

## **Head 272 - Report of the Auditor General of the District Secretariat, Kurunegala– Year 2017**

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The Appropriation Account and the Reconciliation Statement under Head and Item Number stated in the First Schedule and the Third Schedule of the Appropriation Act No. 24 of 2016 as amended by the Appropriation (Amendment) Act No.32 of 2017 had been presented to audit by the District Secretariat, Kurunegala. The financial and physical performance reflected in those accounts and the reconciliation statement were audited in terms of Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

### **1.2 Responsibility of the Chief Accounting Officer and the Accounting Officer on the financial management and the Accountability**

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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 is 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**

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The audit of the District Secretariat, Kurunegala – Head 272 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, management of Government expenditure, Government revenue, human and physical resources, application 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 11 June 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

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The audit observations of the District Secretariat, Kurunegala for the year ended 31 December 2017 revealed in audit appear in detail 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 2.12 of this report. It was observed that the accountability as the Accounting Officer has been executed, to ensure the adequacy of the financial control satisfactorily subjected to the following summarized audit observations revealed in the performance of the provisions of the Financial Regulations 128 of the Democratic Socialist Republic of Sri Lanka.

<b>Financial Regulation 128 (1) Responsibilities of Accounting Officer</b>	<b>Accounting Officer not conformed to that provision</b>	<b>Reference to the Paragraph of the report included the observation</b>
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Financial Regulation		
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128(1)(a)	<p>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 authorised and that an endeavour is made to complete the programme of work laid down for the year and/ or to attain the target specified.</p>	<p>1. Over provision. 2.8(a)</p> <p>2. Utilization of provisions given by the other Ministries, Departments and District Secretariats. 2.8(b)</p> <p>3. Projects not achieved expected results. 2.3.1</p> <p>4. Projects abandoned without being completed. 2.3.2</p>
128(1)(b)	<p>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 moneys received, 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.</p>	<p>1. Deficiencies in performing services to general public. 2.7</p> <p>2. Irregular Transactions 2.5</p>

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.	1. Non-maintenance of books and records. 2. General Deposit Account.	2.11 2.10
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.	Weaknesses in assets management.	2.4
128(1)(i)	The activities of his Department are under taken with due regard to economy, efficiency, property and integrity expected in the transaction of public business.	Management Inefficiencies.	2.6
128(1)(h)	Special arrangement are made to recover outstanding dues and that the officers assigned that task to him at least once a quarter or as otherwise directed regarding arrears and action pursued to expedite their recovery.	Failure to recover the outstanding loan balances.	

**2. Material and Significant Audit Observation**

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**2.1 Main Functions of the District Secretariat**

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- (a) Co-ordination and guidance, required for the implementation of government development programmes and projects in accordance with government directives.
- (b) Co-ordination and guidance of the functions of Divisional Secretariats.
- (c) Performance of powers and responsibilities vested by statutory Acts.
- (d) Acting as a district Agency of the other line Ministries and Departments.

- (e) Maintenance of a proper co-ordination with security forces in order to maintain law and order within the District and to ensure the security of the general public.
- (f) Acting as a centre for the collection of government revenue and accounting it as an agent on behalf of Government Revenue Accounting Officers.

## **2.2 Entities coming under the District Secretariat and their functions to be performed**

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Divisional Secretariats of Giribawa, Galgamuwa, Ehetuwewa, Maho, Ambanpola, Kotawehera, Rasnayakapura, Nikaweratiya, Polpithigama, Ibbagamuwa, Ganewatta, Reddegama, Mawathagama, Mallwapitiya, Kurunegala, MaspothaWeerambagedara, Polgahawela, Alawwa, Narammala, Kuliypitiya, Kuliypitiya East, Wariyapola West, Paduwasnuwara East, Paduwasnuwara West, Bamunakotuwa, Kobeigane, Bingiriya, Udubaddawa and Pannala had been established under the District Secretariat, Kurunegala. Those entities perform the functions established in the District Secretariat at Divisional level.

## **2.3 Projects executed being used local funds**

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### **2.3.1 Projects not ascertained the anticipated results**

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- (a) Even though, a cost of Rs.14,373,885 had been incurred on the provisions of the Ministry of Economic Development under the Deyata Kirula National Programme of 2014 for the extension of pipes from Bamunakotuwa near the Gonnawa bridge to Bamunakotuwa junction and from Bamunakotuwa junction to Thimmagama, this water project had not been implemented. According to the National Water Supply and Drainage Board, this project could not be implemented until the implementation of the 3<sup>rd</sup> stage of Wariyapola water purification.
- (b) A provision of Rs.3,029,230 had been allocated for the cultivation of green gram, Kaupi and Peanut in Kurunegala District, 950 acres in extent with co-contribution of government and the beneficiaries by the food production national programme of the Presidential Secretariat. Being spent the entire provision, only 540 acres had been cultivated during the Yala Season of 2017 and maha season of 2017/2018. The farmers of Nikaweratiya, Kotawehera, Rasnayakapura and Ehetuwewa Divisional Secretariats had complained that 2,305 kg of seed peanut valued at Rs.391,850 distributed to them had been non-germinated.
- (c) Even though, an expenditure of Rs.340,675 had been incurred for the Meegolla, Dampitiya canal culvert and road at Mawathagama under the rural Infrastructure facilities programme in the year 2016, the government money had not been utilized with a maximum productivity, as only 2 houses were situated on this road.
- (d) Out of the provision of Rs.375,000 allocated to put up a tube well at Pannala Kammalwatta area under the Decentralized capital programme in the year 2016, a sum of

Rs.38,517 had been paid for the geological survey. As the construction of the well had been given up that expenditure had become fruitless.

- (e) An expenditure of Rs.1,952,281 had been incurred in the years 2015, 2016 and 2017 for the water supply scheme at Halwahala, implemented in the year 2015 by Mawathagama Divisional Secretariat under the special Development 100 days programme. However, as a sum of Rs.190,500 had not been spent for the purchase of sub-units to fix the water pump, the project had become fruitless.
- (f) The construction of the well in the Polpithigama Nikawehera drinking water scheme, incurring an expenditure of Rs.1,850,423 under the Wayamba Development Programme had been completed. However, as the construction of water tank, motor room and the water pipes system relating to the drinking water project had not been done, the project could not be used and as such it had been under- utilized.
- (g) The construction work of the well in the drinking water project, the estimated value of which amounted to Rs.1,244,210 in Polpithigama, Thalakolawewa Grama Niladhari Division, concurrence with the 2014 Deyata Kirula Programme had been completed. However, the intended purpose was not achieved as the work of pump house and the balance work had not been completed.

### **2.3.2 Projects abandoned without being completed**

- (a) Even though, a sum of Rs.491,510 had been estimated for the reconstruction of road from Polpithigama near the Mahawewa to Agare under the Rural Infrastructure Special Development Programme, that project had been abandoned without being completed.
- (b) Even though, an expenditure of Rs.1,500,000 had been incurred even under the gamaneguma programme – 2014 for the clinical building for pregnant mothers, the works of which was commenced in the year 2013 in Bingiriya Manalembuwa Grama Niladhari Division, the construction works had not been completed at a level enabling to carry out clinical treatment and as such the expenditure incurred had become fruitless.

### **2.4 Assets Management**

Audit test checks carried out in respect of assets of the District Secretariat revealed the following weaknesses.

- (a) Documentation of assets

In terms of assets management circular No.01/2017 of 28 June 2017, information on assets had been called for from every institution by the comptroller general's office, coming under the Ministry of Finance and Mass Media. Nevertheless, information of the District Secretariat, Divisional Secretariats and lands had not been submitted even by 25 July 2018.

(b) Idle and Under-utilized Assets

(i) Audit test check revealed that certain assets classified below had been idled.

Type of assets	Period of idle or under-utilized			
	No.of units	Years 1-3	Years 3-5	Years Over 5
Motor vehicles	04	01	01	02
Bowsers	02	-	01	01
Motor cycles	01	-	-	01

(ii) Nine specimen forms and finger marking equipment received from the Department of Registration of Persons to the Divisional Secretariat, Pannala to be issued to the Grama Niladharis for the collection of data of the Electronic National Identity Cards Project implemented since 2014 had not been utilized.

(iii) Six vegetable/ fruit dehydration machines, 6 bakery hearths, 5 yoghurt manufacturing machines, 05 coconut dry-up machines, one joss-stick manufacturing machines and one fire-wood gas stove in the Vidatha Resources Centres established in the Divisional Secretariats of Pannala, Galgamuwa, Wariyapola, Narammala, Alawwa, Polgahawela and Panduwasnuwara East by the Ministry of Science and Technology had been idle for more than 5 years.

(iv) Eighteen buildings and 8 plots of land, 27 acres, 04 roods and 03 purchase in extent belonged to the Government located within the Polpithigama and Narammala Divisional Secretariat Divisions had been idle without being utilized.

## 2.5 Irregular Transactions

Certain transactions arrived at by the District Secretariat appeared to be informal. Certain instances observed in audit are given below.

(a) In issuing timber permits by the Divisional Secretariat, Kuliypitiya (East), there was a case that timber transport permits had been issued without the approval of the Divisional Secretary. Furthermore, discrepancies such as the issue of permits to transport of timber logs, outside the place to which applied to transport timber logs transport of timber logs in excess of the logs stated in the transport permit and the transport of other sawn timber, had been observed.

(b) Provisions at Rs.150,000 per Divisional Secretariat had been allocated by the Ministry of Home affairs for the president people's service – 2017 held in Divisional Secretariats of

Panduwasnuwara (East), Redeegama and Weerambagedara. In addition, a sum of Rs.1,425,500 had been collected from the community and spent without being taken to government accounts. A total sum of Rs.134,425 which was the unspent balance money from the collected money in Redeegama and Weerambagedara Divisional Secretariats had been credited to the productivity fund account of the Divisional Secretariat.

## **2.6 Management Weaknesses**

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The following weaknesses were observed at audit test examinations.

- (a) Eighty six livelihood Development Projects implemented by the Samurdhi Department with a total government contribution of Rs.1,611,358 in the year 2014, 2015 and 2016 within the areas of Mawathagamam Kuliypitiya (East), Panduwasnuwara (East), Redeegama, Wariyapola, Weerambagedara, Udubaddawa, Bingiriya and Polpithigama Divisional Secretariats had failed.
- (b) Equipment valued at Rs.492,057 and plants valued at Rs.236,207 had been purchased in the year 2017 to be distributed within the areas of Weerambagedara Divisional Secretariat, under the 'Grama Shakthi Janatha Movement' operated by the Presidential Secretariat with the aim of procreating Sri Lanka in devoiding poverty. This equipment had not been distributed among the farmers even up to February 2018, and 240 plantain plants valued at Rs.24,000 and 450 pine-apple plants valued at Rs.20,250, physically verified in audit had destroyed.
- (c) Licences for firearms had not been renewed from the years 2014 to the year under review by the owners of firearms in 29 Divisional Secretariats and as such a sum of Rs.678,600 due to the Government, including fines had not been recovered even up to 02 May 2018.

## **2.7 Accomplishments of services to General Public**

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Even though, web-sites had been created in the Divisional Secretariats, a methodology had not been introduced to accept public complaints. 28 web-sites out of total web-sites had not been updated even by 02 May 2018.

## **2.8 Utilisation of provisions made by Parliament for the accomplishment of functions**

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Information in respect of provisions made to the District Secretariat during the 5 years ended 31 December 2017, utilisation and savings is given below.

<b>Year</b>	<b>Expenditure type</b>	<b>Net Provision</b>	<b>Utilization</b>	<b>Savings</b>	<b>Savings as a Percentage of Net Provision</b>
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		Rs.Millions	Rs.Millions	Rs.Millions	
2013	Recurrent	1,361.90	1,361.90	-	-
	Capital	36.50	36.34	0.16	0.45
	<b>Total</b>	<b>1,398.40</b>	<b>1,398.23</b>	<b>0.16</b>	<b>0.01</b>
2014	Recurrent	1,202.20	1,200.39	1.81	0.15
	Capital	362.25	359.37	2.87	0.79
	<b>Total</b>	<b>1,564.45</b>	<b>1,559.76</b>	<b>4.69</b>	<b>0.30</b>
2015	Recurrent	1,547.22	1,540.57	6.64	0.43
	Capital	54.00	44.09	9.91	18.35
	<b>Total</b>	<b>1,601.22</b>	<b>1,584.66</b>	<b>16.55</b>	<b>1.03</b>
2016	Recurrent	1,639.25	1,620.67	18.58	1.13
	Capital	47.65	47.10	0.55	1.15
	<b>Total</b>	<b>1,686.90</b>	<b>1,667.77</b>	<b>19.13</b>	<b>1.13</b>
2017	Recurrent	1,636.05	1,627.09	8.96	0.55
	Capital	68.00	49.29	18.71	27.52
	<b>Total</b>	<b>1,704.05</b>	<b>1,676.38</b>	<b>27.67</b>	<b>1.62</b>

**(a) Over provisions made**

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Over provisions totalling Rs.61.81 million for 11 objects had been made. Of these provisions, only provisions totalling Rs.42.69 million had been utilized and as a result, the savings ranged from 05 per cent to 36 per cent from the net provision.

**(b) Utilization of Provisions allocated to the District Secretariat from other Ministries and Departments**

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A total provision of Rs.9,433 million had been allocated for various purposes to the District Secretariat by 35 other ministries, 20 Departments, 02 Offices, comprising Rs.8,163 million, Rs.1,223 million and Rs.47 million respectively. Of these provisions, only a total sum of Rs.6,419 million had been utilized by the end of the year under review. Accordingly, a provision of Rs.3,014 million or 32 per cent had been saved. The following deficiencies were observed at the audit test check carried out in that regard.



- Out of the provisions allocated to the District Secretariat in the year 2017 by 17 Ministries, 7 Departments and Presidential Secretariat, provisions ranging from 10 to 99.47 per cent had not been utilized.
- A total sum of Rs.7.8 million had been allocated by the Ministry of National Policies and Economic Affairs for 4 projects without sufficient time to implement them. As such, those projects could not be implemented, resulting the cancellation of these provisions since the closure of the financial year.

## 2.9 Advances to Public Officers Account

### Limits Authorized by Parliament

Limits authorized by Parliament in respect of Advances to Public Officers Account, bearing item No.27201 relating to the District Secretariat and the actual values 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
112.00	100.18	88.00	88.07	300.00	275.57

At a test audit examination carried out in respect of the reconciliation statement as at 31 December 2017 on the advances to public officers account bearing item No.27201, it was observed that the outstanding loan balances totalling Rs.744,100 remained for periods ranging from 01 to 18 years had not been recovered by the District Secretariat even by the end of the year under review.

## 2.10 General Deposit Account

The balances of 6 general deposit accounts under the District Secretariat as at 31 December 2017 totalled Rs.497.42 million.

The following observations are made in this connection.

- Action in respect of 250 deposits amounting to Rs.10.59 million lapsed for more than 2 years had not been taken in terms of Financial Regulation 571.
- A sum of Rs.7.03 million had been deposited in the general deposit account by the Divisional Secretariats of Kurunegala, Polpithigama, Kuliypitiya (west), Galgamuwa and Redeegama in December 2015 relating to 166 projects. Without being released the retention money or after rectification of defects of the work if any, through the contractor by making him aware, this money had been retained in the general deposit account.

- (c) A sum of Rs.232,646 given to the Ambanpola and Redeegama Divisional Secretariats by the Road Development Authority and the Sri Lanka Export Development Board and a sum of Rs.198,650 given to the Panduwasnuwara (west) and Ibbagamuwa Divisional Secretariats by the Department of Community Based Corrections for various purposes had been retained in the general deposit account without being utilized for the intended purposes.

## 2.11 Non-maintenance of books and records

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The register of fixed assets had not been maintained in an updated manner by the District Secretariat in terms of Treasury Circular No.842 of 19 December 1978 and Financial Regulation 502 (2).

## 2.12 Human Resources Management

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### 2.12.1 Approved Cadre, Actual Cadre and Personal Emoluments

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Particulars on approved cadre, actual cadre, number of vacancies and excess cadre as at 31 December 2017 for the performance of functions stated in paragraph 2.1 above are given below. The District Secretariat had spent a sum of Rs.1,509 million for personnel emoluments in the year under review. Accordingly, the per capita annual expenditure stood at Rs.299,042.

	<b>Employees Category</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>Number of Vacancies</b>
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(i)	Senior Level	136	129	07
(ii)	Tertiary Level	72	40	32
(iii)	Secondary Level	4,942	4,594	348
(iv)	Primary Level	312	284	28
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	Total	5,462	5,047	415
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### (a) Idle Human Resources

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- (i) As a Science and Technology Officer had not been appointed to the Vidatha Resources Centre established in the Galgamuwa Divisional Secretariat, any programme whatsoever had not been implemented therein during the period 2015 to 2017. A total sum of Rs.1,245,118 incurred for the operation of the centre as field coordinators salaries and electricity expenses had become a fruitless expenditure.

- (ii) As the programmes relating to the agriculture sector to be implemented and relevant provisions thereto had not been given by the Ministry of Agriculture for the period 2015 to 2017 relating to the Redeegama and Mawathagama Divisional Secretariats, sufficient duties had not been assigned to 6 Agriculture Development Officers attached to those offices.