

**Appropriation Head - 279 - District Secretariat Kegalle**

Auditor General's Report – 2010 Relating to the Accounts of the Kegalle District Secretariat and  
Divisional Secretariats coming thereunder.

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1. Key Functions of the District Secretariat

- i. Fulfilling the Authorities and Responsibilities vested under Statutory Laws and Acts.
- ii. Ensuring the implementation of Government's Major Development Programs and Development Projects (Samurdhi and Decentralized Works) in compliance with Government Directives, Instructions and Guidelines
- iii. Appraisal, Coordination and Guidance necessary for proper execution of Development Programs and Administrative Works to be fulfilled through all Government Institutions and Non-Governmental Institutions for public progression.
- iv. Functioning as the representative of the Government in the District.
- v. Participation and taking practical action in natural and other disasters and distresses occurred in the District.

2. The Divisional Secretariats under the District Secretariat.

- i. Kegalle
- ii. Galigamuwa
- iii. Aranayake
- iv. Mawanella
- v. Warakapola
- vi. Ruwanwella

- vii. Yatiyanthota
- viii. Deraniyagala
- ix. Bulathkohupitiya
- x. Dehiovita
- xi. Rambukkana

### 3. Annual Work Plan

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Annual action plan had been prepared at the beginning of the year by the District Secretariat.

### 4. Accounts

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#### 4.1 Total Provision and Expenditure

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While the total net provision made available to the Kegalle District Secretariat and the 11 Divisional Secretariats amounted to Rs. 347,075,000, out of that, a sum of Rs. 311,437,481 had been utilized. Accordingly, net savings of the District Secretariat and the Divisional Secretariats amounted to Rs. 35,637,519 and it was 10.27% of the total net provision. Details are shown below.

Category of expenditure	Estimated provision	Net provision	Utilization	Saving	Saving as a percentage net provision
	Rs.	Rs.	Rs.	Rs.	%
Recurrent	311,275,000	311,075,000	296,518,794	14,556,206	4.68
Capital	35,800,000	36,000,000	14,918,687	21,081,313	58.55
<b>Total</b>	<b>347,075,000</b>	<b>347,075,000</b>	<b>311,437,481</b>	<b>35,637,519</b>	<b>10.27</b>
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#### 4.2 Utilization of Provision made available by other Ministries and Departments

Provision totaling to Rs. 660,013,681 had been made available by other Ministries and Departments for various purposes and the particulars of utilization of such provisions are given below .

Head Number	Ministry/Department which made the Provision	Provision made available	Actual Expenditure	Savings (as at 31 December 2010)
		Rs.	Rs.	Rs.
101	Ministry of Buddha Sasana and Religious Affairs	100,000	97,281	2,719
103	Ministry of Defense	209,820	183,588	26,232
105	Ministry of Economic Development	28,380,741	28,080,233	300,508
106	Ministry of Disaster Management	4,243,553	3,743,266	500,287
110	Ministry of Justice	1,902,083	1,816,276	85,807
118	Ministry of Agriculture	187,954	113,991	73,963
120	Ministry of Child Development and Women's Affairs	8,387,823	7,278,507	1,109,316
121	Ministry of Public Administration and Home Affairs	4,227,975	2,380,141	1,847,834
124	Ministry of Social Services			
127	Ministry of Labor Relations and Productivity Improvement	4,419,198	3,907,235	511,963
		259,500	223,922	35,578
133	Ministry of Technology and Research	16,425,647	12,405,935	4,019,712
134	Ministry of National Languages and Social Integration	133,310	131,231	2,079
140	Ministry of Livestock and Rural Community Development	712,398	597,114	115,284
142	Ministry of National Heritage and Cultural Affairs	189,408	187,246	2,162
145	Ministry of Resettlement	133,988	132,268	1,720
153	Ministry of Lands and Land Development	19,683,685	19,234,710	448,975
	Ministry of Youth affairs			

156	Ministry of Environment	1,758,000	1,638,403	119,597
160	Department of Buddhist	200,000	199,720	280
201	Affairs	16,398,311	15,268,210	1,130,101
204	Department of Hindu			
	Religious and Cultural Affairs	300,000	195,869	104,131
206	Department of Cultural Affairs			
	Department of information	11,000	9,923	1,077
210	Department of Social Services			
	Department of Probation and	74,335	74,153	182
216	Childcare Services	5,925,283	5,587,694	337,589
217	Department of Commissioner	4,111,746	3,961,036	150,710
	General of Samurdhi			
218	Department of Immigration	533,937,818	517,756,093	16,181,725
	and Emigration			
226	Department of Registration of	5,130	3,975	1,155
	Persons			
227	Department of Census and	8,742	7,254	1,488
	Statistics			
252	Department of Registrar	1,755,885	1,240,242	515,643
	General			
254	Department of National	411,983	131,909	280,074
	Zoological Gardens			
294	Department of Motor Traffic	5,246,790	4,569,176	677,614
307		271,575	138,871	132,704
	Total			
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		660,013,681	631,295,472	28,718,209
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#### 4.3 Audit and Scope of Audit

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The Appropriation Account including the financial records , reconciliation statements, books, registers and other records of the District Secretariat of Kegalle for the year ended 31 December 2010 were audited in pursuance of provisions in Article 154 (1) of the Democratic Socialist Republic of Sri Lanka. The Management Audit Report for the year under review was issued to the Kegalle District Secretary on 19 August 2011. The audit observations, comments and findings were based on a review of the accounts and reconciliations statements presented to audit and test 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 limitation of staff, other resources and time available to me.

4.4 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Accounts and the Reconciliation Statements.

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The Chief Accounting Officer / The Accounting Officer is responsible for maintenance, preparation and fair presentation of Appropriation Account and Reconciliation Statements in accordance with Articles 148, 149, 150 and 152 of the Constitution of the Democratic Socialist Republic of Sri Lanka and the Public Financial 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.

4.5 Audit observations with regard to Accounts and Reconciliation Statements

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According to the financial statements and books of the District Secretariat Kegalle for the ended 31 December 2010, it was observed that except for the effects of the general observations appearing at (a) to (c) and other major audit observations appearing in paragraphs 4.6 to 4.14 here in the Appropriation Account and the Reconciliation Statements of the Kegalle District Secretariat have been prepared satisfactorily.

(a) Budgetary Variations

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- (i) The savings out of net provision after utilization of provisions had shown a percentage in a range between 12% to 88% due to over provisions made for 14 Items of Expenditure.
- (ii) Due to a supplementary over provision of Rs. 7,425,000 obtained under Budget Relief Services Urgent Requirements Circular No. 69 dated 30 April 2010, provision amounting to Rs. 2,126,125 had been saved under Expenditure Item 279-1-2-1003 during the year under review.

(b) General Deposits Account

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- (i) Action had not been taken in terms of Financial Regulation 571 with regard to 166 Deposit balances totaling to Rs. 2,840,415 remained for more than two years.
  - (ii) A sum of Rs. 40,172 provided by other Ministries and Departments for various purposes had been kept in the Deposits Account without performing the relevant works .
  - (iii) Although the balance in the General Deposits Account as at 31 December 2010 amounted to Rs. 5,219,301, balance as at that date according to schedules was Rs. 5,349,166. Due to that there was a difference of Rs. 129,865.
  - (iv) Action had not been taken even during the year under review to correct the credit entry of Rs.45,991 of the Dehiovita Divisional Secretariat made in December 2007 which caused a difference of Rs. 45,991 between the Departmental books and the Treasury books relating to the General Deposit Account No. 6003/0/0/25/0.
- (c) Reconciliation Statements relating to Advances to Public Officers.
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According to the Reconciliation Statement as at 31 December 2010 relating to Advances to Public Officers - Item No. 27901, total of balances in arrears of recoveries as at that date amounted to Rs. 3,277,236. The position relating to follow up action for recovery of those balances in arrears was weak.

#### 4.6. Assets Management

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(a) Idle and Under Utilized Assets

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Water Bowser received by Aranayake Divisional Secretariat under Japanese Aids during the year 1994 was idling and parked in the office premises.

(b) Assets given to Outside Parties.

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Although government quarters could be allocated only to a state officer in terms of Sub Section 6.2, Chapter XIX of the Establishments Code, contrary to that, official residence of the Kegalle Additional District Secretary had been allocated to an Hon. Minister with effect from 28 June 2000 and rent to be recovered had been based on the Additional District Secretary's salary. While outstanding arrears of rent as at 31 December 2010 amounted to Rs. 253,396, building had been repaired having paid a sum of Rs. 180,402 on 24 November 2010, in spite of the fact that payment of rent had been defaulted.

(c) Unsettled Liabilities

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Arrears of electricity charges amounting to Rs. 43,130 and arrears of water charges amounting to Rs. 36,629 for January 2010 of the Mawanella Divisional Secretariat had not been accounted as liabilities.

4.7 Non-compliances

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(a) Non-compliance with Laws, Rules, Regulations etc.

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Instances of non-compliance with laws, rules and regulations observed in audit sample checks are analyzed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance
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Circular Provisions	Rs.	
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Public Administration Circulars		
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No.06/2006(iv) dated 24 August 2007	75,256	In making payment of salaries for acting duties to Grama Niladaris in the Deraniyagala, Aranayake and Kegalle Divisional Secretariats, during the years 2007, 2008, 2009 and 2010 a sum of Rs. 75,256 had been overpaid.
Paragraph 2.1 of No. 04/90 dated 10 October 1990.	--	Although the fuel consumption tests of the government vehicles should be done once in 06 months, fuel consumption of 04 vehicles belong to Galigamuwa, Mawanella, and Yatiyanthota Divisional Secretariats had not been tested even as at 31 December 2010.

(b) Non-compliance with Tax Requirements

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Although tax should be recovered with effect from 01 January 2005 in terms of paragraph (1/g) of Sabaragamuwa Chief Secretary's Circular No. 06/2005(1) dated 05 April 2005, relating to the recovery of Business Turnover Tax of the Deraniyagala Divisional Secretariat, based on the turnover of particular goods or trade items purchased for the purpose of sale except for a particular business exempted, Turnover Tax totaling to Rs. 1,165 relating to purchases made from suppliers in 03 instances totaling to Rs. 116,550 had not been recovered.

4.8 Weaknesses in Implementation of Projects.

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(a) Projects not in progress, although the funds had been released

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- (i) Relevant work had not been performed out of the total sum of Rs. 504,600 given by the Galigamuwa Divisional Secretariat to the Ceylon Electricity Board during the years 2007 and 2009 under Decentralized Funds for implementation of 2 Electricity Supply Extension Projects. Action had not been taken either to call back that money or to utilize that money for other Projects even up to 30 August 2010.
- (ii) A total sum of Rs. 200,000 paid by the Yatiyanthota Divisional Secretariat to the Ceylon Electricity Board during the year 2007 under Program of Decentralized Grants for two Projects, and a sum of Rs. 953,100 paid during the year 2008 under Gama Neguma Program for 2 Projects totaling to Rs. 1,153,100 for the 4 Projects had not been implemented even as at 31 December 2010.
- (iii) Out of the sums of Rs. 3,197,000 and Rs. 7,600,000 paid to Samurdhi banks in Mawanella, Deraniyagala, Kegalle, Bulathkohupitiya and Yatiyanthota 05 Divisional Secretariats during the years 2008 and 2009 respectively by the

Ministry of Nation Building and Estates Infrastructure Facilities Development under Jathika Saviya Gama Neguma Program for implementation of Livelihood Development Projects, a sum totaling to Rs. 3,504,000 had not been spent for the relevant work and kept in the banks.

#### 4.9 Deficiencies in Operation of Bank Accounts.

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Balances to be adjusted

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Information revealed at an analysis of the adjustments shown in the bank reconciliation statements prepared by 05 Divisional Secretariats for the month of December 2010 is shown below.

Particulars of Adjustments	<u>Age Analysis</u>		Total
	Over 6 months and less than 1 year	Over 1 year and less than 3 years	
	Rs.	Rs.	Rs.
(i) Unrealized Deposits	15,877	--	15,877
(ii) Cheques issued but, not Presented for payment	31,896	7,283	39,179

Following observations are made in this connection.

According to the bank reconciliations statements of 05 Divisional Secretariats Rambukkana, Aranayake, Ruwanwella, Mawanella, and Galigamuwa, action in terms of F.R. 396(d) had not been taken with regard to 12 cheques valued at Rs.39,179 issued, but not presented for payment even as at 31 December 2010.

#### 4.10 Irregular Transactions

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

An agreement had been entered into with a Rural Samurdhi Society on 29 April 2010 for concreting Tarket Place Road for a sum of Rs. 148,125 to a length of 135 feet under Gama Neguma provisions of the Kegalle Divisional Secretariat. Following matters were revealed in this connection.

- (i) Although the thickness of the concrete layer of the road should be 6", in certain places the thickness was 3" to 4".
- (ii) Although it had been estimated a sum of Rs. 4,000 to put polythine to the extent of 107 liner feet after making the surface of the road suitable for laying concrete, polythine to the extent of 28 liner feet only had been put.
- (iii) Although it had been estimated a sum of Rs. 9,350 for 187 square feet of shuttering, shuttering planks used for 75 feet had been re-used for the second 60 feet.

#### 4.11 Transactions of Fraudulent Nature

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Details relating to Transactions of Fraudulent Nature observed in audit simple checks are given below.

A sum of Rs. 1,681,248 had been paid for work not performed relating to 9 works under Jathika Saviya Gama Neguma Program of the Aranayake Divisonal secretariat, giving false measurements to indicate that the works have been performed.

Following matters were also observed in this connection.

- (i) Although it had been planned to make the surface of the road to a thickness of 6 inches and payment had been made accordingly, at the physical examination it was revealed that thickness of those roads had been in a range of 1 inch to 4 inches.

However, it had been certified and paid that the work has been performed according to the estimate.

- (ii) Condition of the concrete mixture used for all the roads was at a weak level, in that, metal and sand could be separated and taken out. It was observed that the quality and durability was in a very poor condition although the full estimated amount had been paid and that the objective of the road construction had not been achieved.
- (iii) Although it had been estimated to put  $\frac{3}{4}$  inches metals to the road, 1 inch metals had been put when making payments and it had been shown in the measurement that  $\frac{3}{4}$  inch metals were used.

#### 4.12 Losses and Damages

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Following observations are made.

- (a) Out of the sum of Rs. 15,000 relating to an accident to a jeep belongs to the Mawanella Divisional Secretariat on 25 May 2005 that had been decided to recover under F.R. 104(4) from the Divisional Secretary, who was in service at that time, a sum of Rs. 1,500 only had been recovered up to the date of audit. Action had not been taken to recover the balance sum of Rs. 13,500.
- (b) Although an official vehicle belongs to the District Secretariat had met with an accident on 01 March 2010, reports in terms of F.R. 104 and F.R. 105 had not been presented to the audit. Out of the replacement value of Rs. 149,978, a sum of Rs. 139,819 had been covered from the insurance of the official vehicle without determining the parties responsible for the accident.

#### 4.13 Operating Inefficiencies

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A summary of Operating Inefficiencies observed in audit sample checks is shown below.

- (a) Action had not been taken even up to 19 October 2010 to acquire 04 blocks of land for which the vesting order had been received during the year 2008, for resettlement of displaced persons due to earth slip in the area of authority of the Deraniyagala Divisional Secretariat and land for the estate hospitals.
- (b) Although sub imprest totaling to Rs. 20,325 had been given for two One day-Seminars in the District Secretariat, those seminars had not been conducted and a sum totaling to Rs. 15,453 had not been spent.
- (c) Following weaknesses were observed in the reports prepared in terms of Public Finance Circular No. PF/402 dated 12 September 2002.
  - (i) While the approved and actual cadre was not reflected in the Performance Report prepared for the year 2009 by the District Secretariat, cadre in service had been shown under approved cadre.
  - (ii) While only the percentage of progress of 9 Programs under Samurdhi Accomplishment Plans had been shown in the Performance Report prepared for the year 2009 by the District Secretariat, any deficiency had not been shown.
  - (iii) It could not be confirmed the successfully completed quantum of works shown in the Performance Report of the District Secretariat under Social Development Program for the year 2009 was whether the number of programs or the number of benefits .

Approved Cadre and Vacancies

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Cadre position as at 31 December 2010 was as shown below.

Staff Category	Approved Cadre	Actual Cadre	Number of Vacancies	Excess Number
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(i) Senior Level	40	34	06	-
(ii) Tertiary Level	27	22	05	-
(iii) Secondary Level	906	773	133	-
(iv) Preliminary Level	111	101	10	-
(v) Others (Casual/ Temporary/Contract Basis)	-	06	-	06
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Total	1,084	936	154	06
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