

Head 262 – Report of the Auditor General on the District Secretariat, Matara - Year 2017

The Appropriation Account and the Reconciliation Statement under the Head and item number stated in the first schedule and the third schedule of the Appropriation Act No.24 of 2016 as amended by Appropriation (amendment) Act No.32 of 2017 had been presented to Audit by the District Secretariat, Matara. The financial and physical performance depicted in such accounts and reconciliations statements had been audited in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

1.2 Responsibility of the Chief Accounting Officer and 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 Democratic Socialist Republic of Sri Lanka. The Minister of Finance appoints secretaries of Ministries to be the Chief Accounting Officer and delegates to him responsibilities to fulfill such responsibilities in terms of Financial Regulation 124(2). In terms of Financial Regulation 125(1)(a), the Head of each Department will be the Accounting Officer in respect of all the financial transactions of his Department and the Treasury appoints the Revenue Accounting Officer. This responsibility includes designing, implementing and maintaining internal control to enable the preparation and fair presentation of the accounts and reconciliation statements presented by fulfilling his functions within the limitations determined 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, Public Finance and Administrative Regulations.

1.3 Scope of Audit

The audit of financial and physical performance including the planning, government expenditure, government revenue, human and physical resources management, application of internal control systems, compliance with laws, rules and regulations, maintenance of books, registers and records in an updated manner, preparation and periodical presentation of accounts, issue of performance reports to relevant parties based on performance indicators of District Secretariat, Matara for the year ended 31 December 2017 was carried out in pursuance of provisions of Article 154(1) of the Democratic Socialist Republic of Sri Lanka. The Management Audit report for the year under review had been issued to the District Secretary, Matara on 04 June 2018. The audit observations, comments and findings on accounts and reconciliation statements were based on a review of the accounts and reconciliation statements presented to audit and substantive tests of samples of transactions. The scope and extent of such reviews 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

Audit observations revealed at the audit of the District Secretariat, Matara for the year ended 31 December 2017 appeared in detail in the Management Audit Report stated in paragraph 1.3 above. Out of such observations, the material and significant observations appear in paragraphs 2.1 to 2.21 of this report. It was observed that the accountability as the Chief Accounting Officer and the Accounting Officer had satisfactory performed, subject to the audit observations as summarized below revealed in performing the provisions in Financial Regulation 128 of the Democratic Socialist Republic of Sri Lanka.

Financial Regulation 128(1) Accountability of the Accounting Officer	Non-compliance with that Provision by the Accounting Officer	Reference to the Paragraph included Observation
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. Annual Action Plan not prepared in a manner to achieve the expected main functions. 2.2.1 2. Non-performance of functions included in the action plan. 2.2.2(a) 3. Projects abandoned without being completed. 2.2.2(b) 4. Non-taking action by identifying sustainable development targets 2.3 5. Abandonment of certain works contained in the local projects. 2.4(a) 6. Continuation of projects. 2.4(b)
128(1)(b)	The organization for the financial control and accounting in his Department is effective and provides adequately for the correct ascertainment, where necessary, of dues to Government, the systematic, complete and prompt collection of dues and bringing to account of monies received,	1. Weaknesses in the implementation of procurement process 2.5 2. Commitments and liabilities 2.7 3. Weaknesses in the accomplishment of services for general public 2.13 4. Utilisation of provisions given by Ministries and Departments 2.15 5. Imprest Account 2.17 6. General Deposit Account 2.18

the authorisation of commitments on behalf of the Government, the supervision and examination of services and supplies rendered and the prompt and correct payment therefore from public funds.

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.	<ol style="list-style-type: none"> 1. Unresolved audit paragraphs 2. Non-maintenance of books and Registers 3. Non-compliances 	<p>2.12</p> <p>2.19</p> <p>2.20</p>
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.	<ol style="list-style-type: none"> 1. Documentation of assets 2. Vehicles utilisation 3. Diminution in the value and the quality of government assets 4. Idle and Under utilised Assets 	<p>2.6(a)</p> <p>2.6(b)</p> <p>2.6(d)</p> <p>2.6(e)</p>
128(1)(g)	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.	Recovery of outstanding loan balances in the advances to public officers account.	2.16
128 (1)(i)	The activities of his Department are under taken with due regard to economy, efficiency, propriety and integrity expected in the transaction of public business.	<ol style="list-style-type: none"> 1. Irregular Transactions 2. Uneconomic transactions 3. Management Weaknesses 	<p>2.8</p> <p>2.10</p> <p>2.11</p>

(In this context, economy means not merely keeping within estimates; but also ensuring that the government receives best value for money expended.

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, negligences, faults or frauds on the part of officers/ employees and surcharges are imposed on officers/ employees responsible for such losses in terms of FR 156(1)	1. Non-receipt of revenue receivable from assets to the Government 2. Losses and Damages	2.6(c) 2.9
------------	---	---	-------------------

2. Material and Significant Audit Observations

2.1 Main functions of the District Secretariat

- (a) Acting as a Government representative in case of Tsunami, drought, floods, cyclone etc. organization, execution, supervision of disaster management activities, re-building and stabilization of livelihood of the people.
- (b) Acting as the head of the District Security Committee, ensure the security of the people living within the jurisdiction of the District.
- (c) Acting as the Chief of organizing cultural, religious and other periodical government functions.
- (d) Implementation of decentralized budget programme and the organization, execution and supervision of the development activities of the District, by acting as the secretary to the District Coordinating Committee.
- (e) Acting as the Head of the operations of Divisional Administrative functions with 16 Divisional Secretaries within the District and improving its efficiency.
- (f) Utilisation of modern Information Communication Technology to uplift the productivity and quality of administrative matters and to encourage the staff therefor.
- (g) Acting as the Deputy Chief of all Ministries and Departments within the jurisdiction of the District, Coordinating so as to achieve the objectives, goals and functions of each of those entities.

- (h) Acting as the District Returning officer as the representative of the Commissioner of Elections in all elections such as Presidential, Parliamentary Provincial Councils and Local Authorities and conducting fair and impartial Elections.
- (i) Taking necessary action to improve the motivation and capacity development of all the officers in the cadre of the District Secretariat and Divisional Secretariats.
- (j) On behalf of the various ministries, Departments, Corporations and Board, Collection of revenue, accounting and remittance to the Treasury and making awareness of the relevant revenue accounting officers.
- (k) Development of Assets Management System by cautiousness and supervision of foreign aid projects and local funded projects.

2.2 Performance

2.2.1 Planning

The Action Plan for the year 2017 had been prepared in terms of the Public Finance Circular No.01/2014 of 17 February 2014. Accordingly, there were 8 main functions to be performed by the District Secretariat during the year under review but action plans had not been prepared by 16 Divisional Secretariats established under the District Secretariat in a manner to attain expected main functions.

2.2.2 Non-performance of functions

The following observations are made.

(a) Non-performance of functions included in the action plan

According to the annual action plan, a provision of Rs.157.00 million had been made for the construction of additional new buildings in the Dikwella, Thihagoda, Pitabeddara, Hakmana Divisional Secretariats. Action had not been taken to complete the construction work of additional buildings in Dikwella and Thihagoda Divisional Secretariats in the year under review. Even though, provisions of Rs.0.80 million for the modernization of electricity system in the Pasgoda Divisional Secretariat and Rs.0.30 million for the establishment of the Computer Unit in the Devinuwara Divisional Secretariat had been made respectively they had not been performed.

(b) Abandonment of projects without being completed

The following observations are made.

- (i) Even though, agreements had been entered into for 2 projects, the estimated value of which amounted to Rs.1.82 million implemented by the District Secretariat relating to the Nilwala Project in Matara, it had been abandoned without being implemented.

- (ii) The provision of Rs.1.79 million had been made for the development of side pillars of Delgalla, Thapawila main road in the Devinuwara Divisional Secretariat area under the Nilwala Urban Development Project in Matara and a sum of Rs.18,716 had been expended in the year under review and the work done had been a substandard level. Due to non-receipt of provision in the year 2016, the work of this had been stopped.
- (iii) Even though, a provision of Rs.7.5 million had been made to the Kotapola Divisional Secretariat for 10 projects approved for the reconstruction of roads damaged by floods and infrastructure facilities under the object No.262-1-1-0-2509, those projects had not been executed. Furthermore, 4 projects the contractual value of Rs.3.50 million in the Kotapola Divisional Secretariat and one work, the contractual value Rs.915,141 in the Devinuwara Divisional Secretariat had been abandoned without being implemented.

2.3 Sustainable Development

In the examination of the preparedness of attaining the goals and targets to be reached in accordance with the 2030 Agenda of the United Nations on Sustainable Development, it was observed that the District Secretariat had not drawn the attention thereon in the year under review. Similarly, action had not been taken to identify Sustainable Development Goals and targets to be achieved by the District Secretariat and perform accordingly, even by 28 May 2018.

2.4 Local Projects Executed

A total provision of Rs.2,603.04 million made for 14 projects implemented by the District Secretariat in the year under review by utilising local funds, out of which a sum of Rs.820.34 million had been utilised thereof. Accordingly, 68 per cent or Rs.1,782.70 million had been saved from the provisions made. The following observations are made in this connection.

(a) Abandonment of certain works included in the Local Projects

Due to various, reasons such as unavailability of sufficient time, non-execution being properly planned, Implementation by another entities dearth of technology officers for the preparation of estimates and supervision, 205 works included in 10 projects had been abandoned. The value of 124 identifiable works therefrom amounted to Rs.123.02 million.

(b) Continuation of Projects

As 157 works implemented relating to 10 projects could not be completed before the end of the year under review, those works had been continued to the year 2018. The value of those continued works amounted to Rs.820.61 million.

2.5 Procurements

Provisions of Rs.2,076 million had been made to the District Secretariat in the year under review for the achievement of supplies and services through the procurement process, and a sum of Rs.488 million thereof had been utilized. The following deficiencies were observed in the procurement process, followed for the utilisation of those provisions.

- (a) In the execution of Matara Nilwala Development Project for which a provision of Rs.281 million had been allocated, procurement plan and the procurement time table had not been prepared and the contract documents had also not been properly filled.
- (b) The total cost estimate prepared by the Department of Buildings for the construction of new building in the Pitabeddara Divisional Secretariat amounted to Rs.138 million. On the contrary to the guideline 4.3.2 of the government procurement guidelines, the District Secretary had approved the above total cost estimate by his letter dated 11 September 2017 exceeding his authority limit.
- (c) In the ascertainment supplies and services in 59 occasions totalling Rs.12.12 million by the District Secretariat and 3 Divisional Secretariats (Mulatiyana, Weligama and Thihagoda) it had not been performed through the approved procurement committees.
- (d) The procurement plan prepared for the year 2017 for the District Secretariat and 11 Divisional Secretariats had not been prepared and periodically updated in accordance with the guideline 4.2.1 of the government procurement guidelines.
- (e) The procurement time table and the time frame had not been prepared by 06 Divisional Secretariats of Mulatiyana, Weligama, Dikwella, Kotapola, Welipitiya and Thihagoda in terms of guideline 4.2 and 4.3.3 of the government procurement guidelines.
- (f) Although the bid opening committee, should be appointed by the procurement committee in terms of guideline 6.3.3 of the government procurement guidelines without obtaining the approval of the procurement committee, bid opening committee had been appointed by the District Secretariat.
- (g) Minutes in respect of talking procurement decisions in 15 instances by the Weligama Divisional Secretariats valued at Rs.12.58 million had not been signed and certified by the members who were present in terms of guideline 2.11.3 of the government procurement guidelines.
- (i) The covering approval for the purchase of dry rations valued at Rs.7.81 million to the Athureliya Divisional Secretariat had been granted by the District Procurement Committee. It had exceeded the authority limit for the deviation from the government procurement process in respect of emergency purchases in terms of guideline 2.14.1.
- (j) Action had been taken by deviating procurement guidelines 5.6.1(a) and 5.6.1(c) of the government procurement guidelines in respect of purchase of computers, furniture and

office equipment totalling Rs.1.81 million by the District Secretariat and 4 Divisional Secretariats (Matara, Kamburupitiya, Pitabeddara and Thihagoda)

- (k) Even though, an agreement should be entered into in respect of goods and services contracts exceeding the value of Rs.500,000 in terms of guideline 8.9.1(b) of the government procurement guidelines, it had not been complied in purchasing computer equipment valued at Rs.1.81 million by the District Secretariat.
- (l) The covering approval of the District Procurement Committee had not been obtained in terms of guideline 2.14.1 and 3.8 of the government procurement guidelines in respect of purchases valued at Rs.2.35 million made by the Thihagoda Divisional Secretariat.

2.6 Assets Management

The following deficiencies were observed in audit test check carried out in respect of assets of the District Secretariat.

- (a) Documentation of assets

According to the assets management circular No.01/2017 dated 28 June 2017, particulars of assets belonged to the District Secretariat should have been reported to the office of the comptroller General. Particulars in respect of constructions, buildings and land by the District Secretariat and 12 Divisional Secretariats and the particulars of Plant and Machinery, constructions, buildings, lands, office equipment and furniture by the Dikwella Divisional Secretariat had not been presented to the comptroller General even by the date of audit on 21 May 2018.

- (b) Vehicles utilisation

The District Secretariat had 56 vehicles by the end of the year under review and 763,410 km had been operated, except 2 cabs by those vehicles. A total sum of Rs.17,052,136 had been spent, comprising a sums of Rs.7,091,474 for fuel and lubricants Rs.2,971,210 for servicing, Rs.5,569,751 for vehicle repairs and Rs.1,419,701 for vehicle insurance during the year under review. Accordingly, the District Secretariat had expended Rs.22.33 per km for running motor vehicles (except the Tractor and the Trailer) without drivers' salaries and allowances.

The following observations are made in this connection.

- (i) Even though, the fuel consumption of all vehicles belonging to the District Secretariat should be tested in terms of paragraph 3.1 of the Public Administration Circular No.30/2016 of 29 December 2016 fuel consumption of any of the vehicles whatsoever had not been tested by the District Secretariat. Accordingly, the correctness and economical of values of fuel consumption stated in writing the running charts could not be established.

- (ii) Action had also not been taken to maintain the specimen form introduced for recording the quantity of fuel consumed in terms of paragraph 3.3 of the above circular.
- (iii) Even though, the fuel orders for vehicles belonging to other entities had been obtained in addition to District Secretariat, registers had not been maintained so that those quantities could be able to identify separately.
- (iv) According to the running chart, a motor vehicle had been referred to a garage during the period from 08 August 2017 to 28 September 2017 for repairs. However, according to the vehicle files, such a repair had not been carried out and the bills for such repairs were not made available to audit as well.
- (v) A watcher's register had not been maintained at the gate to record 'in' and 'out' of vehicles.

(c) Non-receipt of revenue from assets receivable to Government

The following observations are made.

- (i) As action had not been taken in accordance with the agreement entered into and without entering into a formal and enforceable agreement, an arrears of Rs.5.80 million had existed as at 31 December 2017 as a result of renting a building to a co-operative society owned by the Devinuwara Divisional Secretariat.
- (ii) The official bungalow of the Divisional Secretariat Matara had been given to another party for occupation during the period from August 2014 to July 2017. Any written information whatsoever about the dwellers of the residence was not maintained by the office and no house rent had been recovered as well.

(d) Reduction of the value and the quality of government assets

The issue of annual licences for fire arms possessed and used by persons and entities in the Matara District had been done by the District Secretariat, Matara. As 124 fire arms and 122 live bullets had been taken back and stored in the office store without any security and a proper procedure, lots of fire arms had been at a dilapidated position.

(e) Idle and Under -utilized Assets

Audit test checks observed that certain assets as classified below had been idle and under-utilized.

	Type of Asset -----	No.of units -----	Period of idle -----
(i)	Buildings –Government Quarters (District Secretariat, Divisional Secretariats of Matara, Weipitiya)	04	For a long period
(ii)	Three wheelers (Divisional Secretariats of Thihagoda, Kotapola)	02	01-02 years
(iii)	Motor cycles (Divisional Secretariats of Dikwella, Matara)	07	02 years

2.7 Commitments and liabilities

The following observations are made in this connection.

(a) Commitment of liabilities without annual budgetary provisions

- (i) Commitment for a value of Rs.82.02 million had been incurred in the year under review for an expenditure object. Provisions to be made by the budget estimates for the year 2018 had not been made in terms of paragraph 2(c) of the State Accounts Circular No.255/2017 of 27 April 2017. Similarly, liabilities valued at Rs.174.12 million had been incurred in the year 2017 under that object. Even though a provision of Rs.158.82 million had been allocated under the supplementary support services and Emergency requirement liabilities No.106 of 16 February 2018, liabilities amounting to Rs.15.3 million had been committed in excess of that provisions. In addition, commitments amounting to Rs.746.55 million for another expenditure object had been incurred but the provision therefor had not been made in the budget estimates for the year 2018 in terms of the above circular.
- (b) Liabilities had been incurred for the payment of rates amounting to Rs.569,563 to the Local Authorities by 01 January 2017. Those liabilities had not been settled even by the end of the year under review and the provision therefor had not been obtained even in the year 2018.

2.8 Irregular Transactions

The following observations are made.

- (a) Even though, at the time of following the shopping method, allowances to procurement committee members and the technical evaluation committee members should not be paid in terms of guideline 2.9.1 of the government procurement guidelines, on the contrary, a sum of Rs.861,500 had been paid to those committee members.
- (b) A financial provision of Rs.1,500 million had been made for the reconstruction and rebuilding functions in the areas, damaged by floods and earth slips occurred in May 2017. In the execution of projects on those provisions, the authority to execute projects

up to the value of Rs.50 million by calling for quotations from 3 registered contractors had been entrusted to the District Secretary. Nevertheless, without being complied thereabout, modernization of 24 projects based on the estimated value of Rs.884.21 million prepared by the Southern Province Road Development Authority had been entrusted to the Southern Province Road Development Authority. The following observations are made in this connection.

- (i) Without any checking whatsoever by the District Engineer, the estimates prepared and presented by the Southern Province Road Development Authority had been recommended. According to the memorandum of understanding entered into with the Authority by the District Secretariat, it was stated that supervision of modification should be carried out by the District Engineer. However, without the supervision of the District Engineer road modernisation had been done only on the supervision of the contractor.
 - (ii) Without the approval of the District Secretary, works relating to 24 projects had been sub-contracted by divided into parts, subjected to the limit of Rs.2 million by the Southern Province Road Development Authority. However, the bills prepared, based on the estimated values of those development works had been submitted to the District Secretary.
 - (iii) Audit test examination observed that there were many errors in the estimates prepared by the Southern Province Road Development Authority, such as the use of various unit prices for the same work item, use of prices different from the approved unit prices, inclusion of money as temporary money in the estimates. Two works totalling Rs.4 million executed recently had been included in the estimates of proposed activities and included a cost of Rs.4 million.
 - (iv) It was revealed in audit that 3 instances where instead of using raw materials planned as per the estimates, use of materials with lower prices, 2 instances where raw materials were used before getting the approval, 3 instances where raw materials planned to be used after being supplied and bagged had been directly spread to the road. The prior approval of the District Secretary had not been obtained for any of these changes.
- (c) Even though, a sum of Rs.1.37 million had been paid for the installation of new sound system in the Auditorium of the District Secretariat, Matara on 31 December 2017, that task had not been performed even by 31 March 2018.
- (d) Even though, a sum of Rs.586,450 had been paid for the repair of the security camera system of the District Secretariat, Matara on 31 December 2017 it had not been fulfilled even by 31 March 2018.

2.9 Losses and Damages

The following observations are made on losses and damages occurred in the District Secretariat at test checks carried out in audit.

- (a) Out of 33 vehicle accidents happened during the years 2002 to 2017 valued at Rs.4.64 million, action had not been taken to recover the loss totalling Rs.997,815 in respect of 15 accident losses occurred after the delayed period of 5 to 10 years from the responsible parties or to write off the value of losses which could not be so identified from the books by the District Secretariat even by 04 April 2018.
- (b) Even though, losses and damages totalling Rs.15.84 million, except vehicle accidents had existed for periods ranging from 6 to 34 years, the District Secretariat had failed to recover the value of losses from the persons responsible or to write off the value of losses which could not be so recovered even up to 04 April 2018.
- (c) Full reports in respect of 20 vehicle accidents totalling Rs.1,787,379 happened in the District Secretariat and 11 Divisional Secretariats in terms of Financial Regulation 104(4) had not been submitted. Action in terms of Financial Regulations 103(1) and 104(1) had not been taken in respect of accidents caused to 2 vehicles in the year under review.

2.10 Uneconomic Transactions

Particulars of transactions attained uneconomically revealed at audit test checks are as follows.

- (a) According to the report of the quality test carried out by audit in respect of pebbles used for 3 road development projects, the contractual value of which amounted to Rs.3.83 million, implemented under the Matara Nilwala Development Project, the quality to be existed had been at a very low level between 32 to 87 per cent.
- (b) Even though, the District Secretariat shout settle electricity and water bills on time having being maintained register of charges properly, a total sum of Rs.163,928, comprising the electricity and water amounting to Rs.111,010 and Rs.52,918 had to be paid as fines and surcharges due to non payment of dues on time. Similarly, the discount advantage to be obtained by paying rates during the specific periods had not been obtained.
- (c) According to the quality test report of 2 road development projects, constructed by the Kotapola Divisional Secretariat incurring a sum of Rs.1.42 million under the reconstruction of roads/ infrastructure facilities damaged by floods, the completed roads had not been at specific standard.
- (d) An agreement had been entered into on 28 December 2017 for the construction of Hakmana Divisional Secretariat Building at a value of Rs.68.22 million. The following observations are made in this regard.
 - (i) Acquisition of ownership of the land where the building is being constructed was not finalised.

- (ii) The work site for the construction of the building had not been formally handed over to the contractor even by 11 June 2018.
 - (iii) A mobilisation advance of Rs.15.69 million had been paid to the contractor on 31 December 2017 (including VAT). An over payment of advances amounting to Rs.196,650 had been made, contrary to the guideline 5.4.4 of the government procurement guidelines.
 - (iv) The construction works had not been commenced by the date of audit on 11 June 2018 and a sum of Rs.15.69 million paid as the mobilisation advance had remained in an external party for more than 5 months.
 - (v) Agreements had been entered into with the contractor before obtaining the approval of the institutions from which such approval should have been obtained for the construction work and without being prepared the building plans and got it approved.
- (e) Agreements had been entered into for the construction of the Welipitiya Divisional Secretariats building on 01 November 2017 at a value of Rs.9.28 million and a sum of Rs.2,676,319 had been paid to the contractor on 27 November 2017 as the mobilisation advances. According to the condition of contract entered into, 20 per cent of the contract value should be paid as mobilisation advances but 30 per cent had been paid therefore, resulting an overpayment of Rs.892,106.

2.11 Management Inefficiencies

The Divisional Secretariat, Devinuwara had spent a sum of Rs.3,338,394 to 07 works. The concrete materials used for the works had been sent to a laboratory to ensure whether they were in compliance with relevant standard. Nevertheless, the correctness and the reliability of those samples could not be established as those samples had been presented to the laboratory within the period less than the specific number of days.

2.12 Unresolved Audit Paragraphs

Deficiencies observed in respect of construction of the Thotamuna Fisheries Jetty in the Divisional Secretariat, Matara mentioned in paragraph 3.3.2 (c) of the Auditor General's report in the year 2015 had not been rectified by the District Secretariat even by the end of the year under review.

2.13 Performance of Services to people

The District Secretariat had not created a website and a methodology to obtain public complaints by making aware of the people through it. A register of public complaints had also not been maintained to record complaints made by general public.

2.14 Utilisation of provisions made by Parliament for the performance of functions

Particulars of provisions, made to the District Secretariat for the period of 5 years ended 31 December 2017, utilisation and savings and audit observations thereabout are as follows.

Year	Category of Expenditure	Net Provision	Utilization	Savings	Savings as a Percentage of Net Provision
		Rs.million	Rs.million	Rs.million	
2013	Recurrent	813.04	812.18	0.86	0.11
	Capital	97.69	97.56	0.13	0.13
	Total	910.73	909.74	0.99	
2014	Recurrent	784.15	783.55	0.6	0.08
	Capital	108.76	106.67	2.09	1.92
	Total	892.91	890.22	2.69	
2015	Recurrent	991.54	929.72	61.82	6.23
	Capital	82.81	71.22	11.59	14.00
	Total	1,074.35	1,000.94	73.41	
2016	Recurrent	953.57	950.07	3.5	0.37
	Capital	179.55	50.27	129.28	72.00
	Total	1,133.12	1,000.34	132.78	
2017	Recurrent	889.95	887.90	2.05	0.23
	Capital	2,053.71	465.73	1,587.98	77.32
	Total	2,943.66	1,353.63	1,590.03	

The following observation is made in respect of the estimated expenditure and actual expenditure relating to the year under review.

Due to non-preparation of real estimates and non-utilisation of provisions during the specific period, the savings of 06 Objects after being utilized provisions had ranged from 13 to 84 per cent from the provisions made.

2.15 Utilisation of provisions given by other Ministries and Departments

A total provision of Rs.3,450.61 million, comprising a sum of Rs.3,257.61 million from 31 Ministries, Rs.170.69 million from 20 Departments and Rs.22.49 million from 02 offices had been given to the District Secretariat for various, purposes. Only sum of Rs.2,315.36 million had been utilised thereof by the end of the year under review. Accordingly, a sum of Rs.1,135.42 million or 32.9 per cent of provisions given had been saved. At test check carried out in that connection, the following deficiencies were observed.

- (a) On the contrary to guidelines 1.2.1, 2.11.3(a), 2.14.1, 3.4, 3.4.2(a), 3.4.3, 3.4.4, 5.2.1, 5.3.2, 5.3.3, 5.6, 5.6.1(c) and (d), 6.3.2, 6.3.3, 6.3.6, 6.3.7 and 7.7 of the government procurement guidelines the District Secretariat and 3 Divisional Secretariats (Kamburupitiya, Malimbada, Dikwella) had purchased equipment totalling Rs.11.36 million.
- (b) The District Secretariat had purchased supplies and services totalling Rs.2.05 million without being complied with Guidelines 1.2.1(a), 1.2.1(f), 1.3.2, 2.14.1, 6.3.6, 3.4.2, 3.4.3 and 3.4.4 of the government procurement guidelines.
- (c) Provisions of Rs.25.38 million out of the provisions made for the Matara Kataragama new railway line had been given to the District Secretariat, Matara for the modernisation of 3 canals in Beruwala area by the Department of Transport and Civil Aviation. A sum of Rs.7.53 million had been paid to the contractor by 31 December 2015. According to the memorandum of understanding entered into with the Dikwella Pradesguta Sabha on 04 December 2014 by the District Secretary, the work of the project should have been completed before 30 December 2014. However, the progress of the construction works had been at a weak level. The following observations are made in this regard.
- (i) Without a formal approval whatsoever the final bill relating to 3 works performed including external and additional works had been handed over to the District Secretariat in October 2016. According to those bills, a payment of Rs.20.79 million as the value of work done had been recommended. However, the audit examination carried out on 01 and 02 August 2017 revealed that bills had been submitted for works more than the works actually performed. As compared with the revised bills prepared after being issued the audit query an overpayment of Rs.2.40 million had been recommended from bills to the contractor.
- (ii) Expansion seams at the bottom and walls of the concrete drains and ventilating grills on walls had not been kept in all those 3 canals. Even though, it was stated that ventilating grills on a part of the canals walls had been made after the audit examination, as the iron wires are open to the element there would be a risk of cracking concrete walls as a result of being corroded the wires.
- (iii) Water accumulated in the lands with houses through the canals constructed was not abated and those canals had been a hindrance to move away the water in certain places. According to the Letter No.MAT/DEL/CMS of 04 July 2017 of the Project Director of Matara Katharagama Railway line addressed to the Secretary to the Ministry of Transport and Civil Aviation, it was stated that this canals had not been constructed at an appropriate standard and as such people were not benefitted therefrom. On that ground, it was also stated that the release of financial provision for the project could not be recommended.

- (d) Provisions of Rs.40 million in the year 2014 and Rs.6.8 million in the year 2015 had been given by the Ministry of Economic Development and the Ministry of Home Affairs respectively for the construction of 3 buildings to the new primary school at Deyyandara and a toilet system and to construct stage I of the building for disable students, 70'x 25' in extent and the District Secretariat had spent a sum of Rs.35.72 million therefor. These constructions had been carried out without the approval of the Southern Provincial Council or the Provincial Department of Education. On the ground that other facilities and space for the establishment of a primary school were insufficient in those constructions, the Southern Province Education authorities had rejected to take over this construction work.
- (e) As the estimates on unit prices not formally approved had been prepared for 30 projects modernised by laying inter-locks implemented by 2 Divisional Secretariats in the year 2016, a sum of Rs.1.06 million had been over paid.
- (f) The program for giving motor cycles to field officers implemented in terms of 2014 budget proposals had been executed by the District Secretariat. The following weaknesses were observed at audit examinations carried out relating to the Divisional Secretariats in the Matara District in respect of giving motor cycles to field officers in the Matara District.
- (i) Even though, the individual files including all information about the motor cycles given to the officers should be maintained up to the lapse of 5 years, action had not been taken accordingly.
 - (ii) If an officer who obtained a motor cycle goes on no pay leave or obtains with pay leave for more than 6 months or goes abroad before a lapse of 5 years the market value of the motor cycle should be recovered. A sum of Rs.579,680 had not been recovered from 4 officers went abroad even by the end of the year under review.
 - (iii) When an officer who obtained a motor cycle goes to another post for which motor cycles are not entitled or resigns from the post before a lapse of 5 years, the market price of that motor vehicle should be recovered from that officer. A sum of Rs.1,378,520 had not been recovered from 10 officers who got the appointments for which motor cycles were not entitled.
 - (iv) In giving motor cycles to an officer whose service period is less than 01 year, as at 30 June 2014, a sum of Rs.100,000 should be recovered. However, the Kamburupitiya Divisional Secretariat had recovered only Rs.50,000 from such officer and returned the motor cycle.
 - (v) Until a lapse of 5 years, a full insurance coverage should be obtained from the Sri Lanka Insurance Corporation or National Insurance Trust

Fund for all motor cycles given under this programme. However, the majority of officers had obtained 3rd party insurance coverage, on the contrary. Any of the Divisional Secretariats had not taken follow up action in this regard.

- (g) Implementation of a rain water management project had been planned in Dikwella, Beruwela, Vilyaya area, together by the District Secretariat, Matara, Disaster Management Unit, Dikwella Divisional Secretariat and Dikwella Pradeshiya Sabha. A sum of Rs.27.48 million had been spent for the development of this land, excavating the tank, construction of trade stalls and toilet system. The following observations are made in this regard.
- (i) Even though, it was stated that the project report had been prepared by selecting a sample of 20 families out of 123 families living near the lake, being given a questionnaire and obtained their views, such data records were not made available for audit.
 - (ii) Evidence was not made available for audit to ensure whether the technical knowhow, instructions and approvals to be obtained at the planning stage from such institutions as the Department of Agrarian Development, Central Environment Authority, Land Reclamation and Development Corporation etc. had been obtained. The concurrence of the Commissioner of Agrarian Development had been given on 19 September 2011 only for the acquisition of lands. Even though, that letter had further emphasised the adverse environmental effects to be occurred in excavating the tank, attention in that connection had not been paid.
 - (iii) Beruwela, Dikwella marshland, 10.9466 hectares in extent, belonging to the rain water management and the proposed Wevurukannala Sacred City Development Project had been acquired by the Divisional Secretary, Dikwella in terms of Section 460 of the Land Acquisition Act and by order No.133 of 2013 in the notice published in gazette extra ordinary No.1809/23 of 10 May 2013. However, the assessment of compensations to be paid to land owners and future activities had not been completed even by 29 August 2017.
 - (iv) This tank was over grown with weeds, aquatic and mangrove plants by 29 Augusts 2017.
 - (v) Even though, it was planned to maintain the wetland in a manner to accumulate rain water, this area had filled with earth in the year 2010 by incurring a sum of Rs.2,667,601. Similarly, this land was filled with earth by the Matara-Katharagama new tail road project as well.

- (vi) Expenditure incurred on this project had not been effectively utilized even by December 2017 and this expenditure was not benefitted the inhabitants of the area and the risk of flood, faced by inhabitants was also not resolved.
- (h) Provisions had been given by the Ministry of Home Affairs for the construction of a circuit bungalow at Deniyaya. The circuit bungalow was constructed by incurring a sum of Rs.15.94 million from that provision but it had not been utilized for the intended purpose even by 31 March 2018 and become idle. Even though furniture and equipment valued at Rs.1.52 million had been purchased for the bungalow, such equipment had not been utilized and the settlement of the land in which circuit bungalow was built had also not been completed.
- (i) Eight projects implemented under the “Palath Neguma Development Programme” in the year 2014 and continued to the year 2017 had been implemented by incurring a sum of Rs.127.63 million but those projects had not been utilized for the requirements of the people, even by 31 December 2017. Furthermore, in the implementation of these projects, advances had been paid contrary to the government procurement guidelines and the performance bonds for those advances had also not been obtained. In addition, construction faults existed in the works had not been rectified and certain parts of work had not been constructed as per specific standards and a proper supervision in the implementation of projects had not been carried out as well.
- (j) Under the Deyata Kirula Development Programme of the year 2015, a sum of Rs.22.52 million had been spent for the construction of 16 trade stalls and a toilet system for the Wevukannala sacred city Development Project. Even though, 5 years had lapsed since those construction works had been completed, they were not used for public needs and become idle. Furthermore, the expenditure of Rs.1.06 million incurred for the reconstruction of Matara Rest House included in the above expenditure had not been economically fruitful. Similarly, an over payment of Rs.281,404 made for this construction work had been retained by the Department of Buildings and action had not been taken to get back that money to the District Secretariat even by 31 December 2017.
- (k) A Provision of Rs.382.98 million had been made for the implementation of 519 projects within the Matara District in accordance with 2017 budget proposal in order to uplift the regional livelihood by utilizing Southern Province Economic Resources sustainably. Only 506 projects therefrom valued at Rs.365 million had been executed. The following observations are made in this regard.
 - (i) According to the quality test reports of 12 road development projects valued at Rs.13.11 million executed by the Kotapola Divisional Secretariat under this programme, works were not up to the standard.

(ii) Seventy six projects valued at Rs.70.10 million approved to be implemented under this programme had not been executed and 41 projects the contractual value of which amounted to Rs.28.30 million had to be continued to the year 2018 as they were unable to execute during that year. The required provision to implement those continued project in the year 2018 had not been obtained even by 31 May 2018.

(i) A sum of Rs.1.28 million had been estimated under the provision of the Ministry of Public Administration and Management to conduct 89 programme for capacity development of non-executive level officers in the year under review. That estimate had been presented on 01 August 2017 and a provision of Rs.275,425 had been granted for conducting 18 programmes as the first step. By the end of the year under review, a sum of Rs.164,025 had been spent and conducted 12 programmes from those provisions. Accordingly, a sum of Rs.111,400 or 40 per cent of the provision had been saved. As such, steps from the planning stage to the implementation of the officers capacity development in the year under review had not been effectively carried out. The actual participation in the programmes conducted had been only 50 per cent from the anticipated target.

2.16 Advances to Public Officers Account

Limits authorized by Parliament and actual values of the Advances to Public Officers Account relating to the District Secretariat bearing item No.26201 are as follows.

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
109.00	108.95	57.00	59.10	250.00	235.49

Recovery of outstanding loan balances

According to the reconciliation statement presented to audit, relating to the year under review, the outstanding loan balances, except the loan balances of officers who had gone on transfer as at 31 December 2017 totalled Rs.238,163.

Even though, those outstanding loan balances had remained unrecovered for periods ranging 5 to 12 years the follow up of the recovery process had been at a week level.

2.17 Imprest Account

As the Treasury had not given sufficient imprest to make payments of Rs.813.21 million for 969 works included in 10 projects implemented in the year under review, liabilities were reached. As such that expenditure had to be paid from the provisions of the year 2018.

2.18 General Deposit Account

The total balances of 5 General Deposit Accounts under the District Secretariat, as at 31 December 2017 amounted to Rs.480.25 million. The following observations are made in that connection.

- (a) Differences between the Treasury books and the Departmental books relating to 4 deposit accounts as at 31 December 2017 had existed. Particulars are as follows.

Type of Deposit Account	Balance as per Treasury Books	Balance as per Department books	Difference
-----	-----	-----	-----
	Rs.	Rs.	Rs.
- Security Deposits	1,449,885	1,157,551	292,334
- Temporary retained deposits refundable to the of 3 rd parties	24,764,333	25,022,952	(258,619)
- Contracts retention money	317,204,819	317,101,669	103,151
- Payment of compensation	131,923,426	132,060,287	(136,861)

- (b) Action in terms of Financial Regulation 571 had not been taken in respect of 3 deposits totalling Rs.206.03 million (except land deposits) lapsed for more than 2 years.
- (c) A total sum of Rs.2.98 million given by other Ministries and Departments for various purposes, had been retained in the deposit account without being utilized for the intended purposes.
- (d) A sum of Rs.37.50 million received during the period from 2003 to 2014 for the payment of land compensation by the Divisional Secretariat, Matara had been retained in the deposit account without being paid after establishing the ownership.

2.19 Non-maintenance of books and records

Audit test checks observed that the following certain registers had not been maintained and certain registers had not been updated by the District Secretariat and Divisional Secretariats.

Type of Register -----	Relevant Regulation -----	Observation -----
Register of Fixed Assets	Treasury circular No.842 of 19 December 1978	Not updated and maintained by the District Secretariat Divisional Secretariats of Devinuwara, Mulatiyana and Welipitiya.
Fixed Assets Register for Computers Accessories and Software	Treasury Circular No.IAI/2002/02 of 28 November 2002.	- Not updated by the District Secretariat and Devinuwara Divisional Secretariats. - Registers not maintained by the Divisional Secretariat of Thihagoda and Matara.
Register of electrical appliances	Financial Regulation 454(2)	Not maintained by Thihagoda Divisional Secretariat.
Register of counter foils books	Financial Regulation 341	Not maintained by the Thihagoda Divisional Secretariat.
Vehicles Log book	Financial Regulation 1645(d)	Not maintained by the Thihagoda Divisional Secretariat.
Attendance register of procurement committee and Technical Evaluation Committee	Guideline 2.11.2 of the government procurement guidelines	Not maintained by the District Secretariat.

2.20 Non-compliance -----

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

Instances of non-compliances with laws, rules and regulations observed at audit test check are analysed below.

Reference to laws, rules and regulations

Establishments code of the Democratic Socialist Republic of Sri Lanka.

- (i) Sub-section 4.1 of Chapter XIX

- (ii) Sub-section 4.3.1 of Chapter XIX

- (iii) Sub-section 4.4 of Chapter XIX

- (iv) Section 5.4 of Chapter XIX and public Administration Circular No.04/2016 of 26 August 2016

- (v) Section 6.1 of Chapter XIX

Non-compliance

Quarters had been allocated to 4 officers on the contrary to the provisions in the Establishments Code.

Fifteen house applications had not been presented through the head of the Department or sub-office being ensured the correctness and houses had been given to 4 of those applicants.

When houses are allocated a methodology by giving marks by a house committee had not been followed.

If the spouse of the officers who do not have the right of scheduled quarters is in the public service, rent should have been recovered from both officers up to 02 February 2016. Action had not been so taken in respect of 2 officers in 2 occasions.

The lease period of government quarters is 5 years. However, the lease period had been extended in several occasions to 2 officers exceeding that period.

2.3 Human Resources Management

Approved Cadre, Actual Cadre and Expenditure on Personnel Emoluments

Particulars of approved, actual cadre, number of vacancies and excess staff are as follows. The District Secretariat had spent a sum of Rs.781.7 million under the personnel emolument expenditure object for the year under review. Accordingly, the cost per employee amounted to Rs.488,842.

	Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess Cadre
	-----	-----	-----	-----	-----
(i)	Senior Level	56	50	06	-
(ii)	Tertiary Level	39	21	18	-
(iii)	Secondary Level	1,482	1,385	99	02
(iv)	Primary Level	157	142	15	-
(v)	Casual/ Contract	-	01	-	01
		-----	-----	-----	-----
	Total	1,734	1,599	138	03
		=====	=====	=====	=====

The following observations are made in this connection.

(a) Getting the cadre approved in excess of the requirement

 Even though, 138 vacancies had existed by the end of the year under review, the provisions made according to the appropriation account prepared for the year 2017 had not been utilized and saved. The existence of vacancies in the cadre was not effected such savings.

(b) Staff Training

 All provisions allocated for staff training in the year under review had been utilized, but any kind of training whatsoever had not been given to 73 officers in the District Secretariat and 594 officers in 14 Divisional Secretariats.