

Head 262– District Secretariat, Matara

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statement of the District Secretariat, Matara 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 including my comments and observations on the financial statements of the District Secretariat, Matara was issued to the Accounting Officer on 29 May 2019 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 and the Detailed Annual Management Audit Report relating to the District Secretariat in terms of Section 11 (2) of the National Audit Act, No. 19 of 2018 was issued to the Accounting Officer on 29 May 2019. 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, Matara as at 31 December 2018, and its financial performance and 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 opinion.

1.3 Responsibilities of Chief Accounting Officer and 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.

As per Sub-section 38 (1) (c) of the National Audit Act, the Chief Accounting Officer and the Accounting Officer shall ensure that effective internal control system for the financial control

of the District Secretariat exists, 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 skepticism 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, significant audit findings, any significant deficiencies in internal control and other matters that I identify during my audit.

1.5. Report on Other Legal and Regulatory Requirements

I express the following matters in accordance with Sub Section 6.1 (d) of the National Audit Act, No. 19 of 2018.

- (a) Since there was no need for the District Secretariat, Matara to prepare financial statements for the preceding year, it could not be stated that the financial statements presented for the year under review were 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 Statement of Financial Performance

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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<p>a) In terms of Sec 7(ii) of the State Accounts Circular, No. 267/2018, dated 21 November 2018, revenue collected on behalf of Revenue Accounting Officers, should be included in the statement of financial performance considering as other receipts. However, revenue amounting to Rs. 181,134,730 so collected in the year under review, had not been shown as other receipts in the statement of financial performance.</p>	<p>The State Accounts Circular, No. 267/2018, dated 21 November 2018, should be followed.</p>	<p>The statement of financial performance has been prepared in accordance with the State Accounts Circular.</p>
<p>b) According to the observation mentioned in Paragraph (a) above, the imprest balance of the statement of financial performance should have been Rs. 3,154,850,991. However, that value had been understated by Rs. 181,134,730 thus showing the sum of Rs. 2,973,716,261.</p>	<p>- As mentioned above.</p>	<p>The State Accounts Circular should be adhered to.</p>

1.6.2 Statement of Financial Position

 The following observations are made.

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
a) A difference of Rs. 3,883,290 was revealed between the value to which the lands and buildings belonging to the 02 Divisional Secretariats of Malimbada and Thihagoda had been assessed, and the value included in the statement of non-financial assets.	Provisions of the State Accounts Circular, No. 267/2018, dated 21 November 2018 should be followed.	Instructions have been given to account the values that had not been brought to accounts by mistake.
b) When showing the balances of assets belonging to the District Secretariat and 10 Divisional Secretariats as at 31 December 2018, depreciation of assets totalling Rs. 296,297,567 inclusive of the differences brought forward from the preceding year, and the appreciation of value amounting to Rs. 1,489,194 , had not been identified and rectified even up to the end of the year under review.	- As mentioned above.	It is informed that many of those differences were resulted in due to failure in inputting the assets into the Fixed Assets Module of the Cigas software. As those differences have been identified, instructions have been issued to rectify them in the year 2019.
c) A difference of Rs. 83,177,743 was revealed between the information in the statement of non-financial assets and the description made available by other institutions on the assets	Action should be taken to properly take over the ownership of the assets received from other institutions and include the accurate values into the financial statements.	Instructions have been issued that the relevant Ministries / Departments be requested to legally vest the assets acquired with the provision granted by other Ministries / Departments.

provided for the District Secretariat and 14 Divisional Secretariats in the year under review. Furthermore, no action had been taken to properly take over the ownership of assets shown in the statement of financial position as at 31 December 2018.

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| d) | Action had not been taken to identify, assess and account the lands belonging to 06 Divisional Secretariats. | Provisions in the State Accounts Circular, No. 267/2018, dated 21 November 2018, should be followed. | The Divisional Secretaries have been instructed to identify and account the lands. |
| e) | Advances totalling Rs. 51,165,380 had been paid for contracts of the year under review and preceding years relating to the constructions of buildings at 06 Divisional Secretariats. A sum totaling Rs. 14,873,600 had been recovered therefrom based on the works done, but a sum of Rs. 36,291,780 had remained further recoverable as at 31 December 2018. The unsettled balance of advances had not been shown in the statement of financial position. | Instructions of the State Accounts Circular, No. 250/2016, dated 03 August 2016 should be followed. | Those values have been shown under work in progress in the report of the movement of non-financial assets as at 31 December 2018, thus indicating under Property, Plant and Equipment in the statement of financial position. |

1.6.3 Failure to Maintain Registers and Books

It was observed in audit test checks that the District Secretariat had not maintained some of the registers mentioned below whilst certain registers had not been maintained properly and up-to-date.

Audit Observation -----	Recommendation -----	Comment of the Chief Accounting Officer -----
(a) <u>Inventory of Electrical Fittings</u> The Inventory of Electrical Fittings had not been maintained by the District Secretariat in terms of Financial Regulation 454(2).	Financial Regulation 454(2) should be followed.	Identification of electrical fittings installed at the existing buildings, is in progress, and the Inventory will be prepared in accordance therewith.
(b) <u>Register of Counterfoil Book</u> The District Secretariat and the Divisional Secretariat ,Kamburupitiya had not maintained the Register of Counterfoil book in an up to date manner as per Financial Regulation 341.	Financial Regulation 341 should be followed.	Instructions have been issued to the relevant officers that the existing Register be maintained by rectifying the deficiencies.
(c) <u>Vehicle Logbook</u> The Divisional Secretariat, Thihagoda had not maintained the vehicle logbook in terms of Financial Regulation 1645(a).	Financial Regulation 1645(a) should be followed.	The Divisional Secretary has been instructed to check and report as to whether the vehicle Logbooks were not maintained.
(d) <u>Attendance Register of the Procurement Committee and the Technical Evaluation Committee.</u> The District Secretariat had not maintained Attendance Registers for the Procurement Committee and the Technical Evaluation Committees.	Guideline 2.11.2 of the Government Procurement Guidelines should be followed.	As several Divisions of the District Secretariat are involved in Procurement activities, members of the Procurement Committee and the Technical Evaluation Committee place their signatures. Instructions have been issued that Attendance Registers be maintained separately in the future.

(e) Bid Document

The Bid Document had not been maintained by the Divisional Secretariat, Matara. Guideline 5.2.1 of the Government Procurement Guidelines should be followed. The Divisional Secretary has been instructed to maintain a Bid Document in accordance with Guideline 5.2.1

1.6.4 Responsibilities of the Accounting Officer

The Accounting Officer is responsible for the matters given below in terms of the provisions of Section 38 of the National Audit Act, No. 19 of 2018. However, that requirement had not been heeded.

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
The Chief Accounting Officer and the Accounting Officer should 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. Such reviews should be done in writing, and a copy thereof should be furnished to the Auditor General, but no statement was made to the Audit that such a review had been carried out.	Provisions of Section 38 of the National Audit Act, No. 19 of 2018 should be followed.	No comments had been made.

1.6.5 Non-compliances with Laws, Rules, and Regulations

Analyses on the instances of non-compliances with the provisions of Laws, Rules, and Regulations observed in the audit test checks, are given below.

Reference to Laws, Rules and Regulations -----	Observation ----- Non-compliance -----	Recommendation -----	Comment of the Accounting Officer -----
a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i.) Financial Regulation 540 (2)	Adequate evidence had not been made available to sufficiently verify that the officer checking the supporting registers of the Shroff of the Divisional Secretariat, Devinuwara daily, had done the checking properly.	Action should be taken in accordance with Financial Regulation 540 (2).	The Chief Internal Auditor has been instructed to pay more attention during the internal audit examinations on the duties of the Shroff at all the Divisional Secretariats in the district.
(ii.) Financial Regulation 571	Action had not been taken on general deposit balances of the District Secretariat, Matara totaling Rs. 166,064,584 continued to exist over 02 years during the period of 2010-2016.	Action should be taken in accordance with Financial Regulation 571.	Those funds could not be released due to reasons such as, non-receipt of sufficient imprests, and deficiencies in the documents required for the release of certain retention monies.
b) Circulars of the Ministry of Finance.			
Section 7 of the Assets Management Circular, No. 01/2017, dated 28 June 2017.	Information relating to the assets purchased or disposed of by each institution from the year 2018, should be furnished to	Action should be taken as per instructions of the Circulars.	Instructions have been given that the District Secretariat and all the Divisional Secretariats should maintain the reports up-to-date in

the office of the Comptroller General at the end of each quarter. However, such information had not been made available in that manner.

accordance with the relevant Format.

1.6.6 Irregular Transactions

The following observations are made.

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
<p>Provision totaling Rs. 148,252,000 had been made for paying compensation to the owners of the houses in the division of Divisional Secretariat, Mulatiyana that had been damaged due to flooding occurred in May 2017. Compensation, totaling Rs. 96,969,317 had been paid for 1,328 damaged houses as of 08 September 2018. The following deficiencies were observed during the field inspections carried out in that connection.</p>		
<p>a) Considering as being fully damaged, a sum totalling Rs. 957,313 had been paid as compensation for 02 houses that had been used without any repairs despite being damaged by floods.</p>	<p>When payments are recommended by the housing committee, the instructions given in that connection should be adhered to.</p>	<p>Action will be taken to conduct an inquiry and report in regard to this audit observation.</p>
<p>b) Compensation amounting to Rs. 1,200,000 had been</p>	<p>When payments are recommended by the housing committee,</p>	<p>Due to reluctance of the applicant to shift his initial place of dwelling, the approved compensation had been paid after being</p>

paid for the the instructions given reassessed.
 construction of a house in that connection
 at the same location should be adhered to,
 which had been prone and the verifications
 to risk. required should be
 obtained correctly.

- c) Compensation totalling Rs. 1,056,225 had been paid for a business premises and a house of which the ownership had not been verified. When payments are recommended by the housing committee, the instructions given in that connection should be adhered to, and the verifications required should be obtained correctly. There had been discrepancies in the information furnished by the Grama Niladhari. As such, action was taken as per the verifications of the housing committee. Business registration is not necessary, and action was taken in accordance with the Guideline issued by the National Insurance Trust Fund and my Letter, dated 18 July 2016.

2. Financial Review

The following observations are made.

2.1 Expenditure Management

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
As 08 Objects had been overprovisioned, the saving after utilization of those provision ranged between 8 per cent and 86 per cent of the net provision made.	Action should be taken in accordance with Financial Regulation 50.	Provision had been increased with proper approval of the National Budget Department on the Objects for which additional provision had been required as essential expenses had to be incurred.

2.2 Deposit Accounts

The following observation is made.

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
Action had not been taken in terms of Financial Regulation 571 on the deposits totalling Rs. 172,127,578 continued to exist over a period of 02 years as at 31 December 2018.	Action should be taken in accordance with the Financial Regulations.	Those deposits could not be released due to reasons such as, non-receipt of sufficient imprests, and deficiencies in the documents required for the release of certain retention monies.

2.3 Incurring Liabilities and Commitments

The following observation is made.

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
According to the financial statements made available to the Audit, a sum of Rs. 1,695,199 had been shown as the value of liabilities as at 31 December 2018. However, that value had been stated in the accounting report of the Cigas software as Rs. 56,502,100.	Action should be taken in accordance with the State Accounts Circular, No. 267/2018, dated, 21 November 2018.	The relevant accounting report produced by Cigas software, has been made available to the Audit.

2.4 Utilization of Provision Given by other Ministries and Departments

The following observations are made.

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
Provision amounting to Rs. 8,505,000 had been made relating to 11 decentralized programmes for the year 2018. As of 31 December 2018, programmes had been implemented to the value of Rs. 7,911,281. However, only one programme for which provision amounting to Rs. 596,800 had been made, was continued. The following deficiencies were observed in the audit conducted in that regard.		
(a) Even though purchases worth Rs. 4,202,100 had been made in 04 instances, agreements had not been entered into with the relevant suppliers in terms of Guideline 8.9.1 (b) of the Government Procurement Guidelines.	Provisions of the Government Procurement Guidelines should be adhered to.	Instructions have been issued to the Director of Planning to rectify the said deficiency.

- (b) Books related to Buddhism and equipment valued at Rs. 3,207,250 comprising sums of Rs. 1,867,250 and Rs. 1,340,000 relating to the years 2017 and 2018 respectively had been distributed to a certain Foundation in the area. Information, such as letters showing requirements for the distribution of books and equipment, distribution registers, date of distribution, and the recipients, had not been made available to the Audit even up to 07 May 2019.
- Action should be taken to obtain the relevant documents, and it is necessary to verify that the said provision had been utilized properly.
- Irrespective of the verbal and written requests made to the Samadhi Foundation many a time that the distribution registers be made available, those registers with signatures have not yet been furnished.
- (c) Computers and accessories worth Rs. 5,800,523 comprising sums of Rs. 4,558,712 and Rs. 1,241,811 relating to the years 2017 and 2018 respectively, had been purchased and given to a certain Foundation in the area in regard to the courses providing language and Information Technology knowledge for the Matara district. However, follow up action had not been taken with respect to details on the courses being conducted, identification of the requirements of the computers & accessories, information relating to the number of students following the course, and the level of success of the said programme.
- Payments should be made in compliance with Financial Regulation 137 & 138. Follow up action should be taken on the progress of the relevant programs.
- The said information was made available by the Samadhi Foundation through a Letter, dated 06 May 2019.

- (d) The office had provided musical instruments worth Rs. 1,000,000 in order to be granted to the Dakshina Lanka Tertiary Education and Leadership Training Faculty. The said institution had become non-functional after 20 March 2014, and the musical instruments had not been necessary for the courses approved to be conducted there. Furthermore, matters such as, functionality of the said institution in the year 2018, details of the courses & the number of students, necessity of instruments, staff of the institution, and the register of Instructors, had not been made available to the Audit.
- All the relevant verifications should be obtained prior to implementing programs & making payments, and the documentary information relating thereto, should also be verified.
- The Samadhi Foundation has furnished the information relating to the said matter, to the Director of Planning.
- (e) Advances amounting to Rs. 2,198,354 had been given to the District Secretariat, Matara by the Paddy Marketing Board on 22 August 2017 for repairing the paddy store in Meddawatta, Matara. After the procurements being made by the District Secretariat, the contract had been awarded to a private institution at the value of Rs. 9,841,705 (without Value Added Tax), and mobilization advances amounting to Rs. 1,968,342 had been paid on 22 November 2017. However, due to a protest staged by the students of the University College adjacent thereto, the repairs had been
- Special attention should be drawn on the matters such as, constructions are made in accordance with the estimate, settlement of the advance given, and making the constructions usable.
- It is informed that the sum payable to the contractor shall be settled from the grants amounting to Rs. 3,000,572 received from the Paddy Marketing Board and the advance given shall be recovered in April 2019.

halted since January 2018 without following a formal procedure. A sum of Rs. 1,968,342 had been incurred thereon by the end of the year under review, and of that, commitments valued at Rs. 4,951,301 had been incurred, but the sum spent thereon had become uneconomic due to constructions being halted.

- (f) The Divisional Secretaries had not paid attention of the rates approved by the District Secretary. An overpayment of Rs. 372,443 had been made for the construction of 06 roads by laying interlocking blocks in the division of Divisional Secretariat, Kirinda, Puhulwella. And an overpayment of Rs. 539,941 had also been made with respect to the construction of roads in the Divisional Secretariat, Thihagoda.
- Payments should be made by the Divisional Secretariats in accordance with the quality assurance report based on the rates approved by the District Secretary
- The relevant roads belong to the Pradeshiya Sabha. As such, payments had been made in accordance with the estimate relating to the prices of interlocking blocks prepared by the Southern Provincial Department of Local Government.

3. Operating Review

3.1 Failure to Discharge Functions

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) Eight main activities should have been carried out by the District Secretariat in accordance with the annual Action Plan. Of the provision made for 03 sub activities under the activity of	Activities should be executed in accordance with the annual Action Plan.	Activities could not be completed by the end of the year 2018 as per the Action Plan due to the failure of the contractors to complete works according to the agreements.

construction of buildings mentioned in the Action Plan, the saving ranged between 48 per cent and 86 per cent. Another 03 sub activities had not been executed. Provision totaling Rs. 129.55 million had been made on the main activities that had not been executed.

- (b) According to the Action Plan, the construction of additional buildings at the Divisional Secretariats of Dikwella and Thihagoda, should have been completed in the year 2018. However, it could not be done. Renovation and modification of buildings belonging to the Divisional Secretariats of Akuressa, Welipitiya, Kirinda, and Puhulwella, had not been done in accordance with the Action Plan.
- Action should be taken to achieve the expected result in accordance with the Action Plan.
- Due to failure of the contractors to complete works in accordance with the agreements, the activities could not be completed by the end of the year 2018 as per the Action Plan.

3.2 Projects Implemented with the Local Funds

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) Provision totaling Rs. 1,776.82 million had been	The provision made should be utilized as specified.	Once the provision for Members of Parliament is

made as at 31 December 2018 for 17 programmes implemented by the District Secretariat by utilizing local funds, and only a sum of Rs. 525.64 million had been utilized therefrom. As such, a sum of Rs. 1,251.18 million equivalent to 70 per cent of the provision made had been saved.

allocated under the decentralized budget programme, estimates are prepared for the projects. As such, provision, once made, won't be saved.

- (b) A number of 1427 works of which the estimated value amounted to Rs. 652.84 million included in 08 programmes, had been abandoned without being implemented.
- The provision made should be utilized as specified.
- The said works could not be executed due to reasons such as, revised projects had not been approved & inadequacy of time, temporary halt of works in the wake of political turmoil in October, and non-receipt of approval on projects & the provision.
- (c) A number of 152 works executed under 06 programmes, could not be completed by the end of the year under review. Accordingly, projects with an estimated value of Rs. 179,610,172, had been continued into the year 2019. Moreover, 81 projects valued at Rs. 847.55 million had also been continued into the year 2018 from the year 2017 under the programmes of the Ministry of Home Affairs, and due to non-receipt of provision, those projects had been continued into the year 2019.
- The provision made should be utilized as specified.
- As the provision allocated on each project had been higher, all the projects were implemented under the open and limited bids in terms of Procurement Guidelines, thus taking a longer period. The Letter of the Secretary to the Prime Minister, dated 08 November 2018, had stopped monetary provision even for the development programmes approved previously.

3.3 Procurements

 The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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<p>(a) A sum of Rs. 8,539,007 had been spent on repairs of the official residence of the District Secretary in the year 2018, and the total cost estimate thereof amounted to Rs. 9,655,676. According to Guideline 5.4.8 (b) of the Government Procurement Guidelines, the performance bond should remain valid up to 28 days from the intended date of completion of the work. Nevertheless, performance bonds had not been produced in that manner for Stage I and Stage II.</p>	<p>Action should be taken in accordance with provisions of the Government Procurement Guidelines.</p>	<p>Procurements had been made separately in terms of the nature of works done, and the Objects for which provision had been obtained. Instructions will be issued to the District Engineer to correct the performance bond.</p>
<p>(b) Eight Divisional Secretariats of Matara, Kamburupitiya, Mulatiyana, Pasgoda, weligama, Dikwella, Kirinda Puhulwella, & Thihagoda, and the District Secretariat had failed to prepare and timely revise the Procurement Plan of the year 2018 in accordance with Guideline 4.2.1 of the</p>	<p>The Procurement Plan should be reviewed in a timely manner. The Procurement Time Schedules should be prepared.</p>	<p>The limited provision received in the year had been utilized to make purchases for the works to be done from time to time based on priority. As such, it is practically difficult to prepare Procurement Time Schedules at the beginning of the year.</p>

Government Procurement Guidelines. All the 08 Divisional Secretariats had not prepared the Procurement Time Schedules in terms of Guideline 4.2.2 and 4.3.3

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| (c) | Action had not been taken as per Guidelines 5.6.1 (a) & 5.6.1 (c) of the Government Procurement Guidelines on computers furniture, and office equipment worth Rs. 1,226,442 purchased by the 04 Divisional Secretariats of Pasgoda, weligama, Dikwella, and Kirinda Puhulwella. | Action should be taken in accordance with provisions of the Government Procurement Guidelines. | Instructions have been issued that purchases be made in the future in accordance with the specifications made thereby avoiding such deficiencies. |
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3.4 Assets Management

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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a) According to Orders 175 and 179 in compliance with the State Lands (Recovery Of Possession) Act, No. 7 of 1979, State lands should have been identified and recorded in a register, or a database should have been prepared and maintained with a map being identified. However, the District	Action should be taken to specifically identify and register the State lands in terms of the State Lands (Recovery Of Possession) Act, No. 7 of 1979.	Time is not sufficient for replying. Hence, action will be taken to provide a reply in the future.

Secretariat, Matara, and the Divisional Secretariats of Matara, and Thihagoda, had not done so.

- b) A database for specific identification of State lands had not been maintained in order to execute the responsibilities entrusted with the Grama Niladharies under Land Order 180. As such, activities such as reporting on encroachment and reclamation had been done inefficiently.
- Land Orders should be complied with.
- Time is not sufficient for replying. Hence, action will be taken to provide a reply in the future.
- c) Action had not been taken to take follow up action on 13 lands with a total acreage of 38 acres shown as State lands in the reports prepared for the Divisional Secretariats of Matara and Thihagoda, thus failing to take measures on conservation and protection of those lands so as for such lands to be made use of productively. Certain lands had been used illegally.
- Follow up action should be taken on the identified State lands thereby ensuring conservation and protection.
- Time is not sufficient for replying. Hence, action will be taken to provide a reply in the future.
- d) As for the State lands belonging to the Divisional Secretariat, Matara given on long term lease, such lands
- Action should be taken to generate income for the Government through the preparation of long term lease
- Time is not sufficient for replying. Hence, action will be taken to provide a reply in the future.

had been in use in 10 instances during the period 2008-2016. However, preparation of long term lease agreements for those lands had not been completed even as at 30 September 2018. As such, the Government had been deprived of a possible income from the said lands.

- agreements relating to such lands under proper supervision and in a timely manner.
- e) Six schools, lands, playgrounds, and other buildings located within the division of 03 Divisional Secretariats, had been taken over contrary to Orders 200, 201 & 224 of the State Lands Act. State lands belonging to the Divisional Secretariat should be taken over properly. Time is not sufficient for the reply of the Divisional Secretariat, Matara. Instructions have been issued to the other two Divisional Secretaries to take action in the future by examining the village maps and land registers.
- f) As for the lands within the division of Thihagoda Divisional Secretariat being acquired by the Government, the combined land in Thelambugahahena, Buleudukarahena, Punchikandahena and Thennahena, had been 2.5184 hectares in extent. A notice had been issued under Section 2 of the Land Acquisition Act, dated 29 July 2011 for the acquisition of those lands, and a notice had been published in Considering the activities relating to lands, prompt action should be taken by taking follow up action in a timely manner. A request for survey had been made to the Superintendent of Survey on 24 January 2019 in order to obtain the basic plan and plot details of the land proposed to be acquired.

the Gazette on 25 May 2012 in accordance with the Bylaw, No. 38 (a). The land acquisition process had not been concluded even by 07 February 2018.

- g) Registration of persons eligible for obtaining a State land in the division of Divisional Secretariat, Matara had been done in the years 2011, 2013, and 2017. It was revealed in the examination of the list of registrations prepared in that connection that the copies of the register had not been furnished to the Provincial Commissioner of Land and the Commissioner General of Land in terms of Paragraphs 1.3.3 & 1.3.4 of the Circular, No. 2008/4 of the Commissioner General of Land, dated 20 August 2008. Nevertheless, names of the persons to whom grants had been issued in the years 2014 & 2016, had not been removed from the register as of 30 September 2018.
- Action should be taken in accordance with instructions of the Circular.
- Action will be taken to provide the reply in due course.

- h) Many years had passed as of 30 September 2018 since the persons who had not had a plot of land for dwelling in the division of Divisional Secretariat, Matara, had been registered in the years 2011, 2013, and 2017. However, action had not been taken to distribute new plots of land to them. Despite being targeted to issue 132 grants for free in the year 2018, it had not been so done.
- Action should be taken to achieve the targets.
- Action will be taken to provide the reply in due course.
- i) Ten schools remaining closed in the divisions of Weligama, Akuressa, Matara, Mulatiyana & Kamburupitiya Divisional Secretariats in Matara district, 06 offices and official residences in the divisions of Matara, Mulatiyana, Malimbada & Athuraliya Divisional Secretariats, 05 textile buildings in the Divisional Secretariats of Welipitiya, Weligama, Kirinda Puhulwella & Matara, 13 community halls being constructed in the divisions of Weligama, Welipitiya, Matara & Kotapola Divisional Secretariats, 02 lands
- State lands and buildings under the scope of Divisional Secretariats should be identified, and action should be taken in a timely manner in that regard, thus ensuring productive utilization of such assets.
- Instructions were given to request information on lands and buildings from the Land Division and the Administrative Officer respectively.

in extent of 05 acres within the divisions of Welipitiya & Matara Divisional Secretariats, along with a multipurpose building, 02 weekly fairs and a maternity clinic within the divisions of Mulatiyana, Matara, & Pasgoda Divisional Secretariats respectively, and 02 construction projects under the “*lagama Pasala Hodama Pasala*” concept pertaining to the Divisional Secretariat, Mulatiyana, had remained unused as of 31 December 2018.

3.5 Losses and Damages

 The following observations are made.

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
a) Damages valued at Rs. 2,323,132 had occurred with respect to 19 vehicle accidents relating to the District Secretariat, Matara and 06 Divisional Secretariats during the period 2005-2018. Action had not been taken even up to end of the year under review in terms of Financial Regulations either to write off or recover the losses and damages from the relevant parties.	The Financial Regulations should be adhered to.	Action will be taken to appoint a board of inquiry in regard to the dormant files, and the damages will be recovered or written off following the instructions thereof. Reports will be obtained on the vehicles for which preliminary investigations had been carried out, thus taking further action.

- b) A Cab belonging to the District Secretariat had met with an accident on 01 January 2018 and the loss had been assessed to be Rs. 817,250. A Board of Inquiry had not been appointed in terms of 104 (4) to prepare the final report even up to 31 December 2018. The relevant Driver had been interdicted though, no any other action had been taken even up to 11 March 2019. Of the said damage, only a sum of Rs. 530,925 had been reimbursed by the insurance company. The damage of Rs. 29,509 caused to the motor vehicle parked at the premises of the District Secretariat, had been paid by the District Secretariat on 26 April 2018 without taking action to reimburse that sum from the insurance policy of the vehicle that caused the accident. The total loss caused by the said accident to 02 Cabs and telephone posts totalled Rs. 882,394. Although a period of over one year had passed since the accident, action had not been taken in terms of Financial
- Action should be taken in terms of Financial Regulations 103, 104, and 109.
- Action is being taken to appoint a Board of Inquiry with immediate effect. It is informed that further action cannot be taken until the report of the investigation carried out by the Ministry of Home Affairs, is received. As only a sum of Rs. 530,925 had been spent on the repair, that sum had been reimbursed through the insurance. Furthermore, action will be taken on the file by obtaining the required reports promptly.

Regulations thus causing delay in taking action either to recover or write off the loss from the books and take action against the parties responsible.

- (c) Comprehensive reports that should have been furnished within a period of 03 months from the date of accident in terms of Financial Regulation 104 (4) had not been furnished even by the end of the year under review with respect to 13 vehicle accidents causing damages of Rs. 1,945,185 relating to the District Secretariat and 06 Divisional Secretariats. Action should be taken in terms of Financial Regulations. Instructions will be issued to all the Divisional Secretariats in order to avert such delays in the future.
- (d) Five files relating to accidents with losses amounting to Rs. 204,043 involving vehicles of the District Secretariat and 03 Divisional Secretariats, remained dormant without taking further action even as of 31 December 2018. Action should be taken with immediate effect in regard to files remaining dormant. Action will be taken promptly by obtaining the required reports.
- (e) Action had not been taken in terms of Financial Regulation 104 & 109 on the losses sustained by 05 Action should be taken in terms of Financial Regulations. The reports in regard to damages exceeding Rs. 250,000 have been prepared and furnished by facilitating the duties of Chief Accounting Officer.

offices to the value of Rs. 3,251,250 due to floods in the year 2017 thus failing to write off those losses and damages from the books even by 31 May 2019.

Recommendations as to the officers to be appointed to the Board of Inquiry have also been provided in terms of Financial Regulation 104.

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| (f) Losses and damages to the value of Rs. 15,840,000, excluding accidents involving vehicles, had been brought forward over periods of 06 – 34 years as at 31 December 2018, and that included damages caused by the Tsunami on 26 December 2004 amounting to Rs. 14,965,038. However, no action had been taken even up to 11 March 2019 either to write off or recover those losses and damages. | Action should be taken with immediate effect on the losses and damages. | Reports will be obtained soon in the future, thus closing the files. |
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3.6 Failure to Provide Replies for the Audit Queries

The following observation is made.

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
No replies had been made available even by 31 March 2019 for 25 audit queries issued in the year under review and 02 audit queries issued in the preceding years to the District Secretariat. The value of computable transactions with respect to those audit queries, totaled Rs. 1,155,811,607.	Action should be taken in terms of Financial Regulation 155.	Observations have been summoned with respect to all the audit queries. Action will be taken to provide replies promptly.

4. Achievement of Sustainable Development Goals

The following observation is made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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The District Secretariat had not drawn attention in the year 2018 on the goals and targets that should be achieved by the year 2030 in accordance with the Sustainable Development Agenda whilst failing to take action even by 08 May 2019 to identify the Sustainable Development Goals and Targets.	Action should be taken to identify the Sustainable Development Goals and Targets for the year 2018 and thereafter.	No comments had been made.

5. Good Governance

5.1 Rendering Services to the Public

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) The District Secretariat had not established a methodology to develop a website and make public aware & obtain complaints of the people through the website.	Action should be taken to develop a website.	The website of the said District Secretariat was updated since the year 2018 in accordance with a criteria set out by the Ministry of Home Affairs covering all the District Secretariats.
(b) A register for public complaints had not been maintained.	Public complaints register should be maintained.	There is no trend for receiving complaints or messages from the public through the website. Hence, no complaint register was maintained in that connection. Instructions will be issued to maintain such a register if necessary.