained under the provisions of Object No. 2102 and 2103 exceeding the provisions made for 03 Divisional Secretariats .
- (ii) The expenditure made for acquisition of assets by 05 Divisional Secretariats had been overstated by a sum of Rs. 1,081,164 in the Object 2102 and understated by a sum of Rs. 2,285,552 in the object 2103 of the Appropriation Account.
- (iii) The adjustments had not been made in the Appropriation Account in respect of the auction value of 639 units of 162 items amounted to Rs. 71,465 and 26 items which were auctioned with estimated value of Rs. 16,896 in the District Secretariat and 05 Divisional Secretariats .
- (iv) Due to overprovisions made available for 09 Objects, the savings after the utilization of the funds had ranged from 06 per cent to 73 per cent out of the net Provision related to those Expenditure Objects.
- (v) The provision totalled to Rs. 2132.37 million as Rs. 1893.72 million, Rs. 211.55 million, and Rs. 27.1 million respectively had been provided for 28 other Ministries , 20 Departments and 02 offices for various activities. Out of that only a total of Rs. 1,909.39 million had been utilized by the end of the year. Accordingly, a sum of Rs. 222.98 million or 10.46 per cent had been saved out of the provision made available. The following deficiencies were observed whilst the audit test checks conducted with regard to that.
- The provision amounted to Rs. 147.66 million which had received relating to 30 Objects of expenditure had been retained in the District Secretariat, without distribution for relevant activities.
 - Due to the allocation provided exceeding the required funds for Divisional Secretariats Rattota and Yatawatta , the allocated provision totalled to Rs. 2 million as Rs. 0.5 million and Rs. 1.50 million respectively.

2.13 Advances to Public Officers' Account

Limits Authorized by Parliament

The limits authorized by the Parliament for the Advances to Public Officers Account of the District Secretariat Item No. 25901 and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million	Rs. Million
60.00	59.44	33.00	33.78	170.00	155.76

The following observations are made in this regard.

- (a) As per the Reconciliation Statement submitted for audit, the aggregate balance of loans outstanding was Rs. 840,567 as at 31 December 2017 and those outstanding balances had been existing ranged from 01 year to 17 years. The follow-up actions of recovering of those arrears loan balances were at a weak level.
- (b) The distress loan totalled to Rs. 1,023,160 had been granted as Rs.449,530 on 03 occasions whereas the suitable guarantees were not provided and a sum of Rs. 573,630 that the General 158 (a) form was not completed in 06 occasions by the District Secretariat.
- (c) A non – reconciliation balance amounted to Rs. 93,938 was observed as compared with the List of Balance to be Receivable from the employees of the Ministry / Department in the Reconciliation Statement of Advances prepared by the District Secretariat with those balances of the Advance Accounts of the Divisional Secretariats.

2.14 Imprest Account

Although an ad hoc sub imprest obtained should be settled within 10 days of the completion of the task in terms of the amended Financial Regulation 371 (5) of Circular No. 03/ 2015 dated

14 July 2015 the ad hoc sub imprests totalled to Rs. 859,020 provided in 72 instances by 04 Divisional Secretariats had been settled after a delay period ranging from 12 days to 115 days.

2.15 General Deposit Accounts

The total of 07 General Deposit Accounts under the District Secretariat as at 31 December 2017 amounted to Rs. 224.67 million. The following observations are made in this regard.

- (a) Actions had not been taken in respect of 38 deposits totalled to 1.4 million for more than 02 years in Dambulla, Laggala - Pallegama and Galewela Divisional Secretariats in terms of Financial Regulations 571 .
- (b) A sum of Rs. 2.76 million which had been provided for the purchasing of Paddy in Maha Season 2014/ 2015 by the Ministry of Food Security had been retained in the General Deposit Account of the District Secretariat without carrying out the relevant activities.
- (c) The retention money worth of Rs. 102,247 relating to 04 Projects in Divisional Secretariat, Ukuwela had been retained in the General Deposit Account without release for the period nearly 02 years.
- (d) Even though the proper actions should be taken in respect of the money retained in suspense in a Deposit Account without allowing to be considered as lapsed deposits in terms of Financial Regulations 571 (3) , a sum of Rs. 234,400 had been kept in the General Deposit Account without allowing it to be used for cash purposes in Divisional Secretariats Ambangankorale and Ukuwela relating to 04 occasions.

2.16 Non- maintenance of Registers and Books

The District Secretariat had not maintained the following Registers and it was observed at audit test checks carried out that certain Registers had not been maintained properly and in an updated manner.

Type of Register -----	Relevant Rrgulation -----	Observation -----
(a) Register of Fixed Assets	The Treasury Circular No. 842 of 19 December 1978 / Appendix 11 in terms of the Financial Regulation 502 (2)	Had not been maintained by Divisional Secretariats Ambanganga Korale, Rattota and Wilgamuwa.
(b) Register of Fixed Assets on Computers, Accessories and Software	Treasury Circular No. IAI/2002/02 of 28 November 2002	Had not been maintained by the Divisional Secretariats Ambanganga Korale, Naula and Yatawatta
(c) Inventory Register	Financial Regulation 751 and 763	Had not been maintained in an updated manner by the Divisional Secretariats Ukuwela, Yatawatta and Naula.
(d) Register of Official Telephone Calls	Annexure 26 of Financial Regulation 845(1)	Had not been maintained by the Divisional Secretariats and Yatawatta and Wilgamuwa.
(e) Register of Security	Financial Regulation 891 (1)	Had not been maintained by the Divisional Secretariat Wilgamuwa.
(f) Register of Electrical Equipment	Financial Regulation 454 (2)	Had not been maintained by the Divisional Secretariat Ukuwela, Yatawatta and Naula.
(g) Register of Liabilities	Financial Regulation 214	Had not been maintained by the Divisional Secretariat Yatawatta, Wilgamuwa and Rattota .
(h) Register of Advances	Paragraph 05 of State Accounts Circular No. 256/2017 of 05 July 2017	Had not been maintained in an updated manner by the Divisional Secretariat Dambulla.

(i)	Registers of Attendance of Procurement Committee and Technical Evaluation Committee	Guideline 2.11.2 of Government Procurement Guideline	Had not been maintained by the Divisional Secretariat Ukuwela, Wilgamuwa and Rattota .
(j)	Register Bidding of Quotations	Guideline 5.2.1 of Government Procurement Guideline	Had not been maintained by the Divisional Secretariat Yatawatta, Wilgamuwa and Rattota .
(k)	Register of Leave	Section 1.7 of Paragraph XII of Establishment Code	Had not been maintained in an updated manner by the Divisional Secretariats Ukuwela and Dambulla .
(l)	A Record of Cheques	Financial Regulation 388 and 389	Had not been maintained by the Divisional Secretariat Yatawatta

2.17 Non – compliances

2.17.1 Non – compliance with Laws, Rules and Regulations

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

Reference to Laws, Rules and Regulations	Value	Non - compliance
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(a) Financial Regulation of Democratic Socialist Republic of Sri Lanka	Rs.	

(i) Financial Regulation 11 200,944
and 12

Capital expenditure had been used to incur Recurrent Expenditure by the Divisional Secretariat, Yatawatta at 13 occasions.

(ii)

Financial Regulation 388 21,184,756
and 389

The Cheques had been issued without signing in the Register of Cheques Issuing by the creditor or the cheques issuing officer at 127 instances in 06 Divisional Secretariats.

**(b) National Budget
Circulars**

(i) Circular No. 687,420
BP/GPS/130/9/14/MC - iii
and 06 January 2016

(i) The collection of motor vehicles which had been provided in the year 2014 for 06 officers released for non - field duties of Divisional Secretariat, Ukuwela had not been recovered.

277,000

(ii) Actions had not been taken to remit the market value of motorcycle recovered from officials who had released for the non-field duties to the Budget Department at Dambulla Divisional Secretariat.

2.18

**Human
Resources
Management**

**(c) Circular of District
Secretariat – Matale**

Paragraph No. 08 and 04
of Circular No. ෧෧෧/ 05/
04/ RIDP/ 2017 of 01
April 2017

(i) An Animal Husbandry Project that was implemented under the Livelihood Development Projects at Divisional Secretariat, Pallepola had not been carried out safe for health properly as per the circular instructions.

(ii) Subsidies had been given for 03 persons who were not eligible to have subsidies in 02 Grama Niladari Divisions under the Livelihood Development Projects at Divisional Secretariat, Pallepola

Appr

oved Cadre, Actual Cadre and expenditure for Personal Emolument

The particulars in respect of the Approved Cadre, Actual Cadre and the Vacancies as at 31 December 2017 for the achievement of the functions appear in the Paragraph 2.1 are given below. The District Secretariat had incurred a sum of Rs. 521.27 million for the Object of personal emoluments for the year under review . Accordingly, the per capita expenditure had been a sum of Rs. 322,967 .

The Institution had not taken actions to fill 261 vacancies by the end of the year under

	Category of Employees	of Actual Cadre	Actual Cadre	Number of Vacancies
	-----	-----	-----	-----
(i)	Senior Level	58	46	12
(ii)	Tertiary Level	41	25	16
(iii)	Secondary Level	1,642	1,432	210
(iv)	Primary Level	134	111	23
	Total	1,875	1,614	261
		=====	=====	=====

review.

2.19 Government Officers Required to give Security

Eight officers belonging to 07 posts of Divisional Secretary, Accountant, Administrative Officer, Chief Management Assistant, Driver, Store Keeper and Head of Section (Development) of Wilgamuwa Divisional Secretariat had kept securities less than a sum of Rs. 75,000 the security should be kept as per the letter No. E 92 / Security of 07 October 1993 addressed all Divisional Secretaries

2.20 Sustainable Development

Although the District Secretariat had prepared the Action Plan for 2017 in terms of the Public Finance Circular No. 01/ 2014 dated 17 February 2014 , the sustainable development goals had not been targeted following the Agenda 2030 of the United Nations whilst preparation of that.