

Head-277- District Secretariat, Monaragala

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the District Secretariat, Monaragala for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and the statement of financial performance and cash flow statement for the year then ended, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. The summary report containing my comments and observations on the financial statements of the District Secretariat, Monaragala was issued to the Accounting Officer on 29 May 2019 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report relevant to the District Secretariat, Monaragala was issued to the Accounting Officer on 15 May 2019 in terms of Section 11 (2) of the National Audit Act No. 19 of 2018. This report will be tabled in Parliament in pursuance of provisions in Article 154 (6) of the Constitution to be read in conjunction with Section 10 of the National Audit Act, No.19 of 2018.

In my opinion, except for the effects of the matters described in the Paragraph 1.6 of this report, the accompanying financial statements give a true and fair view of the financial position of the District Secretariat, Monaragala as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibility of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

The Chief Accounting Officer and the Accounting Officer are responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the District Secretariat is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

In terms of Sub-section 38 (1) (c) of the National Audit Act, the Chief Accounting Officer and the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the District Secretariat and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Secretariat's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5. Report on Other Legal and Regulatory Requirements

I express the following matters in accordance with Section 6 (d) and Section 38 of National Audit Act, No. 19 of 2018.

- (a) Since there was no need for the preparation of financial statements for the preceding year, it could not be stated that the financial statements presented was consistent with the preceding year.
- (b) Since there was no requirement for the District Secretariat to prepare financial statements for the preceding year, recommendations on the financial statements had not been made.

1.6 Comments on Financial Statements

1.6.1 Accounting Deficiencies

(a) **Statement of Financial Performance**

The following observations are made on the Statement of Financial Performance furnished to Audit.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(i) Although a sum of Rs.114,008,097 had been stated as other receipts in the Statement of Financial Performance, it had been Rs.113,905,010 according to the monthly summary presented to Audit. Accordingly, a sum of Rs.103,087 had been overstated.	Accounting should be done in terms of Paragraph 7(ii) of the State Accounts Circular No.267/2018 dated 21 November 2018.	A difference is not observed.
(ii) Due to the audit observation indicated in Paragraph (a)(i) above, the balance of the imprest account as at 31 December 2018 had been overstated by Rs.103,087 in the Statement of Financial Performance.	Accounting should be done in terms of Paragraph 7(ii) of the State Accounts Circular No.267/2018 dated 21 November 2018.	There is no difference in the account.

(b) Statement of Financial Position

The following observations are made on the Statement of Financial Position.

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| (i) | According to the information of the District Secretariat, the value of Property, Plant and Equipment amounted to Rs.2,209,003,732. Nevertheless, that value had been stated as Rs.2,034,406,144 in the Statement of Financial Position. Accordingly, a difference of Rs.174,597,588 was observed. | The District Secretariat should take steps to account all the non-financial assets. | Action will be taken to correct this difference in future. |
| (ii) | The value of 03 Government quarters premises belonging to the Medagama Divisional Secretariat totalling Rs.4,720,000 had been included twice in the Statement of Financial Position. | Action should be taken to correct that error in the financial statements of the ensuing year. | Action has been taken to correct the error. |
| (iii) | Although the value of the buildings and constructions built during the year under review amounted to Rs.89,874,143, it had been understated by Rs.23,603,115 and indicated as Rs.66,271,028 in the Statement of Financial Position. | Action should be taken to correct this error in the financial statements of the ensuing year. | Action will be taken to correct the error in future. |
| (iv) | The unsettled debit balance totalling Rs.382,556 of the Advances to Public Officers Account pertaining to the years 2015 and 2017 and unsettled credit balance of Rs.123,300 pertaining to the year 2016 according to the Departmental books had not been reconciled with the Treasury Books. | According to the Financial Regulation 427, Departmental books should be reconciled with the Treasury Books and the balance should be settled. | Action will be taken to correct the error in future. |

(c) Cash Flow Statement

The following observations are made on the cash flow statement.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(i) A sum of Rs.2,674,911,932 had been stated as the cash flow generated from the operating activities. The value of imprests, deposit receipts and other receipts from the General Treasury had totalled Rs.2,747,975,512. Accordingly, a sum of Rs.73,063,580 had been understated.	Financial statements should be prepared in accordance with the instructions given in the State Accounts Circular No.267/2018 dated 21 November 2018.	Cash generated from the financial activities has been indicated in the cash flow statement.
(ii) A sum of Rs.50,000,000 remitted to the General Treasury had not been stated under the imprests settled to the General Treasury.	Financial statements should be prepared in accordance with the instructions given in the State Accounts Circular No.267/2018 dated 21 November 2018.	According to the monthly accounts summary, that amount has been sent to the Treasury and it has been shown under the imprests received from the Treasury.
(iii) The receipt of Advance to Public Officers loan amounting to Rs.49,475,341 had not been stated under the cash flow generated from the investment activities.	Financial statements should be prepared in accordance with the instructions given in the State Accounts Circular No.267/2018 dated 21 November 2018.	This has been shown under imprests received from the Treasury.
(iv) A sum of Rs.58,817,145 paid as the Advance to Public Officers loan had not been stated under the cash flow generated from the investment activities.	Financial statements should be prepared in accordance with the instructions given in the State Accounts Circular No.267/2018 dated 21 November 2018.	This has been shown under imprests received from the Treasury.

1.6.2 Lack of Evidence for Audit

Since the evidence sufficient enough to substantiate following transactions had not been made available, those transactions could not be satisfactorily vouched.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(i) A sum of Rs.33,582,527 had been paid relating to the supply of electricity for the exhibition premises of the Enterprise Sri Lanka Exhibition for three days. Evidence such as running charts, bills, check rolls ,had not been furnished to establish the expenditure of Rs.22,724,451 included in the above expenditure.	Subsequent to obtaining relevant evidence in terms of Financial Regulation 137 and 139, expenditure should be approved and certified and thereafter, payment should be made.	It had been notified that the Ceylon Electricity Board had used the items purchased on Annual Procurement Plan for that purpose.
(ii) A sum of Rs.14,664,834 had been paid relating to fix safety electric lamps in order to supply additional electricity for the <i>Esala Festival</i> of the Ruhunu Kataragama and Kotabowa Kuda Kataragama kovils in the year 2018. Relevant detailed expenditure estimates, bills or other documents in support of the above expenditure had not been furnished.	Subsequent to obtaining relevant evidence in terms of Financial Regulation 137 and 139, expenditure should be approved and certified and thereafter, payment should be made.	Payments had been made in accordance with the estimate presented by the Ceylon Electricity Board.

1.6.3 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with Laws, Rules and Regulations observed at the audit test checks are analysed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance	Recommendation	Comments on the Accounting Officer
(i) Establishments Code of the Democratic Socialist Republic of Sri Lanka. Section 5.2.3 of Chapter XIX	Rs.182,475	District Secretariat had not recovered rentals for chumary homes as per the new assessment reports for the years 2016,2017 and 2018.	Outstanding rentals should be recovered in terms of new assessment reports.	Action will be taken in accordance with the instructions issued by the Provincial Valuation Department in future.
(ii) Financial Regulations of the Democratic Socialist Republic of Sri Lanka F.R.104 (4)	2,697,350	Even though a period of over 6 ½ months had elapsed from causing an accident to a Cab belonging to the Siyambalanduwa Divisional Secretariat on 02 October 2018, the full report thereon had not been submitted.	Action should be taken in terms of Financial Regulation 104 (4).	Since a final bill had not been presented on the repair, full report could not be submitted.

1.6.4 Non-compliance with the Tax Requirement

The instances of non-compliance with tax requirements observed during the course of audit test checks are indicated below.

Audit Observation	Recommendation	Comments of the Accounting Officer
(i) Even though Divisional Secretariat, Bibila and the Divisional Secretariat, Badalkumbura had paid Value Added Tax of Rs.253,623 to the	In order to establish the fact of being an active tax payer, the Clearance Certificate should be obtained before the payment of	Action will be taken to obtain that certificate in future.

contractors, Clearance Value Added Tax. Certificates had not been obtained to substantiate that the contractors were the active tax payers as at the payment date of tax.

- (ii) Although any indication regarding the Value Added Tax had not been made on the quotation presented by the contractor relating to the construction of the temporary fence within the “Enterprise Sri Lanka” exhibition premises, the District Secretariat had paid a sum of Rs.136,950 as Value Added Tax in making relevant payments. Only the value agreed in awarding the contract should be paid. The relevant contractor has registered for the Value Added Tax.

2. Financial Review

2.1 Incurring Commitments and Liabilities

The following observations are made on the commitments incurred by the District Secretariat by the end of the year under review.

Audit Observation	Recommendation	Comments of the Accounting Officer
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Commitments had been incurred exceeding the savings by Rs.83,316 after the utilization of provisions made for 02 Objects.	Action should be taken in terms of Financial Regulation 94(1).	The relevant officers were instructed to take action in accordance with the Financial Regulations.

2.2 Utilization of Provisions Made by Other Ministries and Departments

 The following observations are made in this connection.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) <u>Presidential Secretariat</u>		
(i) The Divisional Secretariat, Buttala had distributed apiaries and equipment spending Rs. 499,200 among 48 beneficiaries of two Grama Niladharee's Divisions under the "Grama Shakthi Programme". The officers had reported that there were no bee settlements in the boxes distributed among 35 beneficiaries.	The Government funds should be effectively used so as to achieve the objective of the distribution of apiaries.	The bee settlements had moved owing to environmental changes.
(ii) Under the " <i>Divisara Community Productivity Programme-2017</i> ", the Divisional Secretariat, Bibila had paid a sum of Rs.163,090 to a beneficiary to implement a mushroom cultivation project. Nevertheless, the relevant project had not been implemented.	The implementation of the project should be examined and necessary steps should be taken.	This beneficiary has taken steps to implement the project.
(iii) Although travelling expenses subject to maximum of Rs.3,000 per month could be paid to the Economic Development Officers in respect of the activities of the "Gramashakthi People Movement", contrary to that, the Divisional Secretariats, Kataragama, Wellawaya and Thanamalwila had paid a monthly payment totalling Rs.189,000 to	In making payments to the public officers without being adhered to the circular instructions, approval of the Director Establishments should be obtained thereon. If covering approval of the Director Establishments cannot be obtained for this payment, formal steps should be taken on the parties who should be held	Payments had been made in terms of Letter No.MO/DS/DPS/D/02/04 dated 04 September 2018 of the Director (Planning)

10 officers without obtaining responsible.
proper approval.

(b) Ministry of Public Administration
and Management

The District Secretariat had spent a sum of Rs.21,517,286 for the implementation of “Monaragala District Productivity Development Programme, 2017” within the Siyambalanduwa and Bibila Divisional Secretaries’ Divisions. The following deficiencies were observed in that respect.

- (i) Items valued at Rs.3,676,168 distributed among 161 beneficiaries by the Divisional Secretariat, Siyamblanduwa had remained idle without being used for the relevant purposes. Once the project is implemented, follow up action should be taken thereon. Action will be taken in accordance with the agreements entered into with the beneficiaries in future.
- (ii) It had not been established that 3824 sheltering sheets distributed among 239 beneficiaries by the Divisional Secretariat, Bibila had been used. Without being supplied 125 cement blocks per beneficiary, only the other materials had been provided for 198 beneficiaries who had been granted assistance for the lavatories. As such, lavatories had not been constructed. Once the project is implemented, follow up action should be taken thereon. It is accepted.

- (c) Ministry of National Policies and Economic Affairs.

Goods valued at Rs.1,167,345 purchased by the Divisional Secretariats, Bibila and Buttala under the decentralized development programme in the years 2016 and 2017 had not been distributed among beneficiaries even by 14 May 2019.

Purchased goods should be distributed among the beneficiaries in due period and adequate documents should be maintained in support of that mater.

Distribution of goods has been completed.

- (d) Ministry of Woman and Children Affairs

Under the Sustainable Agriculture Programme, the Divisional Secretariat, Badalkumbura had provided equipment worth Rs.132,000 for 20 beneficiaries in the year 2017 on the basis of recovery the values in 10 instalments. Of the relevant instalments, a sum of Rs.101,400 had not been recovered.

Steps should be taken to properly recover the due instalments.

Action will be taken to make recovery in future.

2.3 Deposits

The following observations are made.

Audit Observation

Recommendation

Comments of the Accounting Officer

The balance of the Deposit Account as at 31 December 2018 amounted to Rs.69.19 million. Out of that, balance of Rs.8.36

Action should be taken according to the Financial Regulations in

It is accepted.

million had continued to exist for more than a period of 02 years. Nevertheless, action in terms of Financial Regulation 571 (3) had not been taken on those balances. respect of the lapsed deposits.

2.4 Advance Account Balances

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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The outstanding individual loan balances as at 31 December 2018 totalled Rs.2,838,818 and the loan balance that remained outstanding for more than a period of 05 years amounted to Rs.2,413,983 in the above balance.	Action should be taken to recover the outstanding loan balances.	Action will be taken to settle the balances.

3. Operating Review

The following observation is made.

3.1 Planning

Audit Observation	Recommendation	Comments of the Accounting Officer
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The following requirements and details in terms of provisions of the State Finance Circular No.2014/01 dated 17 February 2014 had not been included in the Action Plan presented by the District Secretariat.	Annual Action Plan should be prepared in keeping with the provisions and instructions contained in the circulars.	Officers were instructed to take steps in terms of the circular instructions in future.

(i) Organizational Structure of the institute updated relating to the year

under review.

- (ii) Details on the approved cadre and actual cadre.
- (iii) Activity Plan prepared in order of priority based on the annual budget of the year.
- (iv) Implemented time frame and expected output/outcome of the activities.
- (v) Imprest Requirement Plan for the annual activities.
- (vi) Annual Procurement Plan for the major development programmes planned.
- (vii) Internal Audit Plan

3.2 Annual Performance Report

The following observations are made in connection with the Annual Performance Report presented to Audit.

Audit Observation	Recommendation	Comments of the Accounting Officer
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The number of Samurdhi beneficiaries had ranged from 44,276 to 44,907 in the year 2018. The number of Samurdhi beneficiaries stood at 44,875 in the year 2017. Although various livelihood development programmes had been implemented, a considerable decrease in the number of Samurdhi beneficiaries could not be observed.	Livelihood development programmes should be implemented effectively.	Action will be taken on the Samurdhi beneficiaries according to the instructions issued by the Ministry.

3.3 Projects Funded Domestically

 The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) A sum of Rs.68.25 million had been spent on “Enterprise Sri Lanka ” exhibition and the following deficiencies were observed at the audit test check carried out in that connection.	Action should be taken to obtain recommendations and approval of the supervising officer to substantiate the payment before making relevant payments.	Officers were instructed to focus attention on the Job Cards in making payments to the contractors in future.
(i) A sum of Rs.14.34 million had been spent on the vehicles and machines used for the ground preparation activities of the exhibition premises. Since Job Cards with the certification of the supervisors had not been made available to Audit in order to substantiate the number of hours of using machinery and the number of days of using vehicles, those expenditure could not be satisfactorily vouched in audit.		
(ii) Construction of internal road network of the exhibition premises had been completed at a cost of Rs.2.06 million. Even before the lapse of 05 months from the completion of roads, potholes had been formed whilst detaching tar layer applied on the roads.	Supervision should be carried out to ensure that construction activities are carried out in conformity with the prescribed standards.	Action will be taken to draw attention on the quality and the durability of the constructions in future.

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| (iii) | A sum of Rs.1.6 million had been spent on 143 Hume Pipes and 60 collars used in the ground preparation activities of the exhibition premises. A period of over five months had elapsed from the closure of the exhibition as at 10 January 2019, whereas those pipes and collars had remained idle. | The remaining pipes and collars should be used for an appropriate development activity. | It is accepted. |
| (iv) | Although a sum of Rs.2.84 million had been spent for the construction of a pond in the exhibition premises, several places of the pond had been damaged before the lapse of five months from the completion of the construction of the above pond. | Plans should be prepared in a manner able to use the constructions carried out for the exhibition for another purposes on completion of the exhibition. | This pond had been temporarily constructed for the exhibition. |
| (b) | Due to carrying out lesser amount of works, using incorrect quotations, failure in complying with the instructions specified in the Highway Schedule of Rates, failure to recover the liquidated damages and failure to prepare estimates in a manner favourable to the Government, a sum of Rs.4.07 million had been excessively paid to the contractors of the projects implemented by 10 Divisional Secretariats. | Preparation of estimates, implementation of the project and acceptance of the project on its completion should be properly carried out in accordance with the relevant regulations. | Explanations had been made on the overpayments. |
| (c) | The Divisional Secretariat, Madulla had spent a sum of Rs.491,973 for the construction of a pre-school building under the "Rural Infrastructure Facility Development Programme, 2017". Although relevant construction had been completed by 22 September 2017, | Action should be taken to complete the construction activities so as to receive its benefits to the people. | Action should be taken to obtain provisions in the year 2019. |

remaining works of the building had not been completed even by 23 January 2019. Accordingly, building had been overgrown and remained idle.

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| (d) | The Divisional Secretariat, Medagama had spent Rs.218,700 for the development of 02 roads. Those expenditure had incurred contrary to the instructions of the Highway Schedule of Rates (HSR) and payments had been made without confirming the works according to the machinery work sheet formats. | Payments should be made in accordance with the regulations applicable to the road construction. | It is accepted. |
| (e) | Although the Divisional Secretariat, Bibila had provided building materials at a cost of Rs.96,432 for the construction of Community Hall at the Udumellahewa village under the “Decentralized Development Programme-2017”, relevant construction had not been carried out. | Continuous supervision should be carried out in the implementation of projects. | As construction activities had not been carried out, a sum of Rs.50,000 has been recovered from a Farmers’ Association. |
| (f) | The Divisional Secretariat, Badalkumbura had spent Rs.133,701 for Tor steel required for the slab and Rs.86,938 for the shuttering of the slab of the building of the 10 th Mile Post Welfare Society Building Construction Project implemented under the “Southern Zonal Development Programme, 2017”. Nevertheless, relevant work had not been carried out even by 14 May 2019. | Having prepared estimates so as to complete the entire construction and obtained provisions therefor, project should be implemented. | It is accepted. |
| (g) | Under the “Southern Zonal Development Programme, 2017” the Badalkumbura Divisional Secretariat had spent Rs.1,970,122 for the water project associate with | Action should be taken to achieve the expected benefit after completion of the project | Laying pipes of the store tank has been completed. |

the Ethtalamullagama spring and completed the project. Although a period of over one year had elapsed from completion of the project by 14 May 2019, water had not been provided for the beneficiaries.

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| (h) | The Kataragama Divisional Secretariat had spent Rs.220,924 for supplying and fitting of PVC ceiling inside the Community Hall Building, Karavile constructed under the “ <i>Wewak Samaga Gamak-2018</i> ” programme. Although GI Channels in 40mm in size should be used to fit the ceiling to the roof, small wires had been used instead. According to the estimate, PVC ceiling sheets should be used for the ceiling., whereas the ceiling sheets in that brand had not been used. | Payments should be made in accordance with the Building Schedule of Rates. | It is accepted. |
| (i) | The Divisional Seretariat, Wellawaya had paid Rs.194,000 to the Wellawaya Pradeshiya Sabha for fixing 68 street lamps along four roads within the limits of Wellawaya Divisional Secretariat Division under the “Decentralized Budget Programme-2018”. Nevertheless, street lamps had not been fixed. | Speedy action should be taken to grant benefits of the expenditure to the people. | Action is being taken to fix the street lamps. |
| (j) | The building constructed by the Divisional Seretariat, Wellawaya for the Ayurveda Conservation Council by spending Rs.1,998,693 out of the provisions made for the Ministry of Health, Nutrition and Indigenous Medicine remained idle without being used. | Speedy action should be taken to grant benefits of the expenditure to the people. | Provisions have been requested for the purchase of necessary equipment for the building. |

- (k) The Divisional secretariat, Thanamalwila had spent Rs.2,431,786 for the construction of Nilasewana Building at Mahawewa area in the years 2017 and 2018. That expenditure included a sum of Rs.15,000 relevant to the construction of a plaque. Nevertheless, a plaque had not been constructed and building also remained idle without being used for any purpose. Payments should be made only for the works completed. Prompt action should be taken to open the building and thereby achieve the expected objectives. Action will be taken to achieve expected objectives.
- (l) Under the provisions, 2017 of the Ministry of Public Administration and Management, the Divisional Secretariat, Sewanagala had spent Rs.433,276 during the year 2018 for the construction of a building for mushroom cultivation. Although constructions had been completed, mushroom cultivation had not been commenced. Speedy action should be taken to grant benefits of the expenditure to the people. It has been informed that the project is in progress at present.
- (m) For the purchase of 2 inches electric water pump and a starter relating to the implementation of water scheme at Bakery Mawatha, Mahagama under the Decentralized Budget Programme, 2018, the Divisional Secretariat, Sewanagala had spent Rs.206,000. The items so purchased had been kept in a residence of a beneficiary without being completed the relevant purpose. Speedy action should be taken to grant benefits of the expenditure to the people. The expected outcome can be achieved in future.
- (n) Although financial provisions of Rs.2,220,000 had been received from the Ministry of National Policy and Economic Affairs for the implementation of 09 projects within the area of authority of 04 Divisional Secretariats, those projects had not been implemented. Provisions received from the Ministry for the approved development projects should be properly utilized and thereby public aspirations should be meted out. The reasons behind the non-implementation of project proposals have been stated.

3.4 Procurement

The following observations are made.

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
(a) In terms of Guideline 3.4 of the Government Procurement Guideline, the value of goods and services that can be procured under the shopping method amounted to Rs.1,000,000. Nevertheless, 03 Divisional Secretariats had carried out procurements worth Rs.5.81 million in excess of the above limit.	Procurements should be carried out in terms of provisions in the Government Procurement Guidelines.	It is accepted.
(b) For the purchase of 66 mechanized water sprinkling machines of 20 litres, the Divisional Secretariat, Wellawaya had used two procurement decisions given in two instances as the basis. Since a decision had been reached to make purchase upon the higher price quoted at the second instance, a sum of Rs.100,300 had been overpaid.	Procurement activities should be carried out so as to ensure its transparency.	In calling for quotations in second instance, attention had been drawn on the reputed institutions of the island.
(c) In terms of Guideline 9.3.1 of the Government Procurement Guideline, the approval of the Secretary to the Line Ministry should be obtained in respect of vehicle repairs costing over Rs.200,000. However, without being obtained such approval, a sum of Rs.373,182 had been paid relating to repair of a Cab belonging to the Sewanagala Divisional Secretariat.	Action should be taken in accordance with the provisions in the Government Procurement Guidelines.	Measures will be taken in accordance with the provisions in the Government Procurement Guidelines in future.

3.5 Assets Management

The following observations are made on the assets management of the Divisional Secretariat, Wellawaya.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) The Janasabha Office Building constructed by the Divisional Secretariat at a cost of Rs.3,922,914 under the “ <i>Jathika Saviya Gamaneguma</i> ” programme in the years 2008 and 2009 had been exposed to the elements without being used for the intended purpose. It had been pointed out at the 148 Committee on Public Account Meeting held on 22 March 2018 that special attention should be drawn on effectively using this building. Nevertheless, that decision had not been implemented.	Action should be taken to use the idled Government buildings in intended purposes.	Upon completion of repairs of the roof, action will be taken to use the building as the official quarter of the Assistant Director (Planning).
(b) Without being obtained proper approval and without entering into an agreement, the Accountant’s Government quarter belonging to the Divisional Secretariat had been provided for an outside party for the conduct of a computer training course and thereby Government assets had been misused.	Formal measures should be taken with regard to misuse of the Government assets and the use of Government assets without obtaining approval by the outside parties should be prevented.	It is notified that money will be recovered by entering into agreements with this institution in future.
(c) A water bowser belonging to the Disaster Management Ministry had been parked and remained idle at the premises of the Divisional secretariat for over a four years. Without using it in an effective purpose by attending relevant	Action should be taken to bring it to its normalcy and use in an effective purposes.	After the receipt of recommendations of the Motor Vehicle Inspector, action will be taken according to the relevant instructions.

repairs, that asset had been exposed to the elements.

3.6 Losses and Damages

 The following observations are made.

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
(a) Although it had been indicated in the Full Report that Rs.30,893, or 25 per cent of the damage caused to a Cab belonging to the Siyambalanduwa Divisional Secretariat should be recovered from the pension gratuity of the driver, that damage had not been recovered even by 14 May 2019.	The damage should be recovered in terms of the recommendations of the Full Report.	The driver has been notified to settle the relevant amount.
(b) In order to write off Rs.3.38 million relating to the damages caused to 02 vehicles belonging to 02 Divisional secretariats, the matter had been referred to the Secretary to the Ministry in terms of Financial Regulation 109. Nevertheless, relevant approval had not been granted even by 14 May 2019.	Action should be taken promptly to write off that amount from books by obtaining approval of the Treasury.	Approval of the Ministry has been sought to close the file relating to one accident. Activities of the file relevant to the other accident have been concluded.
(c) A Cab belonging to the Divisional Secretariat, Wellawaya had met with an accident on 19 September 2002 and it had been decided to recover Rs.375,000 from the driver in terms of the report specified in the Financial Regulation 104 (4). Although the Committee on Public Accounts held on 23 April 2013 had directed to recover the above loss from the driver, a sum of	Action should be taken in terms of the recommendations made by the Committee on Public Accounts.	The Secretary to the Ministry of Education had been informed to recover the remaining amount.

Rs.300,000 of that loss had not been recovered despite lapse of over 06 years from the issue of above directive.

3.7 Management Weaknesses

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) As action had not been taken to recover the assessed rental for the Government quarter belonging to the District secretariat in accordance with the Valuation Report No.MO/RG/301 dated 11 December 2015, the house rental that remained outstanding as at 31 August 2018 amounted to Rs.1,359,575.	Rental of the official quarters should be recovered in terms of the new valuation report.	It has been informed that steps are being taken to recover the outstanding house rentals.
(b) Rental of Rs.117,634 had been short recovered from the Accountant who had resided in the Accountant's Government quarters of the Divisional Secretariat, Bibila from the year 2010 to January 2014 and Rs.97,634 of the above amount had further remained outstanding.	Action should be taken to recover the total outstanding amount.	Action will be taken to recover the outstanding amount.

4. Human Resource Management

The following observation is made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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In terms of Public Administration Circular No.18/2001 dated 22 August 2001, the maximum period of service of an officer in a particular service station is 05 years. Nevertheless, 127 officers in 09 Divisional Secretariats had been employed in the same station during a period ranging from 06 years to 27 years.	Transfers should be effected in terms of provisions in the circular	Particulars of the cadre are reported to the Ministry through the relevant format for annual transfers.