

Appropriation Head – 276
District Secretariat – Badulla

Auditor General's report on the Accounts of the District Secretariat Badulla
and the Offices of the Divisional Secretaries functioning there under.

1. Key Activities of the District Secretariat.

- i. Co-ordination of government activities
- ii. Collection of revenues
- iii. Implementation of Decentralized Budget programme and Gamanagama Programme
- iv. Co-ordination of Elections
- v. Serving as the government representative in implementing the regional level activities of other Ministries and Departments
- vi. Assist in Provincial Council affairs

2. Offices of Divisional Secretaries under the District Secretariat.

- i. Mahiyanganaya
- ii. Ridemalliyadda
- iii. Kandaketiya
- iv. Meegahakiula
- v. Soranatota
- vi. Lunugala
- vii. Badulla
- viii. Passara
- ix. Hali-Ela
- x. Uva Paranagama
- xi. Welimada
- xii. Ella
- xiii. Bandarawela
- xiv. Haputale
- xv. Haldumulla

3. Annual Action Plan

The District Secretariat had not prepared an Annual Action Plan at the beginning of the year of Accounts.

4. Accounts

4.1 Total Provision and Expenditure

The total net provision made for the Badulla District Secretariat and 15 Divisional Secretaries functioning there under amounted to Rs. 419,400,000 and out of that a sum of Rs. 405,229,457 had been utilized by the end of the year under review. Thus the net savings of the District Secretariat and the Divisional Secretaries was Rs. 14,170,543 and it represented 3.38 percent of the net provisions.

Details are given below.

Expenditure	Estimated Provision	Net Provision	Actual Expenditure	Savings	Savings as a percentage of net provision
-----	-----	-----	-----	-----	-----
	Rs.	Rs.	Rs.	Rs.	%
Recurrent	345,250,000	345,250,000	335,769,235	9,480,765	2.75
Capital	74,150,000	74,150,000	69,460,222	4,689,778	6.32
Total	419,400,000	419,400,000	405,229,457	14,170,543	
	=====	=====	=====	=====	

4.2 Utilization of Provisions made available by other Ministries and Departments

Provisions totalling to Rs.1,760,979,607 had been made available as shown below by other Ministries and Departments for various purposes and the particulars of utilization of such provisions are given below.

Appropriation Head	Ministry /Department	Provision Received	Actual Expenditure	Savings As at 31 December 2010
-----	-----	-----	-----	-----
		Rs.	Rs.	Rs.
101	Ministry of Buddha Sasana and Religious Affairs	50,000	50,000	-
103	Ministry of Defense	210,535	193,414	17,121
105	Ministry of Economic Development	718,180,848	669,942,581	48,238,267
106	Ministry of Disaster Management	4,478,586	3,955,072	523,514
110	Ministry of Justice	2,625,970	1,724,911	901,059
118	Ministry of Agriculture	400,555	316,458	84,097
120	Ministry of Child Development and Women's Affairs	18,590,650	15,097,994	3,492,656
121	Ministry of Public Administration and Home Affairs	10,326,978	8,051,322	2,275,656
124	Ministry of Social Services	3,816,059	3,034,851	781,208
127	Ministry of Labor Relations and Productivity Improvement	252,000	174,483	77,517
133	Ministry of Technology and Research	7,982,581	5,919,127	2,063,454
134	Ministry of National Languages and Social Integration	166,650	163,817	2,833
140	Ministry of Livestock and Rural Community Development	1,118,190	582,470	535,720
142	Ministry of National Heritage and Cultural Affairs	9,364,037	3,420,645	5,943,392
152	Ministry of Irrigation and Water Resources Management	1,034,578	844,665	189,913
153	Ministry of Lands and Land Development	6,382,920	5,955,937	426,983
156	Ministry of Youth Affairs	240,650	136,804	103,846

The following observation are made on the above provisions.

(a) Ministry of Economic Development

Gamaneguma Project

Divisional Secretariat - Passara

- (i) Over payment of Rs. 26,646 had been made for 2.23 m³ of concrete works due to under laying of 4.26 meters of concrete of the road from Western Bibilegama Wewekele to Mahagedara.

Divisional Secretariat - Hali Ela

- (ii) Rs. 24,771 had been made for the non-performing of item 1.3 & 1.4 in the approved estimates repairing the culvert & concreting the Goradiyawaka - Eladaluwa road . It had been estimated to transport soil from outside, level & press them but the activity had been performed using the excavated soil from the site.

Divisional Secretariat - Lunugala

- (iii) When making the payment for contracts performed by the registered societies, Rs. 249,598 had been paid to six constructions without obtaining two signatures of the responsible officers of the society.

Decentralized Budget

Divisional Secretariat – Passara

- (iv) Sixty two sports goods, amounting to Rs. 41,205 bought for Rs. 74,195 using the funds of decentralized programme in 2009 had not been distributed to the beneficiaries even as at the date of the audited 10 December 2010.

(b) Ministry of Technology and Research

It was observed that the Dehydrate Machine, Coconut oil Extraction Machine, Bakery Oven & Yoghurt Incubator bought to Passara Vidatha Resource Center, were being idle at audit inspection on 09 December 2010.

(c) Ministry of Child Development and Women's Affairs

Divisional Secretariat – Ella

- (i) Recommendations had not been obtained by the area PHI and the veterinary surgeon according to the Para 05.04 of the Circular No. 2009/01(05) of Secretary to the Ministry of Child Development and Women's Affairs of 22 December 2009, regarding healthy and quality of the milk given under the programme of giving a fresh glass of milk for under nutritious children in low income earning families.
- (ii) Even though 286 low weighed children had been identified from 10 Grama Niladari divisions in Divisional Secretariat area for giving milk under the programme of giving a fresh glass of milk to under nutritious children in low income earning families, only 194 children in 04 Grama Niladari divisions are being given a fresh glass of milk. Thus Rs.170,000 had been saved out of the provisions allocated due to non implementation of the programme for the rest of the children.

(d) Ministry of National Heritage and Cultural Affairs

Divisional Secretariat - Haputale

The balance of Rs. 122,966 had not been returned to the Ministry after spending Rs. 735,997 to repair the roof and the theater of Diyathalawa Cultural Center from the fund of Rs. 858,963 allocated by the Ministry of National Heritage and Cultural Affairs on 19 June 2008.

(e) Department of Pensions

Divisional Secretariat - Lunugala

The necessary action had not been taken by Lunugala Divisional Secretariat to recover the over payment of Rs. 66,500 of cost of living allowances paid for 41 pensioners contrary to the instruction given by Director General of Pension's Circular Number 8/2010 dated 7 September 2010.

- (iii) Total balance recoverable from transferred officers was Rs. 6,134,764 and out of this Rs. 722,799 and Rs. 3,820,608 balances were over 3 years and 5 years respectively.
- (iv) A sum of Rs. 38,150 from three officers transferred between District Secretariat and Divisional Secretariats had been entered in the registers of transferred in and transferred out instead entering the advance schedule of officers who are currently employed.
- (v) Action had not been taken to recover a sum of Rs. 339,255 recoverable from 9 officers who had been transferred to Ministries / Departments / District Secretariat / Divisional Secretariat had not been settled as per the Section 1.1.6 of Budgetary Circular Number 118 dated 11 October 2004.
- (vi) Action had not been taken to recover a sum of Rs. 5,760,359 recoverable from 58 officers who had been transferred to Provincial Councils and Local Authorities, in full or monthly installments basis with interest in terms of the Section 3.2.1 and 3.2.2 of Budgetary Circular No. 118 dated 11 October 2004.
- (vii) Action had not been taken to recover a loan balance amounted to Rs. 242,373 recoverable from an officer who had been transferred to Ministry of Health of the Uva Provincial Council from Mahiyangana Divisional Secretariat, after vesting the balance of loan to the Provincial Council.
- (viii) Balance of Rs. 416,979 out of total balance of Rs. 566,652 advance recoverable from retired and deceased officers was older than 05 years.
- (ix) Evidence were not made available to check whether the Director of Pension had been informed to recover the balances of advance recoverable from retired and deceased officers in terms of Paragraph 4.4 of Chapter XXIV of the Establishments Code.
- (x) Balance of Rs. 161,946 was over 3 years and balance of Rs. 119,591 was over 5 years out of total balances of Rs. 396,878 advance recoverable from 13 interdicted officers.
- (xi) Action had not been taken to recover from securities otherwise to seek advises from the Attorney General in terms of Paragraph 4.5 and 4.6 of Chapter XXIV of the Establishments Code, regarding balances totaling to Rs.396,878 recoverable from 13 interdicted officers.
- (xii) Action had not been taken to recover from securities otherwise to seek advises from the Attorney General in terms of Paragraph 4.5 and 4.6 of

(ii) Action had not been taken to dispose 8 vehicles up to 31 December 2010 which were recommended as unusable by the Motor Car Examiner of the District Secretariat Badulla on 14 October 2009.

(b) Annual Boards of Survey

Action had not been taken in terms of Financial Regulation 757 (2) with regard to shortage of goods amounting to Rs.180,980 in the Divisional Secretariat Mahiyangana and its quarters according to the annual boards of survey report.

4.7 Non-compliances

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

Instances of non-compliance with the provisions of laws, rules, and regulations observed during audit test checks are analyzed below.

Reference to Laws, Rules Regulations and Management Decisions -----	Value ----- Rs.	Non-compliance -----
(i) Establishments Code ----- Chapter XIX of the Establishments Code	-	House rent had not been recovered from 3 doctors working in the Basic Hospital Mahiyangana occupied in Assistant Divisional Secretary's quarters Mahiyangana from July 2005 to 2008. Handing over and receipts had not been properly performed when transferring the offices who occupied quarters and other properties of the Divisional Secretariat Mahiyangana.
(ii) Financial Regulations ----- 168(3)		Three unused receipts had not been cancelled by the Divisional Secretariat Haputale.

Stamp Duty

- (viii) A sum of Rs.4,825 of Stamp Duties had not been recovered from 11 officers when paying salaries from January 2008 to September 2010 by Haputale Divisional Secretariat according to Section 03 of No.12 Stamp Duties Act of 2006 amended by Extraordinary Gazette No 1530/13 of 01 January 2008.
- (ix) Written evidence had not been furnished to audit by Hali ela Divisional Secretariat that whether approval of the Commissioner General of Inland Revenue, according to Section 07 of No.12 of Stamp Duties (Special) Act of 2006, had been obtained after registration for settlement of stamp duty.
- (x) A sum of Rs.10,000 of Stamp Duties recovered on 26 March 2008 for issue of liquor permit had not been remitted to Commissioner General of Inland Revenue by Passara Divisional Secretariat according to Gazette No 1530/13 of 01 January 2008.
- (xi) Action had not been taken to remit the Stamp Duties to the Commissioner General of Inland Revenue by Passara and Lunugala Divisional Secretariats instead of pasting stamps on documents however they had been obtained authority for settlement of stamp duty according to the notice issued by Deputy Commissioner of Inland Revenue (Stamp Duties) under the Sections 13 and 45(2) of No.43 Stamp Duties Act of 1982 .

4:8 Weaknesses in Implementation of Projects

Instances of abandoning projects without commencing, abandoning projects without completing and delays in projects revealed during audit test checks are given below.

- (a) Projects Abandoned without being commenced

The following projects had not been commenced by the District Secretariat.

- (i) The revolving Loan Project which should be implemented from the contribution of Rs.300,000 allocated by the Ministry of Child Development and Women 's Affairs to the Lunugala Divisional Secretariat had not been implemented.

	Rambukyaya Idalgasyaya road					
Ridimaaliadda	The drinking water project – Gemunupura Jana Udana village	1,000,000	01 December 2010	368,434	Bad weather condition	
	The drinking water project – Abhayapura Miriswagawa Wewa	1,000,000	29 November 2010	267,895	Unable to obtain community contribution due to farming activities in the Maha Season.	
	Thissapura 3 – drinking water project	1,000,000	01 December 2010	63,841	Unable to obtain community contribution due to farming activities in the Maha Season.	
Kandaketiya	Concreting the agricultural road near the houses of Morahela Mandiya A 37 & A 39	1,000,000	06 December 2010	674,994	Bad weather condition	
	Concreting the road to ten houses	50,000	29 November 2010	282,866	Bad weather condition	
	Constructing wall with removing soil by 8 feet in Meegaha Ella road	1,000,000	29 November 2010	583,816	Bad weather condition	
Badulla	Concreting the road from Nelumwewa to Pegodawattha	500,000	10 November 2010	266,096	Bad weather condition	
	Construction of road and drainage	1,000,000	29 October 2010	625,029	Bad weather condition	

(d) Release of Money without receiving Goods and Services

An amount of Rs. 137,365 had been paid to the supplier for building materials before receiving the goods, contrary to the Financial Regulation 215(1) by Mahiyangana Divisional Secretariat.

4:9 Deficiencies in Operation of Bank Accounts

(a) Balances to be adjusted

Information revealed at an analysis of the adjustments shown in the Bank Reconciliation Statements prepared for 31 December 2010 by the District Secretariat and 12 offices of Divisional Secretariats is given below.

Particulars of Adjustments	Age Analysis		Total
	Over 06 Months less than 01 year	Over 01 year less than 03 years	
-----	-----	-----	-----
	Rs.	Rs.	Rs.
(i) Un realized Deposits	3,974	4,400	8,374
(ii) Cheques issued but not presented for payment	190,895	17,778	208,673
(iii) Unidentified Debits	535	69,314	69,849
(iv) Unidentified Credits	366	480	846

4:10 Irregular Transactions

Transactions without Authority

A subsistence allowance of Rs. 137,250 had been paid to seven officers in six Divisional Secretariats for the acting duty done in some other offices contrary to the Public Administration Circular number 6/97 of 3 February 1997.

- (b) Two primary level employees who had been deployed in service on contract basis in the year 2006 and according to the necessity of service qualifications had not been completed as mentioned in the Public Administration Circular number 20/2009 of 25 November 2009 had been continuously deployed in service.
- (c) Security deposits of Rs. 672,500 of had not been deposited by 13 officers in District Secretariat and 53 officers in 6 Divisional Secretariats as per the provision of Section 2 (C) of Security Ordinance according to Circular number E/9/2/ of Secretary to the Ministry of Home Affairs and Provincial Councils of 9 April 1999 and Financial Regulation 880.

4:13 Internal Control

(a) Internal Audit

- (i) An internal audit unit had not been established with an internal auditor and sufficient staff according to the Section 03 of Management Audit Circular No DMA/2009(1) of 9 June 2009.
 - (ii) An internal audit had not been conducted in respect of the District Secretariat and 11 Divisional Secretariats for the year 2010.
- (b) Implementation of the Audit and Management Committees
-
- (i) An internal auditor had not been appointed to represent the Audit and Management Committee and a representative of the Auditor General had also not been invited as an observer to the Committee according to the Management Audit Circular No DMA/2009(1) of 9 June 2009.
 - (ii) The Audit and Management Committee had been met only 3 times for the year 2010.