

Appropriation Head 257 – District Secretariat, Kalutara  
Report of the Auditor General - Year 2011

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1.1 Key Activities of the District Secretariat

- (a) Initiatives for poverty reduction
- (b) Co-ordination of Elections
- (c) Planning and supervision of Development Projects
- (d) Administration of Disaster Relief and Rehabilitation Projects
- (e) District Projects Administration and Direction
- (f) Revenue Collection

1.2 Divisional Secretariats under the District Secretariat

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|--------------------|-------------------|
| (a) Kalutara       | (h) Matugama      |
| (b) Panadura       | (i) Agalawatta    |
| (c) Bandaragama    | (j) Pelawatta     |
| (d) Horana         | (k) Palindanuwara |
| (e) Bulathsinghala | (l) Madurawala    |
| (f) Dodangoda      | (m) Ingiriya      |
| (g) Beruwala       |                   |

1.3 Scope of Audit

The audit of the Appropriation Account including the financial records, reconciliation statements, books, registers and other records of the District Secretariat Kalutara for the year ended 31 December 2011 was carried out in pursuance of provisions of Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka. The management audit report for the year under review was issued to the District Secretary on 21 February 2013. The audit observations, comments and findings on the accounts and the reconciliation statements were based on a review of the accounts and reconciliation statements 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 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and Reconciliation Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the maintenance, preparation and fair presentation of the Appropriation Account and the Reconciliation Statement in accordance with the provisions of Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka, other statutory provisions and Public Finance and Administrative Regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Accounts and Reconciliation Statements that are free from material misstatements whether due to fraud or error.

## 2. Accounts

### 2.1 Total Provision and Expenditure

(a) The total net provision made for the District Secretariat amounted to Rs.531,650,000 and out of that, a sum of Rs.527,482,119 had been utilized by the end of the year under review. Accordingly, the net savings amounted to Rs.4,167,881 and it represented 0.78 per cent of the total net provision. Details are given below.

Expenditure	Estimated Provision	Net Provision	Savings As at 31 December 2011	Savings as a Percentage of Net Provision
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	Rs.	Rs.	Rs.	%
Recurrent	453,600,000	466,600,000	3,089,415	0.66
Capital	65,050,000	65,050,000	1,078,466	1.66
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Total	518,650,000	531,650,000	4,167,881	
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(b) Utilization of Provisions made available by other Ministries and Departments

Provisions totalling Rs.3,758 million comprising of Rs.2,335 million and Rs.1,423 million had been received from 18 Ministries and 14 Departments respectively for various activities. Out of this, a sum of Rs.3,060 million comprising of Rs.1,680 million and Rs.1,380 million respectively had been utilized. Accordingly, provisions of Rs.698 million had been saved.

Provisions totalling Rs.424,602 and Rs.110,000 received from 2 Ministries and 2 Departments respectively had not been utilized for any purposes whereas utilization of provisions amounting to Rs.6,571,423 had exceeded the provisions of Rs.6,526,580 received from another Department by Rs.44,843.

2.2 Advances to Public Officers' Account

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Limits Authorized by Parliament  
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Limits authorized by Parliament relating to the Advances to Public Officers' Account, Item No.25701 are given below.

<u>Expenditure</u>		<u>Receipts</u>		<u>Debit Balance</u>	
<u>Maximum Limit</u>	<u>Actual</u>	<u>Minimum Limit</u>	<u>Actual</u>	<u>Maximum Limit</u>	<u>Actual</u>
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
58,875,000	54,195,290	35,000,000	57,381,095	270,000,000	216,548,182

2.3 Audit Observations on the Accounts and Reconciliation Statements

According to the Financial Reports and the Books for the year ended 31 December 2011, it was observed that except for the effects of the general observations appearing at (a) to (f) and the other major audit observations appearing in paragraphs 2.5 to 2.10 herein, the Appropriation Account and the Reconciliation Statements of the District Secretariat, Kalutara have been prepared satisfactorily.

(a) Non-maintenance of Registers and Books

It was observed during the test check that the following registers had not been maintained in the proper and updated manner by the District Secretariat, Kalutara.

Category of Register -----	Relevant Regulation -----	Observation -----
Register of Losses and Damages	F.R 110	The Register of Losses and Damages had not been maintained in the proper and updated manner.
Assets Register on Computer and Software	Treasury Circular No.IAI/2002/02 dated 28 November 2002.	A register had not been maintained.

(b) Corporate Plan  
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Even though a Corporate Plan should have been prepared by the District Secretariat at the beginning of the year at least for 03 years from the year 2010 onward in terms of letter No.PF/R/2/2/3/5(4) dated 10 March 2010 of the Director General of the Department of Public Finance addressed to all the Secretaries of Ministries, Chief Secretaries of the Provincial Councils, Heads of Department, District Secretaries and Heads of Local Authorities, such a Plan had not been prepared up to 31 December 2011.

(c) Annual Action Plan  
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Even though an Action Plan should have been prepared by the District Secretariat for the year 2010 and onwards in accordance with the Corporate Plan prepared in terms of letter of the Director General of the Department of Public Finance mentioned in paragraph (b) above, the Action Plan for the year under review had not been prepared up to 31 December 2011.

(d) Annual Performance Report

Even though an Annual Performance Report should be prepared by the District Secretariat within 150 days after the closure of the financial year in terms of Public Finance Circular Nos.402 and 402(1) dated 12 September 2002 and 20 February 2004 pointed out in the letter of the Director General of the Department of Public Finance

mentioned in paragraph (b) above and it should be tabled in Parliament with a copy to the Auditor General, the performance report for the year under review had been tabled in Parliament up to 23 July 2012.

(e) Annual Procurement plan

The Annual Procurement Plan in terms of National Budget Circular No.128 dated 24 March 2006 had been prepared only on 04 May 2011.

(f) Reconciliation Statement on Advances to Public Officers' Account

The balances that remained outstanding as at 31 December 2011 according to the Reconciliation Statement on Advances to Public Officers Account, Item No.25701 as at that date totalled Rs.2,780,626 and out of those balances, a balance of Rs.423,167 existing more than 1 year and less than 2 years and a balance of Rs.105,623 existing more than 3 years had remained outstanding up to April 2013.

2.4 Assets Management

(a) Idle and Underutilised Assets

The old official quarters of the District Secretary along with the household items and the relevant land had remained idle since year 2006. Even though it had been repaired by spending Rs.1,159,501 from the provision made available by the Ministry of Public Administration and Home Affairs in the year 2010 for establishment of training unit, it had remained idle up to September 2012.

(b) Conduct of Annual Board of Survey

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The following observations are made.

- (i) Separate Inventory Registers had not been maintained for various divisions of the District Secretariat.
- (ii) Annual Board of Survey had been carried out on the basis of Sector wise Inventory Register maintained at the main store.
- (iii) Even though computer programme of Fixed Assets Control had been purchased in the year 2008 through the Science Land Institute by spending Rs.40,500, it had not been taken for utilization even in the year 2011.

(c) Irregular Use of Assets of other Institutions  
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It was observed during audit test checks that the District Secretariat had been using the following assets of belonging to other institutions without formal approval.

Fixed Assets  
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Six motor cycles provided by the Ministry of Urban Development and Water Supply at the time of Tsunami disaster in the year 2006 under the RADA Project had remained idle after completion of project without taking for utilization or without handing over to the relevant institution.

(d) Unsettled Liabilities  
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The unsettled liabilities of the District Secretariat existing not more than one year as at 31 December 2011 amounted to Rs.2,875,922.

The above liabilities relating to 04 items of expenditure had not been disclosed in the Appropriation Account.

2.5 Weaknesses in the Implementation of Projects  
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Instances of projects commenced but abandoning without completing and delays in projects revealed during audit test checks are given below.

(a) Projects Abandoned without Commencing  
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Even though the District Secretariat had commenced the following projects, those projects had been abandoned without being completed.

Project	Estimated Cost	Date of Commencement	Expenditure up to 31 December 2011	Reasons for abandoning
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	Rs.		Rs.	
Reconstruction of Bandiyawala Canal	742,638	07.12.2011	527,362	Not given.

(a) Delays in the Execution of Projects

Delays were observed in the execution of the following projects by the District Secretariat.

Project	Estimated Cost	Date of Commencement	Due Date of Commencement	Expenditure up to 31 December 2011	Reasons for Delays
-----	-----	-----	-----	-----	-----
	Rs.			Rs.	
Renovation of maternity clinic, Kalutara North	3,262,575	02-05-2012	31.12.2011 15.02.2012 02.08.2012 31.08.2012	--	Delay in the commencement works

Even though the contract period of the above project of which the estimated value exceeding Rs.03 million and implemented continuously, had elapsed, it had not been completed up to 20 September 2012 and as such goods valued at Rs.582,882 obtained for the above clinic had remained idle in another place.

(b) Projects without Progress Despite Release of Funds

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- (i) A sum of Rs.380,000 had been granted to the Divisional Secretariat, Beruwala by the Ministry of Culture and the Arts for repairing Cultural Centre. All the payments had been made even though not utilizing timber appropriate to the roof, not painting safety paints to the timbers and not fixing gutter, pipes etc. Action had not been taken to rectify those defects up to August 2012.
- (ii) Goods purchased from the provision of Rs.569,662 granted by the Ministry of Economic Development under the Gama Neguma Project 2011 implemented continuously in the year 2012 for providing equipment necessary to the Bolassagama Maternity Clinic in the Divisional Secretariat Division, Dodangoda had been retained in the stores of the office without handing over.

2.6 Deficiencies in the Operation of Bank Accounts

(a) Balances for Adjustment

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Information revealed at an analysis of the adjustments shown in the Bank Reconciliation Statements prepared for the month of December 2011 by the District Secretariat and 14 Divisional Secretariats is given below.

Particulars of Adjustment	Over 6 months less than 01 year	Total
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	Rs.	Rs.
Cheques issued but not presented for payment	42,272	42,272

The following observations are made in this connection.

According to the information shown in the accounts, the value of cheque issued more than 06 months had been shown as Rs.39,242. However, it was observed that it should be Rs.42,272.



Four cheques amounting to Rs.3,030 of the Divisional Secretariat, Ingiriya had not been included in the accounts.

## 2.7 Irregular Transactions

Certain transactions entered into by the District Secretariat and Divisional Secretariats were devoid of regularity. Several such instances observed are given below.

- (a) Any evidence relating to the manner of checking the qualifications of the bidders selected for construction of building valued at Rs.12,297,453 of the Divisional Secretariat, Bandaragama had not been presented for audit.
- (b) Even though provision of Rs.2,283,844 had been made to the District Secretariat for the year 2011 for rehabilitation and renovation, of this, a sum of Rs.825,875 had been spent for the year 2010. Credits had arisen as there was no provision for the above activities in the year 2010.

## 2.8 Human Resources Management

### Approved Cadre and Actual Cadre

The position of the approved cadre and actual cadre as at 31 December 2011 had been as follows.

Category of Employees	Approved Cadre	Actual Cadre	Number of Vacancies
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(i) Senior Level	01	01	-
(ii) Tertiary Level	63	60	03
(iii) Secondary Level	1,212	1,171	41
(iv) Primary Level	143	143	-
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Total	1,419	1,375	44
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It was unable to fill 44 vacancies by the end of the year under review.

## 2.9 Internal Control

### Implementation of Audit and Management Committee

Although the meeting of the Audit and Management Committee should be conducted at least once in a quarter in terms of Audit and Management Circular No.DMA/2009(1) dated 09 June 2009, only one meeting had been conducted for the year 2011.