

## **Head 276 - Report of the Auditor General of the District Secretariat, Badulla – Year 2017**

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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, Badulla. 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**

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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). 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, Badulla – Head 276 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 05 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, Badulla 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 2.10 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 execution of the provisions of the Financial Regulation 128 of the Democratic Socialist Republic of Sri Lanka.

<b>Accountability of the Accounting Officer in terms of Financial Regulation 128 (1)</b>	<b>Non-compliance with that Provision by the Accounting Officer</b>	<b>Reference to the Paragraph included Observation</b>
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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.     Preparation of Action Plan incompletely. 2.     Non-execution of activities included in the Action Plan.	2.2 2.3.1
	3.     Non-preparation of Procurement Plans.	2.4 (a)
	4.     Non-utilization of provisions.	2.7.1
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.     Action not taken on General Deposits. 2.     Non-compliance with laws, rules and regulations.	2.9(a) and (b) 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.	<ol style="list-style-type: none"> <li>1. Non-utilization of assets of the Government with efficiency.</li> <li>2. Not ensuring the security of assets.</li> <li>3. Idle and underutilized assets.</li> <li>4. Assets not vested properly to the external parties.</li> <li>5. Non-implementation of recommendations of Annual Boards of Survey</li> <li>6. Deficiencies in actions taken on vehicles accidents.</li> </ol>	<p>2.5(a)</p> <p>2.5(b)</p> <p>2.5(c)</p> <p>2.5(d)</p> <p>2.5(e)</p> <p>2.6</p>
128 (1)(f)	Information, statements and returns as are called for by the Chief Accounting Officer or the Treasury are rendered correctly and promptly.	Non-submission of Procurement Plans to Audit.	2.4(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.	Non-recovery of outstanding loan balances of Advances to Public Officers Account.	2.8
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"> <li>1. Activities contrary to the key functions.</li> <li>2. Projects abandoned without completing.</li> <li>3. Delays in execution of projects.</li> <li>4. Deficiencies in procurement process.</li> <li>5. Deficiencies in</li> </ol>	<p>2.3.2</p> <p>2.3.3</p> <p>2.3.4</p> <p>2.4</p>

utilization of provisions  
made available by other  
Ministries and  
Departments. 2.7(a) to (t)

## **2. Material and Significant Audit Observations**

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### **2.1 Key Activities of the District Secretariat**

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- (a) Performing Government functions through efficient coordination with the Ministry of Public Administration, Ministry of Home Affairs and relevant affiliated institutions.
- (b) Execution of Government functions through coordinating all Government Ministries, Departments and other institutions as well.
- (c) Collection of revenue assigned by the Central Government and the Provincial Council.
- (d) Coordination, supervision and administration of all Divisional Secretariats.
- (e) Coordination of activities related to the Provincial Council.
- (f) Entire execution of Election duties.
- (g) Implementation of Development Activities under Decentralized Budget and other allocations provided by various Government Ministries and Departments.
- (h) Conducting the District Coordinating Committee meeting and other coordinating meetings come under the purview of the District Secretary.
- (i) Holding the responsibility of organizing Public, Religious, Cultural and other festivals at district level.
- (j) Coordinating the public institutions with civil organizations, non-governmental organizations and the general public and also plays a mediation role in settling certain social issues.

### **2.2 Planning**

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The annual procurement plan in respect of the major development programmes had not been included in the action plan prepared by the District Secretariat, Badulla for the year under review.

## **2.3. Non-execution of Activities**

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### **2.3.1 Non-execution of Activities included in the Action Plan**

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Even though, 11 main activities should have been carried out by the District Secretariat according to the Annual Action Plan, only 9 activities out of that, had been executed. The provisions totalling Rs.102 million consisting of Rs.82 million and Rs.20 million had been made to construct buildings in the Divisional Secretariats, Haliela and Mahiyanganya respectively. The completion of feasibility study of those activities and implementation of initial stage relating to the procurements only had been carried out by the end of the year under review. Out of the provisions made, a sum Rs.37.5 million only had been utilized due to activities not carried out within the proposed time frame. A sum of Rs.64.5 million had been saved out of the provisions made.

### **2.3.2 Activities contrary to the Key Functions**

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The material aid valued at Rs.199,370 had been provided to construct lavatory system of the Taj Co-operative Society Building, Diyatalawa. It was observed in audit, that the land belonging to this project had been obtained by a private party on lease basis for a commercial purpose. However, those constructions had not been commenced even by 22 March 2018.

### **2.3.3 Projects abandoned without Completing**

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Provisions of Rs.6.37 million had been made by the District Secretariat to implement 6 projects in the year under review. The approval for those 04 projects had not been given even by the end of the year under review. Nevertheless, those 06 projects had been abandoned without completion even by the end of the year under review by stating that one project has a landslide risk in the rainy season and adequate time not available to implement other project.

### **2.3.4 Delays in execution of Projects**

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Provisions of Rs.2.72 million had been made by the District Secretariat in the year under review to execute 07 projects. Due to delays of supplying material and the delays of the contractors in the implementation of those projects, a time delay ranging from 1 month to 4 months had been made for completion of the projects.

## **2.4 Procurements**

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### **2.4.1 Planning of Procurements**

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The provisions of Rs.135.34 million had been made to execute supplies and services for the District Secretariat through Procurement Process in the year under review and a sum of Rs.67.06 million had been utilized. The observations relating to the Procurement Plans to be prepared for the provisions made are given below.

- (a) A master Procurement Plan for the year under review had not been prepared by the District Secretariat, Badulla and the Divisional Secretariats such as Passara, Kandaketiya, Badulla and Welimada.
- (b) The cost estimate amounting to Rs.220.90 million for the project of constructing new Divisional Secretariat building Mahiyanganaya had been prepared by the Department of Buildings in the year 2016. But the Procurement Plan relating to the project was not made available for audit.

#### **2.4.2 Implementation of the Procurement Process**

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The following observations are made in respect of the Procurements executed by the District Secretariat and the Divisional Secretariats.

- (a) Without being identified a suitable land specifically to construct the new building of the Divisional Secretariat, Mahiyanganaya and without being setting off those functions, actions had been taken to appoint the Procurement Committee and the Technical Evaluation Committee and to invite bids through paper advertisements and to select the contractor.
- (b) The Divisional Secretariats Ella, Passara, Badulla and Welimada had submitted incompleting specifications and the bids had been called without being specifically mentioned the liability period in respect of 78 procurements totalling Rs.4.79 million. Therefore, the decisions of the procurements had been taken based on the specifications and the liability period determined by the bidders.
- (c) The bid inviting documents had been issued by the Divisional Secretariats Ella and Passara without giving instructions to state the Value Added Tax separately in the bidding documents invited for 48 procurements totalling Rs.3.45 million.
- (d) The validity period of the prices quoted had not been specifically mentioned by the Divisional Secretariat, Passara in the documents of inviting bids. Therefore, the supply of goods had been rejected by informing that the goods could not be supplied on the prices mentioned in the bids submitted by the contractors in respect of a procurement amounting to Rs.80,425 of the Secretariat.

#### **2.5 Assets Management**

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The following deficiencies were revealed during the course of audit test check on the assets of the District Secretariat.

(a) Non-utilisation of assets of the Government with Maximum Efficiency

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The all Grama Niladhari official quarters of the Bokanoruwa, Kandaketiya and Thatilla belonging to the Divisional Secretariat, Kandaketiya had remained idle without being utilized.

(b) Not ensuring the Security of Assets

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Any officer had not occupied the Palleperuwa Grama Niladhari official quarters with an extent of 644 square feet situated in a land extent of 20 perches in the Ella Divisional Secretariat Division from the year 1999 even up to the end of the year under review. Therefore, that Government quarters and the land had remained decaying with growing shrubs. It was also observed, that a part of the land had been acquired unauthorizedly by an external party.

(d) Idle and Underutilized Assets

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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 either idle or underutilized.

<b>Divisional Secretariat</b>	<b>Category of Assets</b>	<b>Number of Units</b>	<b>Idle Period</b>
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Meegahakiula	Lands (Hectare)	01	01 Year
	Buildings	02	
	Motor Vehicles	02	09 Years
Bandarawela	Roneo Machines	01	02 Years
	Rissograph Machines	01	02 Years

- (ii) The maintaining activities of the CCTV Camera system and 29 items relating to that valued at Rs.1.08 million had been handed over to the Ella Police Station by a project implemented on the provisions of the Ministry of Tourism Development and Christian Religious Affairs with an objective to ensure the security of the Ella Town. The written evidence were not made available for audit, that the system and the accessories had been properly taking over by the Ella police station and it was observed a shortage of 02 cameras at the physical examination. Further, the project had been carried out without deciding the way of settlement of bills of the network facility in planning of the project, and as such the camera system had remained in non-operative position.

(d) Assets given to External parties

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A land and buildings belonging to the District Secretariat had been handed over to maintain a Vidatha Resource Centre from 27 May 2009 even up to the end of the year under review. It was observed that, those lands and buildings had not been handed over properly.

(e) Annual Boards of Survey

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According to the Report of the Boards of Survey conducted for the year 2016 in the Divisional Secretariat, Haliela, steel chairs which should have been repaired had been kept in the office premises insecurely without being repaired even by the end of the year under review.

## 2.6 Losses and Damage

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The following observations are made.

- (a) The motor vehicles of the Government institutions should have been insured either from the National Insurance Trust Fund or from the Sri Lanka Insurance Corporation Limited in terms of Public Finance Circular No.PF 437 dated 18 September 2009. But the Divisional Secretariats, Ella and Passara had used the motor vehicles for running without being obtained the insurance coverage.
- (b) The loss relating to an accident of a motor vehicle which removed from running on 25 August 2010 had not been assessed and the details of the loss had not been included in the report of the losses and in the Appropriation Account as well.
- (c) The vehicles belonging to the District Secretariat had met with accidents in 6 instances during the period ranging from 7 years to 19 years and losses totalling Rs.8.04 million had been incurred. The full report relating to that had not been furnished in terms of Financial Regulation 104(4). Further, action had not been taken even by the end of the year under review to identify the responsible persons for the loss assessed amounting to Rs.35,002 relating to the damage done for the household items and equipment of the official quarters of the Divisional Secretary, Mahiyanganaya and to recover the loss, even though 10 years had elapsed after the damage occurred.

## 2.7 Utilization of Provisions

### 2.7.1 Utilization of Provisions made by Parliament for the execution of Activities

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The particulars relating to the provisions made for the District Secretariat, Badulla and the utilisation and savings during the period of 05 years 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	462.96	461.17	1.79	0.39
	Capital	69.85	56.10	13.75	19.69
	<b>Total</b>	<b>532.81</b>	<b>517.27</b>	<b>15.54</b>	<b>2.92</b>
2014	Recurrent	486.07	475.98	10.09	2.08
	Capital	257.75	128.10	129.65	50.30
	<b>Total</b>	<b>743.82</b>	<b>604.08</b>	<b>139.74</b>	<b>18.79</b>
2015	Recurrent	617.55	612.98	4.57	0.74
	Capital	118.00	97.77	20.23	17.14
	<b>Total</b>	<b>735.55</b>	<b>710.75</b>	<b>24.80</b>	<b>3.37</b>
2016	Recurrent	659.40	653.08	6.32	0.96
	Capital	125.00	61.39	63.61	50.89
	<b>Total</b>	<b>784.40</b>	<b>714.47</b>	<b>69.93</b>	<b>8.92</b>
2017	Recurrent	659.13	655.42	3.71	0.56
	Capital	150.00	81.04	68.96	45.97
	<b>Total</b>	<b>809.13</b>	<b>736.46</b>	<b>72.67</b>	<b>8.98</b>

The following observation is made in respect of the year under review.

#### Non-utilization of provisions

Even though, the provisions of Rs.13.45 million had been made for a Capital Object in the Annual Budget Estimate 2017, the entire net provisions had been saved due to non-utilization of any provision out of that in the year under review.

#### 2.7.2 Utilisation of Provisions made available by the Ministries and Departments

The provisions totalling Rs.2,942.91 million consisting of Rs.2,756.37 million and Rs.186.54 million had been made for various activities by 26 Ministries and 20 Departments respectively. Out of that sums totalling Rs.2,450.42 million had only been utilized by the end of the year under review. Accordingly, provisions of Rs.492.49 million or 16.73 per cent of the provisions had been saved. The following deficiencies were revealed at the audit test check carried out thereon.

- (a) The Divisional Secretariat, Haputale had constructed the Dambethenna Clinic Centre from the provisions made available by the Ministry of Economic Development. A sum of

Rs.429,505 had been incurred in 02 instances to build the foundation and extra works on this construction. No benefit whatsoever had been obtained from that work executed by incurring expenditure even by the end of the year under review. Action had not been taken to identify the responsible parties for the fruitless expenditure incurred so on and to recover the loss.

- (b) The Divisional Secretariat, Haputale had commenced 2 projects totalling Rs.976,105 out of the provisions made available by the Ministry of National Policy and Economic Affairs on 17 August 2017. According to the agreement entered into with the contractors, those projects should have been completed on 06 September 2017. Nevertheless, action had not taken to commence those projects even by 07 December 2017. The contractors who had taken over the projects to execute had not executed the work according to the agreement but no action whatsoever had been taken by the Divisional Secretariat thereon.
- (c) Six projects had been implemented by the Divisional Secretariats Welimada and Passara from the provisions made available by the Ministry of National Policy and Economic Affairs. A sum of Rs.63,904 had been over paid due to apply higher rate more than the specified rate for a work of those projects.
- (d) The Divisional Secretariat, Soranathota had implemented the project of Development of the Road from Thurupura to Temple, from the provisions made available by the Ministry of National Policy and Economic Affairs. Despite, that there was an access road to transport material for that project, a sum of Rs.19,668 had been overpaid to transport the construction materials by hand for the project site.
- (e) The Divisional Secretariat, Soranathota had implemented 2 construction projects from the provisions made available by the Ministry of National Policy and Economic Affairs. Even though, the hume pipes required for the projects should have been made available from a distance ranging from 15 kilometres to 20 kilometres to the project site, it was mentioned that the transport had been made from the distance of 73 kilometres and a sum of Rs.5,999 had been overpaid.
- (f) The Divisional Secretariat, Passara had implemented 5 construction projects utilizing the provisions made available by the Ministry of National Policy and Economic Affairs. The estimates had been prepared by using the prices excluding the Value Added Tax for concreting roads of that projects with the concrete mixture of 1:2:4 (mm 19). In revisions made for the estimates subsequently, by adding Value Added Tax the transport cost shown in the original estimate had been overstated. Therefore, sums totalling Rs.63,147 had been overpaid by the Divisional Secretariat in respect of 5 projects.
- (g) The Divisional Secretariat, Kandaketiya had implemented a road construction project utilizing the provisions made available by the Ministry of National Policy and Economic Affairs. The Divisional Secretariat had made payments for the work of cutting soil by machines (EL-027) under that project. Again a sum of Rs.10,800 had been paid for

clearance of the jungle (MS 1 – 022) of that section of the road but the jungle was cleared in the work of cutting soil of that section of the road. As such it was observed that the payment of Rs.10,800 made thereon had been an over payment.

- (h) The Divisional Secretariat, Haldummulla had implemented the project of Development of Ussalla Weekly Fair (Mahalanda) from the provisions made available by the Ministry of National Policy and Economic Affairs. The columns and the beams had been constructed by using steel wire bars with 10 mm strength and 06 mm smooth steel wire bars for the project. Two rates such as E-3 and E-1 had been mentioned in the Buildings Construction Manual for the payments for strengthen steel wire bars and smooth steel wire bars respectively. The payments had been made for 479 kg steel wire bars based on E-3 rate. According to the plan including the columns and beams used for the project the amount of steel wires required for the strengthen activities had been 411.93 kilograms. Accordingly, a sum of Rs.18,713 had been overpaid for 67.07 kg of steel wires.
- (i) The Divisional Secretariat, Haldumulla had implemented 23 road concreting projects by utilizing the provisions made available by the Ministry of National Policy and Economic Affairs. Even though, the water required to use after concreting the roads could have been easily obtained from the places close by the project a sum of Rs.83,621 had been incurred for the work of water used.
- (j) The Divisional Secretariat, Haliela had executed 05 road construction projects by utilizing the provisions made available by the Ministry of Housing and Samurdhi in the year 2015. The SR-15 rate had been used instead of using SR-16 rate with the minimum cost for the work of fixing planks for both sides of the road and removing the planks as smooth surface not required for the two sides of the road concreted. As such a sum of Rs.12,878 had been over paid at the rate of Rs.60.30 per square meter.
- (k) The prevention of kidney diseases programme connected with schools situated in the Divisional Secretariats, Haliela and Soranathota had been implemented by utilizing the provisions of the Ministry of Housing and Samurdhi. As a good coordination, a guidance, a supervision and a follow-up action had not been carried out between the Ministry of Housing and Samurdhi and the District Secretariat, Badulla and the Divisional Secretariats, the required support from the Ministry of Health and the Water Supply and Drainage Board had not been received properly. Therefore, the projects under that programme had remained unsuccessful and the expenditure incurred amounting to Rs.9.46 million had become fruitless.
- (l) The Divisional Secretariat, Welimada had implemented, the prevention of kidney diseases programmes connected with schools within that division utilising the provisions made available by the Ministry of Housing and Samurdhi. Under that programme, the water tanks had been constructed in 09 schools and the water tanks required for that had been purchased. The estimates for those water tanks had been prepared by adding 10 per cent to the market value and 20 per cent of profit. An additional expenditure of Rs.65,400

had been made for the water tanks purchased as the payments had been made on the estimated value with including that profit.

- (m) The Divisional Secretariat, Kandaketiya had implemented the prevention of kidney diseases programmes connected with schools by utilizing the provisions made available by the Ministry of Housing and Samurdhi. The estimates amounting to Rs.2.69 million had been prepared to fix 101 water filtering equipment for 14 schools selected out of the schools in the Division. Accordingly, 101 water filtering equipment had been fixed in 14 schools/ institutions. The particulars in respect of the process of obtaining prices in preparing estimates had not been furnished to audit.
- (n) The Divisional Secretariat, Passara had executed the project of constructing retaining wall of the Paragathenna Canal from the provisions made available by the Ministry of Housing and Samurdhi. The estimates had been prepared by mentioning that the concrete work will be executed by utilizing human labour (ST 1 -46) with the 1:2:4 (m.m.19) concrete mixture and the construction material will be brought by hand. It was observed at a physical examination carried out on a section of a construction, that the estimates had been prepared to transport the material by hand, though there were access roads to transport materials. Accordingly, a sum of Rs.42,316 had been overpaid for the work of supplying materials by hand.
- (o) The estimates had been prepared by adding of 20 per cent of profit for the cost of hiring vehicles for the construction projects executed by the Divisional Secretariat, Passara on the provisions made available by the Ministry of Housing and Samurdhi. In payments made as per estimates for those projects a sum of Rs.71,760 had been over paid to the respective contractors.
- (p) The Divisional Secretariat, Welimada had implemented the “Nila Sewana Construction Project in Palugama Town” on the provisions of the Ministry of Home Affairs. The contractor had agreed to complete the activities of the project on 30 December 2017 as per the project agreement. It was observed at the physical examination carried out on 19 February 2018, that the contractor had failed to complete the project. Even though, a period of 51 days had been delayed by that date the Divisional Secretariat had not taken any action to recover the delay charges amounting to Rs.50,847 thereon.
- (q) A sum of Rs.189,478 had been over paid for 4 projects executed by the Divisional Secretariat, Haldummulla on the provisions made available by the Department of Ayurveda.
- (r) The payments had been made by the Divisional Secretariat, Soranathota by including high cost for the hume pipes in the size of 457 (mm) required for the Naththrawa Road Reconstruction Project on the provisions made available by the Ministry of Disaster Management. As such a sum of Rs.55,508 had been over paid.

- (s) Pension payments totalling Rs.7.94 million had been over paid by 05 Divisional Secretariats under the District Secretariat in the year under review.
- (t) The Divisional Secretariat, Welimada had implemented a loan method of revolving loans and expectation loans from the provisions of Sri Lanka Women's Bureau. A balance of Rs.2.12 million had remained in the bank account maintained thereon by 14 February 2018. As the loans had not been approved for 33 loan applications submitted in the year 2017 the loans could not be issued thereon. As such it was observed that the respective money could not be utilized effectively for the execution of the expected objectives from the project.

## 2.8 Advances to Public Officers Account

### Limits Authorized by Parliament

The limits authorized by Parliament for the Advances to Public Officers Account, Item No.27601 of the District Secretariat, Badulla and the actual amounts are given below.

Expenditure		Receipts		Debit Balance	
Maximum Limit	Actual	Mimumum Limit	Actual	Maximum Limit	Actual
Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions	Rs.Millions
56.00	55.82	37.00	41.50	155.00	150.49

The following observation is made in this connection.

### Non-recovery of outstanding Loan Balances

According to the Reconciliation Statement presented to audit the balances that remained outstanding as at that date except the loan balances of the officers transferred out amounted to Rs.1.75 million and the follow-up action on the recovery of those outstanding balances had been at a weak level.

## 2.9 General Deposit Account

The balances of 06 Deposits Accounts under the District Secretariat, Badulla as at 31 December 2017 totalled Rs.211.54 million. The following observations are made in this connection.

- (a) Action in terms of Financial Regulation 571 had not been taken on 25 deposits older than 2 years totalling Rs.574,444.

- (b) Money made available by other Ministries and Departments for various activities amounting to Rs.1.15 million had been retained in the General Deposits Account without executing the intended activities.

**2.10 Non-compliances**

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Non-compliance with Laws, Rules and Regulations  
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Instances of non-compliance with the provisions in laws, rules and regulations observed during the course of audit test checks are analyzed below.

<b>Reference to Laws, Rules and Regulations</b>	<b>Value</b>	<b>Non-compliance</b>
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	Rs.	
<p>(a) Annual Transfer Policy on officers of the Combined Service</p> <p>-----</p> <p>Paragraph 2.2.2 and 2.2.3</p>		<p>The officers who had completed 05 years service in one service station should be subjected to the annual transfer policy compulsorily. It was observed that officers of the 06 Divisional Secretariats had been employed for over 05 years, contrary to that provisions.</p>
<p>(b) Circular of the Ministry of Social Empowerment and Welfare</p> <p>-----</p> <p>(i) Paragraph 2.7 of the Circular No.1/2016 dated 12 January 2016.</p>		<p>The particulars of the deaths of the beneficiaries had not been documented properly by 04 Divisional Secretariats. As such the instances were observed that the allowances had been obtained by the representatives of the beneficiaries even after the death of them.</p>

(ii) Paragraph 2.14 of the Circular No.1/2016 dated 12 January 2016.

Three Divisional Secretariats had not maintained the particulars properly relating to the elders allowance not obtained over a long term by a beneficiary. Therefore, the instances were observed, that the standby beneficiaries who registered for the allowances could not be obtained benefits.

(c) Pensions Circulars  
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(i) Paragraph 04 of the Circular No.12/2003 dated 25 September 2013.

12,988,630 Seven Divisional Secretariats had decided to recover more installments from the respective pensioners to recover the pensions overpaid.

(ii) Circular No.05/2007 of the Director General of Pensions dated 06 March 2007.

8,165,016 In recovery of over payments made as pensions the 07 Divisional Secretariats had decided the amount of installments by exceeding the financial limit which could be decided as installments.

## 2.11 Human Resources Management

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### Approved Cadre, Actual Cadre and Expenditure on Personal Emoluments

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The particulars of the approved cadre, actual cadre and the number of vacancies as at 31 December 2017 for the execution of the activities mentioned in paragraph 2.1 above are given below. A sum of Rs.583.50 million had been incurred by the District Secretariat for the Personal Emoluments Expenditure Category for the year under review. Accordingly, the expenditure per person had been Rs.487,876.

<b>Category of Employees</b>	<b>Approved Cadre</b>	<b>Actual Cadre</b>	<b>Number of Vacancies</b>	<b>Number of Excess</b>
(i) Senior Level	53	42	11	-
(ii) Tertiary Level	32	23	9	-
(iii) Secondary Level	1,063	973	92	2
(iv) Primary Level	145	133	23	11
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Total	1,293	1,171	135	13
	=====	=====	=====	=====