

## Head 261-District Secretariat, Galle

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### 1. Financial Statements

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#### 1.1 Qualified Opinion

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The audit of the financial statement of the District Secretariat, Galle for the year ended 31 December 2018 comprising the statement of financial position as at 31 December 2018 and 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. In terms of Sub-section 11(1) of the National Audit Act, No.19 of 2018, the summary report including my comments and observations on the financial statements of the District Secretariat, Galle was issued to the Accounting Officer on 27 May 2019. In terms of Sub-section 11(2) of the National Audit Act, the Annual Detailed Management Audit Report relating to the District Secretariat, Galle was issued on 16 May 2019 to the Accounting Officer. This report which should be read in conjunction with Article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka is submitted to Parliament in terms of Section 10 of the National Audit Act, No.19 of 2018.

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

#### 1.2 Basis for Qualified Opinion

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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 Statement

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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 in terms of Section 38 of the National Audit Act, No.19 of 2018 and for such internal control as the Chief Accounting Officer and the Accounting Officer 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 of the District Secretariat, Galle.

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 system and accordingly make any alterations as required for such systems to be effectively carried out.

#### **1.4 Auditor's Responsibility for the Financial Statements**

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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 summary 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 Requirements

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As required by Sub-section 6 (d) and Section 38 of the National Audit Act, No.19 of 2018, I state the followings:

- (a) As there was no requirement of preparation of financial statements by the District Secretariat, Galle for the preceding year, I could not state that the financial statements of the year under review are consistent with the preceding year.
- (b) As there was no requirement of preparation of financial statements by the District Secretariat, Galle for the preceding year, recommendations on financial statements had not been made.

### 1.6 Comments on Financial Statements

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#### 1.6.1 Statement of Financial Position

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The following accounting deficiencies were observed.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) According to the statement of financial position as at 31 December 2018, the value of property, plant and equipment as at 31 December 2017 amounted to Rs.2,355,604,474 and according to the Format ACA-6, the said value had been shown as Rs.1,984,474,798 as at 01 January 2018. As such, the opening balance of property, plant and equipment had been understated in accounts by Rs.371,129,676.	Accounts should be rectified by recognizing the difference of the opening balance of property, plant and equipment.	Action will be taken to account the unaccounted property, plant and equipment in two ensuing years.
(b) Assets valued at Rs.110,987,637 in Benthota and Ambalangoda Divisional Secretariats and the value	The value of property, plant and equipment of the District Secretariat and all relevant Divisional Secretariats should be included in financial	Even though the value of these property, plant and equipment had been reported to the Treasury, it had not been included in books of the

of the land on which the District Secretariat is located, amounting to Rs.311,500,000 had not been included in the financial statement.

Treasury and a transfer paper had been submitted for adjusting this difference in the year 2019.

<p>(c) Measures had not been taken even in the year under review to settle the balance of Rs.194,086 remained in the Imprest Account due to cheque fraud occurred in the year 2006 in Karandeniya Divisional Secretariat.</p>	<p>Necessary prompt action should be taken to settle the imprest balance.</p>	<p>The Treasury Operations Department has informed that until the said balance is recovered from relevant parties, it should be reported to the Department of State Accounts and moneys, obtained from the Appropriate Treasury Advance Account in terms of Financial Regulation 106. However, advances for the detailed report sent on 28 October 2018 to the Department of State Accounts, had not been received even by 03 May 2019.</p>
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**1.6.2 Cash Flow Statement**

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The following observations are made.

<b>Audit observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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<p>(a) Moneys generated from operating activities had been shown as receipt of non-revenue amounting to Rs.6,501,047,579 in the cash flow statement. According to the information made available to Audit, it had been Rs.6,374,670,555, thus indicating an overstatement by Rs.126,377,024.</p>	<p>Action should be taken in terms of provisions of the State Accounts Circular No.267/2018 of 21 November 2018.</p>	<p>Receipts and payments relating to the Head 261, other Line Ministries and Departments had been included in the cash flow statement. The cash flow statement has been prepared based on the total value of cash and cross entries of the cash book.</p>
<p>(b) Even though the value of loan installments generated</p>	<p>- Do--</p>	

from investment activities and received under Advance Account of the cash flow, had been Rs.126,377,024, the said value had not been shown as receipts.

### 1.6.3 Non-compliance with Laws, Rules and Regulations

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

Observation		Recommendation	Comments of the Accounting Officer
Reference to Laws, Rules and Regulations	Value	Non-compliance	
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	Rs.		
<b>(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka</b>			
(i) Financial Regulation 104 (1)	372,619	According to the information made available to Audit, action had not been taken in terms of referred Financial Regulations in respect of 03 motor vehicle accidents relating to the District Secretariat and two Divisional Secretariats.	Action should be taken in terms of referred Financial Regulations in respect of motor vehicle accidents. In terms of Financial Regulation 104(3), the report in respect of motor vehicle accidents occurred in February, March, and April in 2018 was prepared in May 2019 and action will be taken immediately after receiving the report of the board of inquiry appointed in May 2019 in terms of Financial Regulation 104(4).
(ii) Financial Regulation 136	62,708,597	An agreement had been entered into on 30 November 2018 for the	Information relating to making provisions for projects should be maintained. The total provisions required for the project is not made at the inception of the project and a sum of

construction of the Official Residence of the District Secretary, Galle. However, information on making provisions therefor had not been made available to Audit.

Rs.16.9 million had been allocated for the year 2018. As such, I inform that the remaining provisions are allocated in the year 2019.

**(b) Government Procurement Guidelines**

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Guideline 5.3.1(d) 7,513,778

Standard Bidding Documents should have been vetted and approved by the Procurement Committee and the Technical Evaluation Committee. However, action in terms of referred Guidelines had not been taken regarding bidding documents in the procurement of wireless loudspeaker system for the auditorium of District Secretariat.

Action should be taken in terms of the Government Procurement Guidelines.

Specifications relating to calling for quotations were prepared by a **Communication Assistant Officer** under the supervision of the engineer of the District Secretariat and bidding documents had been prepared by the Accounts Division. Further, quotations have been called with the approval of the District Secretary.

**2. Financial Review**

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**2.1 Deposit Balances**

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The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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Action in terms of Financial Regulations 570 and 571 had not been taken in respect of balances of deposits older than 02 years, totalling Rs.206,118,286 as at 13 May 2019 in 04 Deposit Accounts relating to the District Secretariat and Divisional Secretariats.	Action in terms of Financial Regulations should be taken in respect of lapsed deposits.	Out of the deposit balance older than 02 years as at 31 December 2018, a sum of Rs.5,125,624 had been settled by 13 May 2019 and the balance to be settled further, is Rs.206,118,286.

**2.2 Balances of Advance Accounts**

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The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
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Loan balances of Rs.947,400 had been failed to be recovered from 08 officers by 31 December 2018.	Measures should be taken to recover loan balances from guarantors or pensions gratuity without delay.	Action will be taken to recover loan balances of retired officers from their pensions gratuity and from officers who had been interdicted after concluding their court proceedings. Moreover, as loan balance of officer who had vacated the post, had not been paid by his guarantor, legal action will be taken to recover that balance.

### 3. Operating Review

#### 3.1 Planning

The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Even though the Action Plan for the year 2018 had been prepared in terms of Public Finance Circular No.01/2014 of 17 February 2014, it had not been prepared in a manner of achieving expected results of 19 Divisional Secretariats established under the District Secretariat.	Preparation of the Action Plan by improving further so as to achieve expected results of 19 Divisional Secretariats.	I intend to prepare an Action Plan in a manner of obtaining the regional development including sustainable development goals in future as expected by the Audit.

#### 3.2 Projects without a Progress despite the Release of Money

The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
Provisions of Rs.240 million had been released for the implementation of 199 projects relating to Kadawath Sathara Divisional Secretariat under provisions made to the District Secretariat, Galle for rehabilitation of infrastructure in areas damaged due to flood and landslides affected the island in May 2017. Works of 92 projects estimated at Rs.93 million out of those 199 projects had been at the initial stage by entering into agreements. Further, agreements had not been entered into with 23 projects estimated at Rs.84 million.	Implementation of projects by commencing procurement activities in projects without delay after flood.	The implementing agency had failed to complete the procurement process due to inadequate time and adverse weather prevailed in the island and as such, those projects could not be implemented.



### 3.3 Utilization of Provisions granted by other Ministries and Departments

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
(a) Provisions totalling Rs.5,831.17 million had been granted by other 32 Ministries, 21 Departments and one office for various purposes. Out of that, only a total sum of Rs.3,863.46 million had been utilized by the end of the year under review. Accordingly, provisions of Rs.1,967.71 million representing 33.74 per cent of the provisions made, had not been utilized.	In case of provisions made by relevant Ministries and Departments for various purposes, it should be planned and implemented so as to utilize those provisions during the year itself.	Provisions had been saved due to reasons such as management of expenditure, delay in submitting vouchers, non-receipt of imprests and failure to complete constructions etc.
(b) A loan totalling Rs.381.00 million had been granted to 70,181 debtors for various loan programmes by 08 Samurdhi Bank Sangams attached to 03 Divisional Secretariats. Out of the loan granted to 856 debtors, a sum of Rs.46.58 million had been lapsed loans. A loan of Rs.11.28 million granted to 335 debtors had been identified as bad debts.	A prompt, systematic arrangement should be made for recovery of lapsed loans and action should be taken to grant loans by checking qualifications of all persons who have applied for loans.	Lapsed deposits had been subjected to discussions at the Progress Review Meeting and the relevant debtors have been made aware of by letters. Moreover, action has been taken to seek assistance of the Officers In-Charge- of Police and to refer to the Mediation Board for the recovery of loans. According to operating instructions, loan balances of which loan installments of 03 months and 09 months have not been paid, are considered as lapsed loans and bad debts respectively. As these debtors are shareholders of the bank, these loans are being paid despite having lapsed them.
(c) Sixty weeding machines without motor valued at Rs.1,300,000 had been purchased for distribution	Action should be taken to distribute agro – equipment purchased by the Government funds properly by selecting	Arrangements have been made to obtain the approval of the Presidential Secretariat for providing 30 machines stored

among farmers in Galle District under the Project of Distribution of Agro Equipment by the Food Production National Programme implemented by the District Agriculture Division in the year 2018. Action had not been taken even up to 07 January 2019 to distribute 30 out of those equipment among suitable beneficiaries.

in the Pinikahana Agrarian Service Centre to the Matara District.

(d) A financial aid of Rs.184,000,000 had been granted to Galle District in the year 2017 from the Asian Development Bank under the Flood Relief Project to rehabilitate people, institutions and areas affected by flood. Those financial aid had been planned to be utilized under 05 components of expenditure. The following observations are made in this regard.

Provisions of Rs.15,579,450 have been saved due to reasons such as failure in completing the project of construction of a disaster safety centre within the due period as a result of heavy rain, unable to transport of raw materials due to close down of the road to the work site by laying concrete and due to construction of another 04 centres by contractors who are not registered for VAT, despite having prepared estimates with VAT of 15 per cent for the said constructions. Even though provisions of Rs.19,244,060 had been made for the procurement of purchase of generators, the said procurement had been made for Rs.18,412,320, thus indicating savings of Rs.831,740.

(i) Provisions of Rs.16.41 million had not been utilized under two components. Foreign financial aid should be completely utilized during the relevant period.

(ii) In terms of Clause 3 of the Agreement relating to the said Project, all activities relating to supply and installation of generators under the Project should Relevant activities should be carried out in terms of the agreement.

As the Nagoda Divisional Secretariat is affected by flood, the generator had to be installed in a higher place and the said installment has been completed by now. However,

have been completed by 05 March 2018. However, the purpose of installation of generator in the Nagoda Divisional Secretariat had not been completed even by 27 September 2018.

Moreover, the performance security of Rs.1,823,256 submitted by a private bank had expired after 26 March 2018.

- (e) Provisions of Rs.1,675,080 had been granted to the District Secretary, Galle on 02 July 2018 from the Presidential Secretariat for the Pasa Thuru Uyan Project under Sustainable Schools Programme. A number of 8,876 fruit plants, Medicinal plants and spice crops had to be distributed to 142 schools of selected Divisional Secretariats in Galle District under the said project. However, the said Project had not been implemented in an effectively and planned manner and as such, a sum of Rs. 1,100,049 or 66 per cent out of the provision made had not been utilized and thus, those provisions had been returned to the Presidential Secretariat.

Provisions received for projects should be utilized in a maximum and effective manner.

the period of the Performance Security could not be extended due to a mistake.

Out of Rs.1,675,080 released for us for this programme, provisions of Rs.600,000 had been made and out of remaining provisions, 46.5 per cent had not been utilized. As the **Seeds and Planting Material Centre, Thelijjawila** had agreed to transport plants to schools, the sum of Rs.340,000 allocated for transport had been saved. Moreover, as the seedlings had been purchased instead of bud plants, provisions were saved. As it is required to distribute plants for 142 schools before the school vacation in December, certain amount of provisions had been overestimated to minimize practical problems arisen therein.

- (f) Provisions of Rs.119.20 million had been made in the year 2017 to Galle District for the Project of Resettlement of People affected by bad weather. A sum of Rs.1,800,000 had been paid to two beneficiaries who had not fulfilled requirements of the Guidelines of the implementation of the Project. Action should be taken in compliance with Guidelines of the Ministry of Disaster Management. Payment of installments has been waived off considering the overall situation of construction of houses and one beneficiary has completed constructions by now. The final installment of other beneficiary was not waived off and the Divisional Secretary has been informed to issue a report on its progress.
- (g) A sum of Rs.200,000 had been paid to a beneficiary who had not laid the foundation in accordance with the approved plan under the Project mentioned in paragraph (f). A sum of Rs.200,000 each had been paid as the first installment for two houses constructed by two other beneficiaries, recommended by the National Building Research Organization as free from disaster resilience qualities and payment of remaining installments had been suspended. Even though a Technical Committee had been appointed on 07 January 2019 in this connection, no recommendation whatsoever had been made by the said Committee up to 22 February 2019. The relevant officers should supervise from the inception that beneficiaries should take action in compliance with instructions given for construction of houses. Instructions have been given to reconstruct the foundation in terms of relevant standards and the Divisional Secretary has been notified to report the progress within 02 months by making those rectifications. It has been referred to the National Building Research Organization for seeking approval to make payments according to the Technical Report issued on other two beneficiaries.
- (h) Even though 06 Laptop computers had been provided on 26 October 2018 to the Welivitiya – Divithura Divisional Secretariat from the Ministry of Finance and Mass Media, those Action should be taken to use those computers by operating the said programme promptly or in case of failure to do so, those computers should be returned. As the Programme of Intergrade Treasury Information System is not operated in the Divisional Secretariat and those computers cannot be used for another programme, the said Laptop computers have been retained in the stores.

computers had been retained in the stores without being used even by 15 February 2019 as the Programme of Intergrade Treasury Information System is not operated.

- (i) A sum of Rs.95 million had been granted to the District Secretary, Galle on 18 September 2018 for the implementation of 216 planned projects in the Baddegama Divisional Secretariat Division by the Ministry of National Policies and Economic Affairs under the Gamperaliya Programme – 2018. However, out of those projects, only two projects valued at Rs.1,940,000 had been implemented by 12 December 2018 while 214 projects had not been implemented.
- (j) Provisions of Rs.27.2 million had been approved for the implementation of 23 projects in Baddegama Divisional Secretariat Division by the special programme (Stage II) of development of rural infrastructure during the year under review under the provisions of Ministry of National Policies and Economic Affairs. Out of those provisions, provisions of Rs.3.00 million had been received on 19 and 26 October 2018 for 06 projects. Even though agreements had been entered into with 04 societies for carrying out 04
- Action should be taken to commence projects promptly and works of the project should be carried out by contractors.
- Projects could not be commenced as the Government had suspended the commencement of projects by which no initial work whatsoever had been commenced under the Gamperaliya Programme due to political changes occurred in November 2018.
- After entering into contract agreements for carrying out projects, action should be taken in terms of the said agreements to complete the project.
- Letters have been received that 04 projects entered into agreements had not been commenced due to failure in obtaining money as a result of political changes. As instructions had been given to cease the projects which had not commenced the works even by 19 November 2018, other 19 projects as well could not be implemented.

out of those projects, works had not been commenced even by 11 December 2018.

- (k) Provisions of Rs.32 million had been granted in the year 2017 to the Baddegama Divisional Secretary for the construction of 16 buildings at a rate of Rs.2 million per building under the Nila Sevana Construction Projects implemented in the Baddegama Divisional Secretariat Division under provisions of the Ministry of Home Affairs. Even though lands belonging to other Government institutions had been used for the construction of 09 Nila Sevana Buildings, the concurrence of those institutions had not been obtained before commencing constructions. As an authorized occupant was residing by constructing a temporary house in another land which was selected for constructions, works of Nila Sevana Building which was constructed up to the foundation level had been abandoned.
- (l) Provisions of Rs.4,776,000 had been made in the year 2017 for 17 Nila Sevana Projects at a rate of Rs.2 million per project in Galle - Kadawath Sathara Divisional Secretariat Division By the Ministry of Home Affairs. Even though works had been commenced in 12 projects by 05 September 2018,
- Construction works should have been commenced after clearing and vesting the ownership of lands.
- These constructions have been carried out in school lands of which the ownership has been vested in the Divisional Secretary and schools have been closed down at present, due to scarcity of lands for constructions and a request had been made from the Ministry of Education to release those lands for vesting properly. Moreover, action is being taken to settle another unauthorized occupant in another place. Subsequently, it is expected to commence constructions of the Nila Sevana building.
- Public service for people should be provided by settling relevant problems and commencing projects promptly.
- Works of 05 Nila Sevana Projects could not be commenced due to matters such as failure in obtaining the approval of the Galle Municipal Council, commencing of projects on the instructions of the Election Commission and inadequate lands selected.

construction works of Maitipe, Weliwatta, Sangamittapura, Kaluwella and Dangedara Nila Sevana Projects had not been commenced.

- (m) Even though works of the project of reconstruction of roads affected by flood in the year 2017, belonging to the Southern Provincial Road Development Authority under the programme of rehabilitation of infrastructure had been commenced, works of 04 projects of reconstruction of roads valued at Rs,14.22 million of which a period of approximately 09 months had elapsed by 13 September 2018 after terminating the period of the agreement and physical progress had not reached 50 per cent, had been abandoned.
- According to the requirements of projects, action should be taken to carry out projects by identifying them according to a priority basis and obtaining adequate provisions therefor.
- The District Engineer of the Southern Provincial Road Development Authority has informed me that project had been abandoned halfway due to failure in paying money to contractors for other works and projects will be commenced after receiving money.
- (n) According to the information presented to Audit, works of 03 roads at an estimated cost of Rs.7.79 million planned under the reconstruction of roads affected by flood occurred in May 2017 should have been completed by 31 December 2017. However, those projects had not been completed even up to 15 May 2019. A sum of Rs.10,709 had been paid for one project by 15 May 2019.
- Taking expeditious measures for completing projects.
- Projects could not be implemented due to reasons such as failure in obtaining the approval of the institution for which one road belongs, delay in receiving money for other two roads and failure in receiving a proper reply to know whether the approval will be granted for continuation of the project.
- (o) According to the information presented to
- Attention should be paid on efficient utilization of
- Works of projects which were not commenced up to then had

Audit, 99 development provisions made. projects at an estimated cost of Rs.83.33 million planned under the Gamperaliya Programme by the Nagoda Divisional Secretariat and 03 development projects at an estimated cost of Rs.1.47 million planned under the programme of development of rural infrastructure, had been abandoned without implementing, on the instructions given by the Line Ministry.

to be suspended on instructions given by the relevant Line Ministry due to changes in Ministries on 26 October 2018.

### 3.4 Procurements

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 The following observations are made in this connection.

<b>Audit Observation</b> -----	<b>Recommendation</b> -----	<b>Comments of the Accounting Officer</b> -----
(a) The Procurement Plan had not been prepared in terms of the Guideline 4.2.1 of the Government Procurement Guidelines by the Nagoda Divisional Secretariat. Even though the revised Procurement Plan for the year 2018 had been prepared in April 2018 by the Divisional Secretariat and submitted to the District Secretary, the District Secretary had not given approval therefor even by 13 July 2018, the date of Audit.	The Procurement Plan should be properly prepared and submitted to the District Secretary for approval and Procurement Committees and Technical Evaluation Committees should be duly appointed and instructions should be given to prepare bidding documents.	The Divisional Secretary has been given instructions to prepare Procurement Plan so as to include all details.
(b) A sum of Rs.7.51 million had been paid on 29 October 2018 to a private institution for the purchase of a wireless loudspeaker system for the auditorium of the 7 <sup>th</sup> floor of the District	Paying attention on forecasting cost estimate accurately and obtaining approval by making revisions duly.	It is accepted that a delay of one month has occurred for the relevant procurement activity and the revised Procurement Plan has been prepared by revising the time and the cost.



Secretariat. According to the Procurement Plan of the year 2018, the purpose of purchasing the said loudspeaker system should be completed on 30 September 2018, However, the said procurement activities had been completed on 29 October 2018, after a delay of one month. Even though the estimated cost had been mentioned in the Procurement Plan as Rs.6.6 million, the actual expenditure had been Rs.7.5 million, thus exceeding the planned cost by Rs.0.9 million.

- (c) In case of applying the Shopping Method in terms of Guidelines of the Government Procurement Guidelines, no allowance whatsoever can be paid to members of the Procurement Committee or officers responsible therefor. However, a total sum of Rs.58,000 had been paid to Committee Members for two procurement activities of the District Secretariat carried out by following the Shopping Method.
- Taking action in terms of Guidelines 3.4(e) of the Procurement Guidelines. The relevant procurement activity has been carried out under competitive biddings.

### 3.5 Unanswered Audit Queries

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The following observation is made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- Eight audit queries for the year 2018, issued up to 02 April 2019 had not been answered even by 15 May 2019.	----- As per the audit query, replies should be given before due date.	----- Replies had not been submitted up to 31 May 2019.

### 3.6 Management Weaknesses

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The following observations are made.

<b>Audit Observation</b>	<b>Recommendation</b>	<b>Comments of the Accounting Officer</b>
----- (a) Even though the acquisition activities of the land called Aphotpawatta of 467 acres in extent had been commenced in the year 1999 for settlement of persons by the Nagoda Divisional Secretariat under the Village Expansion Programme, the said acquisition activities had not been completed even by 13 July 2018. Even though it had been planned to acquire these lands for settlement of people, it had failed due to reasons such as existence of unsuitable lands for residence, failure to protect acquired lands from unauthorized occupants, vesting of distributed lands in other external parties who had not claimed ownership, deforestation and thereby causing environmental damage by unauthorized	----- Using this land for the implementation of Village Expansion Programme by solving problems arisen speedily.	----- Land acquisition activities had been commenced in the year 1999 and cases had been filed against 40 unauthorized people under the Recovery of Possession Act. Action had been taken to file cases by lodging complaints to the Police regarding felling of trees and the judgment of the case relating to the ownership of the land has not been given up to now.

people.

- (b) Even though a motor vehicle owned by the District Secretariat had been recommended to be removed from being used and then disposed of from the year 2014, those activities had not been completed even by 31 May 2019. Action should be taken in terms of Treasury Circular No.Cash/353 dated 27 November 1998 Letters have been sent for transfer of this motor vehicle to a school and in case of failure in having a reply, action will be taken to auction the said vehicle.
- (c) (i) The work of construction of the Official Residence of the District Secretary, Galle was a contract relating to construction of buildings and when calling for biddings therefor, it had been informed that bidders should have C4 qualifications on construction of roads as well along with C4 qualification for construction of buildings. As such, participation of bidders with high qualifications relating to competitive construction of buildings had been prevented. Moreover, attention had neither been paid therefor by Technical Evaluation Committee nor Procurement Committee. As such, the contract had to be awarded for higher quotations than the engineering estimate. Further, action had been taken by the Procurement Committee without considering the recommendation of the Technical Evaluation Committee, thus incurring a loss of Rs.3,256,251 to the Government. Action should be taken only by considering the C4 qualification as the prescribed qualification for construction of buildings. As per the recommendation of the Technical Evaluation Committee, the **substantially responsive bidder** was inquired regarding the possibility of carrying out the work at the engineering estimate value and he had informed that the said work cannot be carried out at the estimated value due to matters such as tendency to increase the prices of goods in the country and failure in including a payment system for increase in prices, in procurement documents.
- (ii) The eligible bidder who had -Do- The Technical Evaluation

submitted the lowest bid for the said work had been rejected by the Technical Evaluation Committee and the Procurement Committee. As such, the profitability of Rs.5,548,414 which would have been received to the Government in awarding the said contract, had been deprived of.

Committee had recommended that it could not be satisfied regarding the performance of the said Bidder during his past 05 years, who had submitted the lowest bid and as such the contract cannot be awarded to him.

#### 4. Achieving the Sustainable Development Goals

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The following observation is made.

##### Audit Observation

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In the examination of preparedness for achieving goals and targets in terms of the 2030 “Agenda” of the United Nations for sustainable development, the District Secretariat had not paid attention even in the year 2018 on the proper identification of goals and targets included in the 2030 “Agenda” for sustainable development.

##### Recommendation

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Preparation and implementation of plans to reach the goals by identifying goals and targets included in the 2030 “Agenda” for sustainable development.

##### Comments of the Accounting Officer

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A training workshop on sustainable development had been organized and the Action Plan for the year 2019 has been prepared by considering the said training.

#### 5. Human Resources Management

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The following observation is made.

##### Audit Observation

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The approved cadre by the end of the year under review stood at 3,181 and out of that 172 vacancies existed and proper

##### Recommendation

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Public services should be efficiently provided by filling approved cadre and action should be taken to recruit the

##### Comments of the Accounting Officer

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Information on vacancies has been monthly submitted to the Ministry and the appointing authority had approved the

action had not been taken to fill those vacancies. Twenty out of 105 approved posts at the senior level, 18 out of 44 approved posts at the tertiary level and 132 out of 2,848 at the secondary level had been vacant. Moreover, excess cadre at the secondary level stood at 39. Further, 42 officers had been attached exceeding the approved cadre without proper approval.

staff with the approval by identifying the cadre for which approval had not been received.

cadre exceeding the approved limit, thus resulting in excess cadre.