

Head 260 - Report of the Auditor General of the District Secretariat, Nuwara Eliya – 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, Nuwara Eliya. The financial and physical performance reflected from the account and the reconciliation statement were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

1.2 Responsibility on the Financial Management and Accountability of the Chief Accounting Officer and the Accounting Officer

The Minister of Finance is charged with the raising of Revenue and the collection of other Government monies as well as with the general oversight of all the financial operations of Government in terms of Financial Regulation 124. The Minister of Finance appoints the Chief Accounting Officers to discharge above responsibility in terms of Financial Regulation 124(2). The Head of the Department will be the Accounting Officer in respect of all financial transactions of his Department in terms of Financial Regulation 125(1)(a) and the Revenue Accounting Officer has been appointed by the Treasury. This responsibility includes designing, implementing and maintaining internal controls relevant to the maintenance, preparation and fair presentation of Accounts and Reconciliation Statements presented within the limitations imposed by Parliament in accordance with the provisions in Article 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other Statutory Provisions, Government Financial Regulations and Administrative Regulations.

1.3 Scope of Audit

The audit of the District Secretariat, Nuwara Eliya – Head 260 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 25 May 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, Nuwara Eliya for the year ended 31 December 2017 revealed in audit appear in Management Audit Report mentioned in paragraph 1.3 above. The material and significant audit observations out of the audit observations included in the Management Audit Report appear in paragraph 2.1 to 2.18 of this report. The audit observations revealed in the execution of accountability as the Accounting Officer in accordance with provisions of the Financial Regulation 128 of the Democratic Socialist Republic of Sri Lanka, to ensure the adequacy of the financial administration are summarized and shown in the undermentioned table.

Accountability of the Accounting Officer in terms of Financial Regulation 128 (1)	Non-compliance with that Provision by the Accounting Officer	Reference to the Paragraph included Observation
Financial Regulation	1. Non-preparation of Action Plan properly.	2.3.1
128(1)(a)	2. Non-execution of activities included in the Action Plan.	2.3.2 (a)
	3. Expected output level not achieved.	2.3.2 (b)
	4. Expected outcome not achieved.	2.3.2 (c)
	5. Projects abandoned without completing.	2.3.2 (d)
	6. Delays in completion of 82 Projects.	2.3.2 (e)
	7. Projects without progress despite the release of money.	2.3.2 (f)
	8. Procurements not planned adequately.	2.5.1
	9. All audit functions not covered by Internal Audit Programme.	2.17 (a)
	10. Deficiencies in staff Training.	2.18 (b)
128 (1)(c)	1. Delays in issuing and settling of Ad-hoc sub imprests.	2.13 (b)
	2. Deficiencies in Deposit Account.	2.14
	3. Non-maintenance of Registers and Books.	2.15
	4. Non-compliances	2.16
	5. Irregular release of Human Resources to other parties	2.18 (a)

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.	Deficiencies in assets recording.	2.6 (a)
		2.	Non-utilization of assets with maximum efficiency.	2.6 (b)
		3.	Not carried out fuel consumption tests of motor vehicles.	2.6 (c)(i)
		4.	Misuse of Motor Vehicles.	2.6 (c)(ii)
		5.	Full survey not carried out on vehicles and the equipment of vehicles.	2.6 (c)(iii)
		6.	Disposal of assets without a cost efficiency.	2.6 (d)
		7.	Idle or underutilized assets.	2.6 (e)
		8.	Deficiencies in Annual Boards of Survey.	2.6 (f)
		9.	Assets given to external parties.	2.6 (g)
		10.	Irregular use of Assets belonging to other parties.	2.6 (h)
128 (1)(f)	Information, statement and returns as are called by the Chief Accounting Officer or the Treasury are rendered correctly and promptly.	1.	Delays in settlement of imprest account balance to the Treasury.	2.13 (a)
		2.	Non-submission of Internal Audit Reports to Auditor General.	2.17 (b)
128(1)(h)	Special arrangements are made to recover outstanding dues and that the officers assigned that task report to him at least once a quarter or as otherwise directed regarding arrears and action pursued to expedite their money.		Failure to recover outstanding loan balances under Advances to Public Officers Account.	2.12 (a)
128 (1)(i)	The activities of his Department are under taken with due regard to economy, efficiency, propriety and	1.	Decrease in quality of constructions	2.4 (a) and (b)
		2.	Deficiencies in procurement procedure.	2.5.2

	integrity expected in the transaction of public business.	3.	Management weaknesses.	2.9
		4.	Weaknesses in supply services to public	2.10
		5.	Deficiencies in utilization of provisions made available by the Ministries and Departments.	2.11
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)		Losses and Damage	2.7

2. Material and Significant Audit Observation

2.1 Key Activities of the District Secretariat

- (a) Function as the main administrative centre of the District.
- (b) Action on the protection of religious and cultural heritage of the District.
- (c) Direction of the activities for the sustainable development in the District.
- (d) Carry out development works of the District in accordance with the Government Policies.
- (e) Supervision and administration of Divisional Secretariats.
- (f) Training and development of staff.
- (g) Direction of the disaster management activities of the District.
- (h) Direction of the activities of the Ministries and Departments in the District.
- (i) Issue of fire-arms and explosives licences.
- (j) Financial management of the Divisional Secretariats and the District Secretariat.
- (k) Ensure the custody and control of assets.
- (l) Organization of national level festivals.

2.2. Institutions under the District Secretariat and Activities carried out

Institutions established under the District Secretariat and the role of those institutions are given below.

Institutions under the District Secretariat	Authority for the Establishment	Role of the Institution
(i) Divisional Secretariat, Nuwara Eliya (ii) Divisional Secretariat, Hanguranketha (iii) Divisional Secretariat, Ambagamuwa (iv) Divisional Secretariat, Kotmale (v) Divisional Secretariat, Walapone	} Act No.58 of 1992 of the Establishment of the Divisional Secretariats.	Implementation of administration and development activities assigned by the Central Government and Provincial Councils at regional level.

2.3 Performance

2.3.1 Planning

The following deficiencies were observed relating to the Action Plan prepared to achieve expected results in the District Secretariat and 05 statutory institutions established under the District Secretariat.

- (a) Each project had not been shown separately and the dates to be commenced and completed and the estimated value of the project were not shown in the Action Plan.
- (b) Activity Plan prepared as per the priority list based on the annual budget for the year under review had not shown the Time Line and the expected output/ outcome of those activities had not been estimated and shown.

2.3.2 Non-execution of Activities

The following observations are made.

- (a) Non-execution of Activities included in the Action Plan
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Under Micro Finance Programme, to convert 35 District Community Based Banks as profitable banks was an activity included in the Action Plan. Four Community Based Banks had incurred losses totalling Rs.5.25 million by 31 December 2017.

(b) Expected output level not Achieved

According to the Annual Action Plan, provisions of Rs.700,000 had been made in the year under review and planned to conduct 10 training programmes for the officers of the District Secretariat. Nevertheless, only 07 training programmes had been conducted by the end of the year under review by incurring Rs.570,000.

(c) Expected outcome not Achieved

At an instance of electricity interruption of the Ceylon Electricity Board, a sum of Rs.1.84 million had been incurred to establish a solar power system for the Divisional Secretariat, Hanguranketha in order to obtain electricity continuously. Nevertheless, that objective had not been achieved even by 28 February 2018.

(d) Projects Abandoned without Completing

Provisions of Rs.8.18 million had been made by the District Secretariat to implement 10 projects in the year under review. Even though, those projects had been commenced in the year under review, those projects had been abandoned without completing as inadequacy of time due to the reasons of weather conditions.

(e) Delays in Accomplish of Projects

Eighty two projects valued at Rs.44.25 million for which signed the agreements in the year under review by the District Secretariat had not been completed within the agreed period due to the reasons such as not commencing the work immediately after entering into the agreements, difficulties to obtain materials, delays in acquisition of lands and bad weather conditions. Therefore, those projects had been completed after a delay of a period ranging from 01 day to 125 days.

(f) Projects without progress despite the release of Money

Even though, the total sum had been released to National Water Supply and Drainage Board and Central Provincial Road Development Authority in respect of the constructions in the year under review, those constructions had not been completed even by 22 February 2018. Details appear below.

- (i) The Divisional Secretariat, Hanguranketha had paid a sum of Rs.1.48 million to National Water Supply and Drainage Board on 20 December 2017 for the project of Extension of Main Water Pipe Line of the National Water Supply and Drainage Board up to Ambaliyadda Upper Section. However, the project had not been completed even by 22 February 2018.

- (ii) A sum of Rs.1.95 million had been paid to the Central Provincial Road Development Authority on 31 December 2017 for laying carpet for the access road of the Divisional Secretariat, Walapone. Nevertheless, that work had not been commenced even by 02 March 2018.

2.3.3 Annual Performance Report

Even though, the Performance Report for the year under review should be tabled in Parliament within 150 days after the closure of the financial year by the District Secretariat in terms of Public Finance Circular No.402 dated 12 September 2002, the Performance Report had not been tabled in Parliament even by 01 July 2018.

2.4 Implementation of Projects under Domestic Financing

The provisions totalling Rs.656.85 million had been made by the District Secretariat in the year under review to implement 1451 projects under domestic financing and a sum of Rs.598.96 million out of that had been utilised. Accordingly, provisions of Rs.57.89 million or 9 per cent of the provisions made had been saved. The following observations are made in this connection.

- (a) A sum of Rs.6.10 million had been incurred for laying paving stones on the access road of the Divisional Secretariat, Hanguranketha. Even though, the standard height of a stone should be 80 mm, the height of these stones had remained in the ranges from 75 mm to 85 mm. A sum of Rs.2,682 for 1m² had been paid according to the buildings standards rate and the width of a stone should be 105 mm. according to the above rate. But it was ranged from 102 mm to 106 mm. Further the length of a stone should be 225 mm but it was ranged from 202 mm to 205 mm. Even one interlock paving stone with same length size which should be used had not been utilized for the constructions.
- (b) The vehicle yard, restaurant and the open air theatre building of the Divisional Secretariat, Hanguranketha had been constructed by incurring a sum of Rs.8.39 million. At the examination of the physical progress of that building, it was observed that a thinnest sand with mud had been utilized for the above constructions and at the laboratory tests it was confirmed that, the sand used was not suitable for the building constructions. At the time of audit, the sections plastered were also shown muddy colour and it was ensured that above type of sand had used for the plastering as well. In purchasing of material, a sum of Rs.65,000 per tipper had been paid for sand and a sum of Rs.202,937 had been paid for 3 institutions for the transport of sand from Mahiyanganaya.

2.5 Supplies and Services obtained through Procurement Procedure

2.5.1 Planning of Procurements

The District Secretariat had taken action according to the provisions of the Government Procurement Guidelines and provisions of Rs.65.35 million had been made to obtain supplies and services. Of that a sum of Rs.63.6 million had been utilized. The following observations are made in respect of the Procurement Plan to be prepared for the provisions.

(a) **Planning of Procurements and Preliminary Stage**

The provisions of Rs.10.05 million had been made to supply stationery and office requisites and food and uniforms. Out of that, the provisions of Rs.9.85 million had been utilized by the end of the year under review. The details in respect of the utilization of those provisions had not been included in the Procurement Plan. Further, the provisions of Rs.692.71 million had been made by 25 Ministries, 22 Departments and the Offices of the President and the Prime Minister in the year under review for the District Secretariat. Even though, the utilization of those provisions should be made through the procurement procedure, the particulars relating to those procurements had not been included in the Procurement Plan.

(b) **Pre stage of the Contracts**

The Time Schedule for Procurements from the point of commencement and the completion had not been included in the Procurement Plan. But the procurement activities for the utilization of provisions of Rs.14 million made under 5 Objects could not completed within the time schedule indicated in the Procurement Plan. Those works has remained completing even by the end of the year under review.

2.5.2 Implementation of the Procurement Process

The following observations are made in this connection.

(a) In the procurements carried out in the year under review, it was mentioned in the Procurement Plan that the National Competitive Bidding Method and the Shopping Method will be applied. Nevertheless, 559 procurements valued at Rs.765.29 million had been implemented by the District Secretariat and the Divisional Secretariats without a methodology for selection of a most suitable bid with transparency and with maximum competition. Therefore, it was revealed that action had been taken by deviating the Guidelines 1:2:1 (a) and 1.2.1 (c) of the Government Procurement Guidelines.

(b) The bids for 81 procurements had been taken by hand without following the provisions of the Guideline 6.3.1 of the Government Procurement Guidelines.

- (c) In terms of Guideline 3.4.3 (a) of the Government Procurement Guidelines, the procurements for the items of small value or for purchases of items used frequently for which advertising may be uneconomical could be made by registration of suppliers and inviting bids from them. Nevertheless, one Divisional Secretariat had purchased goods valued at Rs.1.21 million from the trade stalls situated near the Secretariat without following above methodology.
- (d) In terms of Guideline 2.6 of the Government Procurement Guidelines, review and approval of specifications and review and approval of the documents of examining of pre-qualifications and the documents of calling bids should have been carried out by the Technical Evaluation Committee. Even though, the Technical Evaluation Committees should be appointed at the commencement of the procurement activity so as to execute the requirement of the Procurements carried out by the District Secretariat, the Technical Evaluation Committees had been appointed after opening bids without doing so.
- (e) A sum of Rs.6.10 million had been incurred to construct access road to the office premises of the Divisional Secretariat, Hanguranketha. The contract for the construction work had been split into 4 parts and executed through 4 contractors to avoid the requirement of inviting bids from approved societies and ICTAD GRADE 9 contractors and to avoid requirement of referring to the Procurement Committee of the District Secretariat.
- (f) A sum of Rs.8.39 million had been incurred to construct the vehicle yard, restaurant and the open air theatre building of the Divisional Secretariat, Hanguranketha. The procurement activities of that building construction should have been done by the Procurement Committee of the District Secretariat. Nevertheless, that contract had been split into several parts so as to reduce less than Rs.2 million and the Procurement activities had been executed by the Procurement Committee of the Divisional Secretariat and awarded contracts with entering into agreements deviating from the Guideline 2.14.1 of the Government Procurement Guidelines.
- (g) The suppliers for the year 2017 had been registered by the District Secretariat and 5 Divisional Secretariats. Another 63 applications which were received after the date of the registration closed had been accepted and the purchases amounting to Rs.12.18 million had been made from those suppliers in the year under review.
- (h) The contract for Development of Ginigathhena Alagala Lower Section Road in the Theeniyagala Grama Niladhari Division of the Divisional Secretariat, Ambagamuwa had been awarded to a private institution at a value of Rs.1.02 million. One member only had signed in the Technical Evaluation Committee Report for the respective procurement activity. Assistant Planning Director, who as the Chairman of the Technical Evaluation Committee and the Samurdhi Manager who was the other member had not participated for the Technical Evaluation Committee meetings.

- (i) In terms of Guideline 6.3.6 of the Government Procurement Guidelines, the documents in respect of bid opening had not been maintained by the Divisional Secretariat, Hanguranketha.
- (j) Eighteen institutions of which had not furnished business name registration certificates had been registered as suppliers, by the Divisional Secretariat, Hanguranketha.
- (k) Action had been taken by the Divisional Secretariat, Hanguranketha in 07 instances to register any institution under any category by paying Rs.250 without considering the general trade of the institutions as per trading registration of them.
- (l) Under the Programme of Strengthening of Beneficiaries of the Divisional Secretariat, Hanguranketha in the year 2017, the procurement committee for the purchase of goods and equipment had not specifically mentioned the institute from which the respective good should be purchased and the decision had not been recorded. As the decision was not clearly shown to purchase suitable goods under minimum price, a financial loss of Rs.189,495 had been incurred by the Government.
- (m) The Divisional Secretariat, Hanguranketha had invited bids from one private institution to purchase curtain materials on 11 August 2017. Even though, a sum of Rs.499,850 had been paid thereon in December 2017, the curtain materials had not been utilized for the respective offices even by 20 February 2018, the date of audit.
- (n) As per the procurement decision to purchase paint on 31 December 2017, the Divisional Secretariat, Hanguranketha had purchased paint by paying a sum of Rs.177,425 to a private institution who had not offered bids and was not a registered supplier.
- (o) In inviting bids the category and the trade name should not be mentioned in terms of Guideline 5.6 of the Government Procurement Guidelines. Without paying attention thereto, the District Secretariat had called bids by mentioning category and the trade name and had purchased laptop computers under above trade name by incurring Rs.120,800.

2.6 Assets Management

 The following observations are made during the course of audit test checks of the assets of the District Secretariat.

(a) Recording of Assets

 According to the Assets Management Circular No.01/2017 dated 28 June 2017, the particulars relating to the assets belonging to District Secretariat should have been sent to the Office of the Controller General as per the respective institutions by 30 November 2017. Nevertheless, that particulars were not furnished by the District Secretariat to the Office of the Controller General even by 30 April 2018 and the assessments of the buildings also had not been completed.

(b) Non-utilisation of Assets of the Government with Maximum Efficiency

Testing of thickness of the concrete roads had not been carried out by the District Secretariat after 01 January 2015. The testing kit purchased for a sum of Rs.500,000 and concrete plates amounting to Rs.166,915 had remained decaying in a store insecurely.

(c) Motor Vehicles Utilization

Twenty six motor vehicles had existed in the District Secretariat by the end of the under review and 406181 kilo meters had been run from those vehicles. Sums totalling Rs.11,296,128 had been spent thereon comprising Rs.3,861,958, Rs.1,256,432, Rs.4,656,894 and Rs.1,520,844 for fuel and lubricants, vehicle services, vehicle repairs and vehicle insurance respectively. Accordingly, the District Secretariat had spent a sum of Rs.28 per kilo meter for running of the vehicles except salaries and allowances of drivers.

Following observations are made in this connection.

(i) Fuel Consumption Tests not carried out

Fuel consumption tests of the motor vehicles belonging to the District Secretariat should have been carried out in terms of paragraph 3.1 of the Public Administration Circular No.30/2016 dated 29 December 2016. Nevertheless, the fuel consumption tests had not been carried out for 12 motor vehicles belonging to District Secretariat and Divisional Secretariats, Nuwara Eliya, Kotmale, Ambagamuwa and Walapone.

(ii) Misuse of Vehicles

As per the Daily Running Charts of 04 motor vehicles for the period from September to December 2017, it was recorded the night parking of that vehicles as in the District Secretariat. Nevertheless, it was not confirmed that the vehicles had been parked in nights at the District Secretariat in 50 instances as per the records maintained by the Security Section of the Secretariat.

(iii) Full Survey on Motor Vehicles and Equipment of Vehicles

A full survey relating to the motor vehicles and equipment of vehicles had not been carried out in respect of 09 motor vehicles of the District Secretariat in terms of the financial Regulation 1647 (b) even by 17 June 2018.

(d) Disposal of Assets without Cost and Efficiency

In providing computers, accessories and electrical equipments which used under the Community Development and Livelihood Improvement Project to the District Secretariat, no serial number had been included in the Inventory Register in respect of any equipment. Certain goods only had been dumped in the store in a haphazard manner of which could not be identified as unusable goods in the physical verification. The District Secretariat had not taken action either to repair and utilize goods or to dispose properly.

(e) Idle or Under-utilized Assets

The following observations are made in this connection.

- (i) It was observed during the course of audit test checks that certain assets categorized below had been idle.

Category of Assets	Number of Units	Value	Idle or Underutilized Period
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		Rs.	Years
* Buildings	02	Not Assessed	05
* Motor Vehicles	24	-do-	10
* Machinery	02	-do-	More than 10

- (ii) The following assets which had been purchased in various instances by the District Secretariat had remained idle without being utilized even in one instance.

Category of Assets	Date of Purchase	Value
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		Rs.
Concrete Hammer	08.12.2015	216,450
Moulders	08.12.2015	25,200
Slump Testing Equipment	08.12.2015	9,500
Length Measuring Equipment	08.12.2015	15,000
Levelling Equipment	08.12.2015	36,000
ICTAD Publications	15.12.2015	40,830

(f) Conduct of Annual Boards of Survey

The following observations are made.

- (i) A Board of Survey had not been conducted after 31 December 2015 in respect of the goods utilized under Community Development and Livelihood Improvement Project in terms of Financial Regulation 756.

(ii) Twenty categories of goods belonging to the “Disapathi Medura” identified as to be auctioned and to be removed by the Boards of Survey of the year 2015 and already removed at the auction conducted on 27 May 2016 had not been eliminated from the books in terms of Financial Regulation 772 (3).

(iii) Action had not been taken even by 30 April 2018 to include 21 categories of goods identified as surplus goods in the official quarters of the District Secretary and 07 categories of goods identified as surplus goods in the District Secretariat at the Annual Boards of Survey 2015.

(g) Assets given to External Parties

Instances of several assets released irregularly to external parties by the District Secretariat were observed. Details appear below.

	Category of Assets	Number/ Units/ Quantity of Assets	Institution that Assets given to	Value	Period
				Rs.	Years
(i)	Buildings	03	Municipal Council, Nuwara Eliya	19,550,000	01
			Department of Divineguma Development	Not assessed	09
			Central Bank	Not assessed	02
(ii)	Motor Vehicles	03	Technical College Badulla/ Nuwara Eliya	Not assessed	01

(h) Irregular use of Assets belonging to other Institutions

Instances were observed during the course of audit test checks that the District Secretariat had used certain assets belonging to other institutions without a formal approval. Details appear below.

	Category of Assets	Institution that Assets owned by	Number/ Unit/ Quantity of Assets	Value	Period
				Rs.	Years
(i)	Lands (Hectares)	Mahaweli Authority	1.495	Not assessed	27
(ii)	Motor Vehicles	United Nations Development Programme	1	Not assessed	03
		Ministry of Agriculture	1	2,000,000	14

2.7 Losses and Damage

The following observations are made on losses and damage revealed during the course of audit test checks.

- (a) Five Divisional Secretariats had used the building construction rates (BSR) in preparation of contract estimates for construction of roads instead of using roads construction standard rates (HSR) and as such it was observed at an examination of a sample of 198 contracts, the over estimates amounting to Rs.12.12 million had been prepared. As the contracts had been awarded to the approved societies at the above over estimated value the over payments had been made for those projects.
- (b) Even though, the expenditure for supply of lunch on 27 December 2017 had been made by 2 persons for the Evaluation of All Ceylon Damma School Students Skills Programme, a sum of Rs.200,000 had been paid for a private institution thereon.
- (c) A sum of Rs.414,125 had been estimated to purchase entire quantity of food stuffs required to supply dinner on 25 December 2017, breakfast, lunch, dinner on 26th and breakfast on 27th for the Evaluation of All Ceylon Damma Schools Students Skills Programme. Nevertheless, the food stuffs had been purchased by incurring Rs.618,202 for that food supply and as such an over payment of Rs.204,077 had been made over the estimated amount.
- (d) The losses totalling Rs.1.88 million had remained in respect of 5 motor vehicle accidents by the end of the year under review. Out of that, the losses amounting to Rs.1.32 million had remained brought forward for over a period of 5 years but it was failed either to recover or to write off those losses even by the end of the year under review.

2.8 Unresolved Audit Paragraphs

Reference to the audit paragraphs on which the District Secretariat had not rectified the deficiencies out of those pointed out in the paragraphs in the reports of the Auditor General for preceding years on the Secretariat is given below.

Reference to Report of Auditor General		Subject under reference
Year	Paragraph Number	
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2016	3.2(b), (c), (d), (e), (f)	Non-completion of project works constructed in the District, Non-utilization of constructions, Non-completion of constructions as to utilize for the public.
2016	3.2 (i)	Proper metal not used for the concrete mixture.

2016	3.2 (j), (k)	Over payments made for constructions and the contract bills submitted by Technical Officer without being carried out a physical examination.
2016	3.10 (a) (vi)	Action not taken to invite the National Competitive Bidding in the Procurement Process.
2015	3.10 (e)	Instances of execution of projects irregularly.
2015	3.12 (iii)	Following Shopping Method without inviting National Competitive Bidding.
2014	3.4.2 (b)	Awarding contracts to the societies which had not sufficient financial stability.

2.9 Management Weaknesses

The following weaknesses were observed during the course of audit test checks.

- (a) The provisions of Rs.13.00 million had been made for construction of 09 works of the Divisional Secretariat, Ambagamuwa under the Infrastructure Facilities Development Special Projects. The physical progress of respective works had remained less than 25 per cent even by 08 December 2017.
- (b) As per letter No.MWCA/WB/ලා.ක.සැ./2017 of the Director, Sri Lanka Women's Bureau dated 12 January 2017, Women's Activity Societies should have been established in every Grama Niladhari Division. Only 109 Grama Niladhari Divisions out of 166 Divisions existed within the Divisional Secretariat Divisions of the Kotmale and Nuwara Eliya had established Women's Activity Societies.
- (c) As per paragraph 4 of the letter No.MWCA/WB/ලා.ක.සැ 2017 of the Director, Sri Lanka Women's Bureau dated 12 January 2017, Women's Activity Society Plan for the years 2017-2018 should be prepared with identifying the women's problems, solutions relating to that, employment opportunities and including number of projects and it should have been furnished to Sri Lanka Women's Bureau before 31 January 2017. Nevertheless, that plan had not been furnished even by 30 November 2017.
- (d) Forty six categories of goods purchased by 03 Divisional Secretariats under the District Secretariat had been retained in the stores without being distributed to the respective beneficiaries even by 28 February 2018.

- (e) Out of 125 registered Children's Societies in the Divisional Secretariat, Walapone only 71 Children's Societies had remained in operational level. Action had been taken to register only 11 Children's Societies, out of that in the Department of Probation and Child Care.
- (f) Hundred and seven Women's Organizations had existed within the Divisional Secretariat, Walapone while action had not been taken to register 20 organisations out of that.
- (g) According to the letter No.MWCA/04/01/07/2017-II of the Secretary of the Ministry of Women Affairs and Child Care dated 19 April 2017 relating to the data collecting on widows and household women to the data base, the activities of data collecting on widows and household women for the period from the year 2010 to 2016 should have been completed by 30 June 2017. Nevertheless, the data collecting in the Divisional Secretariat, Nuwara Eliya relating to the year 2013 had not been completed by 30 October 2017.
- (h) Balances of bad debts amounting to Rs.71.80 million relating to 22 accounts categories and overdue loans amounting to Rs.45.74 million relating to 17 accounts categories had existed in Divineguma Community Based Banks in the Nuwara Eliya District as at 31 December 2017.
- (i) Dormant accounts balances amounting to Rs.68.08 million had existed in Divineguma Community Based Banks in the Nuwara Eliya District as at 31 December 2017.

2.10 Execution of Services to the Public

 The following observations are made in this connection.

- (a) Action had not been taken to give solutions for 105 complaints made by Public to the District Secretary since the year 2016 relating to the land problems and the unreasonable matters arising to them and relating to other complaints and 37 petitions. The full particulars on a complaint such as the date of the complaint made, the step taken by the complainant and the decision taken had not been recorded and the register had not been maintained properly.
- (b) The all public complaints received by the Divisional Secretariats Walapone and Nuwara Eliya had been attached to a file, only while the particulars relating to the steps taken by the Secretariats had not been furnished.

2.11 Utilization of Provisions made by Parliament to execute Activities

 The particulars relating to the provisions made to the District Secretariat and utilisation and savings for the 05 years period ended 31 December 2017 are given below.

Year	Category of Expenditure	Net Provision	Utilization	Savings	Savings as a Percentage of Net Provision
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		Rs.Millions	Rs.Millions	Rs.Millions	
2013	Recurrent	340.88	328.86	12.02	3.53
	Capital	58.35	53.93	4.42	7.57
	Total	399.23	382.79	16.44	4.11
2014	Recurrent	378.65	332.25	46.40	12.25
	Capital	44.65	42.72	1.93	4.32
	Total	423.30	374.97	48.33	11.42
2015	Recurrent	435.30	423.75	11.55	2.65
	Capital	50.00	35.40	14.60	29.20
	Total	485.30	459.15	26.15	5.38
2016	Recurrent	447.00	439.65	7.35	1.64
	Capital	99.00	83.46	15.54	15.70
	Total	546.00	523.11	22.88	4.19
2017	Recurrent	440.86	436.40	4.46	1.01
	Capital	73.65	71.67	1.98	2.69
	Total	514.51	508.07	6.44	1.25

Utilisation of Provisions made available by other Ministries and Departments to District Secretariat

The provisions totalling Rs.1,758.77 million had been made available by other 25 Ministries, 22 Departments and Offices of the President and the Prime Minister for various activities. Out of that, only a sum of Rs.1,649.32 million had been utilised by the end of the year under review. Accordingly, the savings out of the provisions made available amounted to Rs.109.45 million or 6.22 per cent. The following deficiencies were observed during the course of audit test checks thereon.

- (a) Under various development programmes, 1429 projects had been approved to implement in the 491 Grama Niladhari Divisions within 05 Divisional Secretariat Divisions in the Nuwara Eliya District during the year under review. The provisions of Rs.606.36 million had been received thereon. Out of above projects, 1404 projects had been completed by 31 December 2017. Ten projects of which estimated cost amounting to Rs.5.61 million had been cancelled while the progress of 13 projects of which estimated cost amounting to Rs.9.71 million had been less than 50 per cent. Further, 02 projects of which estimated cost amounting to Rs.1.14 million had not been in an operational position.

- (b) In terms of Circular No.1/2016 of the Ministry of Social Empowerment and Welfare dated 12 January 2016, the number of beneficiaries for elders allowances of the Divisional Secretariat, Ambagamuwa amounted to 5169. Even though, the next suitable beneficiaries should be included for the names eliminated from the register to maintain that number as fixed throughout the year, action had not been taken so on and as such the provisions of Rs.6.79 million had been saved by the end of the year under review.
- (c) The provisions of Rs.1 million had been granted for the Divisional Secretariat, Kotmale to construct retaining walls and drainage system for the areas faced to disasters in the access road to the Nugawela Village. Only a section of the retaining wall had been constructed in the place faced to disaster by the end of the year under review.
- (d) The provisions of Rs.350,000 had been made by the Ministry of National Policy and Economic Affairs to the Divisional Secretariat, Kotmale for the work of the reconstruction of Mawelakanda Banagala Canal. The work had been completed by utilising those provisions. But the action had not been taken to clear and utilize the blocked canal line even by 24 January 2018, the date of audit. Therefore, the purpose to achieve the water requirement for drinking purposes and for farming of the persons live in the area expected from the work had not been executed.
- (e) The provisions of Rs.4.42 million had been made by the National Policy and Economic Affairs to the District Secretary, Nuwara Eliya for concreting 10 road projects in the Divisional Secretariat area, Nuwara Eliya. Even though, the payments had been made for concreting road projects by 1.2.4 concrete mixture, the metal of 25 mm had been used thereon, instead of 19 mm metal and over payments of Rs.733,319 had been made.
- (f) The provisions of Rs.500,000 had been made by the National Policy and Economic Affairs to the District Secretariat for construction of Dimbula, Forest Creek Road in the authoritative area of the Divisional Secretariat, Nuwara Eliya. It was stated that, a length of 65.5 m of the road had been constructed and a sum of Rs.464,375 had been paid. At the physical examination carried out, it was observed that 61 m of the road only had been constructed even by 19 January 2018 and as such a sum of Rs.20,182 had been over paid. A section of 1x1 m constructed had also cracked.
- (g) The provisions of Rs.50,000 had been made by Ministry of National Policy and Economic Affairs to construct the road to Vidya Chakra Vidyalaya. The Divisional Secretariat, Nuwara Eliya had incurred a sum of Rs.491,734 out of above provisions and constructed the road. At the physical examination carried out on 17 January 2018 the date of audit, it was observed that a section of about 10 m and width of 2' of above road had washed away due to rain water and the concrete layer only had remained. The thickness of above road section had been as 4", "4 ½" and 5". As such, the thickness of the road

should have been re-checked. Without making retaining walls in the section which faced to washed away of the road no any vehicle could be used the road to run.

- (h) The provisions of Rs.1.30 million had been made by Ministry of National Policy and Economic Affairs to implement the Drinking Water Scheme, Dimbula. Three necessary items mentioned in the estimate amounting to Rs.12,730 had not been carried out. The bills had been revised and a sum of Rs.63,374 had been paid of which had not been claimed by the contractor. As per the Development Officers Report, a sum of Rs.287,820 had been over paid for the water pipelines not used for the work.
- (i) The provisions of Rs.1.50 million had been made by Ministry of Home Affairs to construct the building of “Vajirapura Buluela Nila Sevana”. That building had been constructed by the Divisional Secretariat, Nuwara Eliya. At the physical examination carried out on 16 January 2018, the date of audit, it was observed that the walls close to the columns had seperated and cracked. Further, the plastering should be made as 16 mm but there were places that plastering had been made as 10 mm or less than that. Even though, the transport charges had been paid to use Mahiyanganaya sand for the work, the sand with mud had been used for a section of the walls.
- (j) The provisions of Rs.485,000 had been made by the Ministry of National Policy and Economic Affairs for the work of development of sanitation facilities of the Sri Dharma Vijayaramaya Temple. That work had been completed on 20 June 2017 and the bills had been submitted to Divisional Secretariat, Nuwara Eliya. It was observed at the physical examination carried out on 16 January 2018, that finishing of the work was not in a satisfactory level. Even though, the payments of Rs.88,223 had been made for concreting, the concrete had not been compressed properly and the instances of “honey combs” error and the instances of iron exposed to the air from the concrete were observed. The mixture of the concrete had remained at a poor level.
- (k) The provisions of Rs.1.48 million had been made by the Ministry of National Policy and Economic Affairs for the work of Reconstruction of Goradihela Licence Bridge and the Road. That work had been executed by the Divisional Secretariat, Nuwara Eliya. Even though, the earth excavation of the road to the length of 120 metres, laying polythene and fixing of shuttering had been carried out, it was mentioned that the concrete had been laid to the extent of 144.2 meters of the road and the payments had been made. At the physical examination carried out on 16 January 2018, it was observed that the length of the road had been 137.5 metres only and the places which had not thickness of 6” was also observed in a section of the road. The finishing works of the side walls of the bridge and the concrete slab on the bottom which had been constructed by spending Rs.335,453 at the end of the road had remained at a poor level. Under the concrete slab laid on the surface of the floor constructed instead of retaining wall to be constructed on the concrete slab on the floor had erroded due to washed away from water even by 18 January 2018.

- (l) The provisions of Rs.451,827 had been made by the Ministry of Rural Economic Affairs in the year 2016 for Development of Hallbrook Kovila Road and the road had been developed by Divisional Secretariat, Nuwara Eliya by incurring Rs.451,827 in the year 2016. But, it was observed that, 07 places near the expansion joints of the road in the section constructed in the year 2016, had cracked even by 16 January 2018, the date of audit.
- (m) The provisions had been made by Ministry of National Policy and Economic Affairs to construct Nagasena Triluktri Estate Road and the road had been constructed by Divisional Secretariat, Nuwara Eliya for a contracted value of Rs.1.50 million. At the physical examination carried out on 19 January 2018 it was observed that, the middle in 16 places of the constructed road had cracked. It was observed that, the surface of the road had not been properly constructed and the thickness of the middle of the road was not in 6 inches thickness.
- (n) The Ministry of National Policy and Economic Affairs had made the provisions for the work of construction of drainage system and the culvert of the road to Buluela Colony. The Divisional Secretariat, Nuwara Eliya had completed that work by spending Rs.495,000. Similarly, a sum of Rs.62,748 had been estimated and paid to lay a concrete slab more than 5 inches on the bottom of the drainage system of the above work. Even though, the concrete had been laid with 1:2:4 mixture on the bottom with 6 inches thickness, the evidence to ensure the requirement for laying another concrete layer more than 5 inches was not made available for audit. At the physical examination carried out relating to the above work, it was observed that the concrete layer of 2" inches with mud had been laid and accordingly a sum of Rs.39,143 had been over paid.
- (o) Provisions had been made by the Ministry of Upcountry New Villages for the development of Pedrowatta Road and the District Secretariat had developed the road by incurring a sum of Rs.490,167. Even though, the payments had been made for concreting of the road with 1:2:4 concrete mixture, it was observed at the examination carried out thereon, that 19 mm metal had not been used thereon. Accordingly, a sum of Rs.80,665 had been overpaid.
- (p) Provisions had been made by the Ministry of National Policy and Economic Affairs to construct water projects in the Dharmapuram Colony. A sum of Rs.500,000 had been incurred by the Divisional Secretariat, Nuwara Eliya for the project. Even though, it was planned to construct a tube well and to obtain water, the earth had been drilled and pipes had been laid from the provisions made. The required provisions to obtain three phase electricity and to obtain water motor had not been provided and as such the purpose of the project could not be achieved.
- (q) The provisions of Rs.500,000 had been made by the Ministry of National Policy and Economic Affairs to develop balance part of the Manthritenna by-road and the Divisional Secretariat, Nuwara Eliya had developed above road. The honey comb errors

had shown in a section of the road constructed. Further, the road had been constructed in an area of earth slips occur, but retaining walls had not been constructed on the sloppy area.

- (r) The Ministry of National Policy and Economic Affairs had made provisions to construct the road from St.Regulase to Glanigal Section and the construction works had been completed by the Divisional Secretariat, Nuwara Eliya by incurring Rs.500,000 on 17 July 2017. Several places of the road had shown cracks by 19 January 2018.
- (s) The provision of Rs.2.11 million had been made for the work of constructing hot water bathing places for the accommodation of the participants of All Ceylon Students Skills Evaluation Programme. Even though, the estimates had been made to fix 65 hot water showers for that work, only 55 showers had been fixed by incurring Rs.1.29 million. Sixty one per cent of the provisions, out of the provisions made for the work only had been utilized.
- (t) Provisions had been made by the Ministry of Disaster Management for the project of widening of canal line, running across the Seetha Eliya Village to mitigate disasters. The objective of this project had been to avoid instant flood, erosion of banks and mitigate flood disasters. Even though, the constructions of the canal line of 77 meters had been completed as per the estimate, another section of 30 meters of the canal line had not been completed due to lack of funds. Therefore, the expected objectives of the project had not been achieved.
- (u) The Divisional Secretariat, Nuwara Eliya had incurred a sum of Rs.2.66 million for the Project of Mitigate of Disasters in the Rose Garden Internal Road. The objective of execution of this project was to control inundating of houses from the water and mud flowing along the road and reconstruction of the road and the drainage system. Accordingly, the Divisional Secretariat, Nuwara Eliya had prepared an estimate for a sum of Rs.1.89 million to concrete the road and to construct the drainage system. Nevertheless, without constructing drainage system the carpet laying only had been carried out by incurring Rs.2.66 million neglecting of the above estimate. Therefore, the expected objectives from the project had not been achieved.

2.12 Advances to Public Officers Account

Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account of the District Secretariat, Item No.26001 and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Minimum Limit	Actual	Maximum Limit	Actual
Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
32.00	31.99	22.00	24.53	94.00	82.12

The following observations are made in this connection.

(a) Non-recovery of Outstanding Loan Balances

According to the Reconciliation Statement as at 31 December 2017 presented to audit, the balances that remained outstanding as at that date totalled Rs.683,082 except the loan balances of the officers transferred out. Even though, those outstanding balances remained over periods ranging from 01 year to 05 years, the follow-up action on the recovery of outstanding balances had been at a weak level.

(b) Non-preparation of Individual Loan Balance Registers

The details of the recovery of loan installments of 3 officers of the Divisional Secretariat, Walapone totalling Rs.433,271 shown under Individual list of balances of the Reconciliation Statement and the loan balances as at 31 December 2017 had not been included in the Loan Register. The Register of Festival Advances of the Divisional Secretariat, Ambagamuwa had not been updated and the recovery of loan installments amounting to Rs.52,500 had not been shown in the Reconciliation Statement.

2.13 Imprest Account

The balance of the Imprest Account No.7002/0000/00/0307/00/7000 of the District Secretariat as at 31 December 2017 amounted to Rs.907,178. The following observations are made in this connection.

- (a) In terms of Treasury Operations Circular No.04/2017 dated 02 November 2017, the cash book should have been balanced as at 31 December 2017 by the District Secretariat and the records in respect of the balance should have been handed over to the bank before 02 January 2018. Further, a debit note should be obtained from the bank and handed over to

the Department of Treasury Operations. Nevertheless, the debit note had not been furnished to the Department of Treasury Operations even by 22 January 2018.

- (b) In terms of Financial Regulation 371 (5) as amended by the Public Finance Circular No.03/2015 dated 14 July 2015, the ad-hoc sub-impressts obtained should have been settled within 10 days after the purpose completed. Nevertheless, the ad-hoc sub-impressts issued in 54 instances by the Divisional Secretariats, Kotmale, Ambagamuwa, Walapone, Hanguranketha and Nuwara Eliya had been settled with delays for a period ranging from 23 days to 300 days.
- (c) Even though, the expenditure estimates should be furnished to obtain ad-hoc sub-impressts in terms of Financial Regulation 371, the Divisional Secretariat, Ambagamuwa had issued ad-hoc sub-impressts in 2 instances at the rate of Rs.50,000 for the officers who had not submitted expenditure estimates so on.

2.14 General Deposit Account

The balances of 05 General Deposit Accounts of the District Secretariat as at 31 December 2017 totalled Rs.330 million. The following observations are made in this connection.

- (a) Action in terms of Financial Regulation 571 had not been taken on 271 deposits older than 2 years totalling Rs.17.28 million.
- (b) The Divisional Secretariat, Hanguranketha had accounted a sum of Rs.31.83 million as expenditure which had not been spent and retained in the General Deposit Account without obtaining the Treasury approval in terms of the provisions of Financial Regulation 215 (3).
- (c) A sum of Rs.753,582 provided by other Ministries/ Departments for various purposes had been retained in the General Deposit Accounts of the Divisional Secretariats, Ambagamuwa, Kotmale and Nuwara Eliya without execution of the respective works in 11 instances.
- (d) According to the letter of the Secretary of the Ministry of Land and Land Development No.4/3/1/2001/48 dated 24 May 2012, the land acquisition activities should have been completed within 72 weeks. Nevertheless, a sum of Rs.35.44 million received by the Divisional Secretariat, Nuwara Eliya for land acquisition under various projects in 54 instances during the period from the year 2006 to 2015 had been retained in the Deposits Account.
- (e) The Divisional Secretariat, Ambagamuwa had not taken action either to release retention money of Rs.5.69 million or to take into Government revenue which retained in the years 2014 and 2015 for 96 construction works.

2.15 Non-maintenance of Registers and Books

It was observed during audit test checks that the District Secretariat had not maintained the following registers while certain other registers had not been maintained in the proper and updated manner.

	Type of Register	Relevant Regulation	Observations
(i)	Register of Personal Emoluments	Financial Regulation 453	Had not maintained by Divisional Secretariat, Walapone
(ii)	Register of Cheques and Money Orders received etc.	Financial Regulation 451	Had not maintained updated manner by Divisional Secretariat, Hanguranketha
(iii)	Register of Security	Financial Regulation 891 (1)	A Register of Security had not been prepared by the Divisional Secretariats, Kotmale and Nuwara Eliya.
(iv)	Register of Electrical Equipment	Financial Regulation 454 (2)	Had not maintained by District Secretariat, Nuwara Eliya, Divisional Secretariats, Walapone and Hanguranketha.
(v)	Register of Listing of Motor Vehicles	Financial Regulation 1647 (e)	Had not maintained by Divisional Secretariat, Walapone
(vi)	Register of Attendance of Procurement Committee and Technical Evaluation Committee.	Guideline 2.11.2 of the Government Procurement Guidelines	Had not maintained by Divisional Secretariats, Hanguranketha and Walapone
(vii)	Register of Fixed Assets	Treasury Circular No.842 of 19 December 1978.	Had not updated by Divisional Secretariats, Hanguranketha, Ambagamuwa, Kotmale, Walapone and Nuwara Eliya.

(viii) Register of Fixed Assets on Computers, Accessories and Software	Treasury Circular No.IAI/2002/02 dated 28 November 2002.	Had not updated by Divisional Secretariat, Kotmale
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2.16 Non-compliances

Non-compliance with Laws, Rules and Regulations

Instances of Non-compliance with the 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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	Rs.	
(a) Establishments Code of the Democratic Socialist Republic of Sri Lanka.		
(i) Chapter XIX – Section 4.3	-	Even though, a standard application format should be used and furnished to the Head of the Department for allocation of common services and scheduled quarters by the Divisional Secretariat, Kotmale that methodology had not been followed by the Secretariat.
(ii) Chapter XIX- Section 4.3.4	-	The Divisional Secretariat, Kotmale had not maintained the Registers of Waiting List separately according to the each Graded Houses to record the applications furnished for requesting Government quarters.
(iii) Chapter XIX – Section 5.8	-	The charges for electricity and water consumed had not been recovered from the officers who occupied Government Quarters of the Divisional Secretariat, Hanguranketha.

- (iv) Chapter XIX – Section 8 - The Divisional Secretariat, Kotmale had not maintained the Inventory Registers for the common and scheduled quarters.
- (b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka

Financial Regulation 316 - Counterfoil books of the District Secretariat had been kept in the stores insecurely.
- (c) Public Administration Circular

Circular No.18/2001 dated 22 August 2001. - The officers in one section of the Divisional Secretariat, Walapone had been deployed in service in same section for a longer period ranging from 10 years to 15 years.
- (d) Circular No.2016/1 of the Ministry of Social Empowerment and Welfare dated 12 January 2016

- (i) Paragraph 2.7 - Even though, the names of the beneficiaries who had not obtained elders allowances had been cut off by a red pen by the Divisional Secretariat, Hanguranketha, no reason had been mentioned thereon.
- (ii) Paragraph 2.14 - Names of more than 80 beneficiaries who had not obtained allowances for 03 months to 01 year of the Divisional Secretariat, Hanguranketha, had not been eliminated from the payment register.
- (iii) Paragraph 5.5 - Even though, the elders allowance should be paid within 07 working days commenced from 15 day of every month through every post/ sub post offices and the

Divineguma Banks, the provisions had been granted by the District Secretariat with a delay ranging from 15 days to 06 months to the Divisional Secretariat, Ambagamuwa of which paying elders allowances more than Rs.10 million monthly.

(iv) Paragraph 7.3

- A re-survey on beneficiaries had not been carried out by the Divisional Secretariats, Ambagamuwa and Hanguranketha by 31 December of every year.

(e) Circular No.2016/06 of the Secretary of the Women and Child Affairs dated 11 April 2016

(i) Paragraph 11.5

4,578,000 The bills of the Nutrition Bag Programme of the Divisional Secretariat, Nuwara Eliya had been delayed for a period ranging from 01 month to 05 months in 06 instances.

(ii) Paragraph 14.4

- The progress reports of Nutrition Bag Programme of the Divisional Secretariat, Nuwara Eliya for January to December of the year 2017 had been submitted with a delay of a period ranging from 03 days to 79 days.

(f) Paragraph 2.9 of the Circular of the Director General of National Youth Services Council No. බස/ස/2-11/15/60 dated 23 December 2016.

- Action had not been taken by 10 March 2017 to establish Youth Societies in 08 Grama Niladhari Divisions belonging to Divisional Secretariat, Nuwara Eliya.

- (g) Letter of the Director of Sri Lanka Women's Bureau No. MWCA/ WB/ 09.කා.ස7/2017 dated 12 January 2017. - Women's Activity Societies had been established only in 56 Grama Niladhari Divisions out of 72 Grama Niladhari Divisions of the Divisional Secretariat, Nuwara Eliya.

2.17 Internal Audit

The following observations are made in this connection.

- (a) Even though, the Internal Audit Programme relating to the finance activities had been prepared in terms of Financial Regulation 134(2), all activities of the Secretariat had not covered from that.
- (b) The copies of the Internal Audit Reports had not been furnished to Auditor General in terms of Financial Regulation 134 (3).

2.18 Human Resources Management

Approved Cadre, Actual Cadre and Expenditure for Personal Emoluments

The particulars on approved cadre, actual cadre, vacancies and the excess cadre as at 31 December 2017 to execute the functions as mentioned in paragraph 2.1 above are given below. The District Secretariat had incurred a sum of Rs.379.3 million for Personal Emoluments Expenditure Category for the year under review. Accordingly, the per capita expenditure for single person amounted to Rs.327,837.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies	Excess Cadre
(i) Senior Level	35	25	10	-
(ii) Tertiary Level	20	09	11	-
(iii) Secondary Level	1305	1050	255	-
(iv) Primary Level	90	71	19	-
(v) Casual/ Contract Basis	-	2	-	2
Total	1450	1157	295	2

The following observations are made in this connection.

- (a) Irregular Release of Human Resources to other Parties

An officer attached to the District Secretariat with an appointment as an employee of K.K.S Service with effect from 10 November 2014 had been attached to the Ministry of

Education from 08 April 2015 subject to a covering approval of the Director General of Combined Services. The relevant approval had not been received even by 04 April 2018.

(b) Training of Staff

The following observations are made.

- (i) Even though, a staff consisting of 1157 officers had been attached to the District Secretariat and 05 Divisional Secretariats, only 239 officers had obtained training during the year 2017. Accordingly, no any training had been given to 918 officers.
- (ii) Out of the provisions of Rs.6.45 million made for the training activities during the past 5 years, a sum of Rs.5.82 million only had been utilized. Action had not been taken by the District Secretariat to utilize entire provisions made for the training of officers during the past 05 years period. Accordingly, out of the provisions made, the provisions ranging from 1 per cent to 27 per cent had been saved.