

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the **District Secretariat, Nuwara Eliya** 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 was issued to the Accounting Officers 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 was issued to the Accounting Officer on 14 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 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 Accounts and Reconciliation Statements

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The Accounting Officer is 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 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 Presentation of Accounts

The District Secretariat had not furnished the following financial statements and reconciliation statements to Audit on due date.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Annual Financial Statements		

In terms of State Financial Circular No: 267/2018 dated 21 November 2018, the annual financial statements should be furnished to the Auditor General before 28 February 2019, whereas it had been furnished to Audit on 26 April 2019, after a delay of 02 months.	Action should be taken in accordance with the provisions in the circular.	Due to the issues cropped up in reconciling new set of financial statements for the year 2018, assistance of the Department of Treasury operations had to be sought.
(b) Reconciliation Statement on Advances to Public Officers Account		

Even though the reconciliation statement on Advances to public officers account items No 26011 should have been presented to Audit before 28 February 2019 in	Action should be taken to furnish reconciliation Statements to Audit in terms of provisions in	Due to the issues cropped up in reconciling new set of financial statements for the year 2018, assistance of the Department of Treasury operations had to be

terms of state Financial circular the state Financial sought.
 No: 267/2018 dated 21 November circular No: 267/2018
 2018, it had been presented to dated 21 November
 Audit on 06 March 2019, after a 2018.
 delay of six days.

1.6.2 Non- compliance with provisions in circulars

Even though financial Statements should have been prepared in accordance with State Financial Circular No: 267/2018 dated 21 November 2018, instances of deviating from such requirements are as follows

Audit Observation	Recommendation	Comments of the Accounting Officer
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Two Hundred and Fifty Seven items of non-current assets, of which cost could not be recognized and disposed of in the year 2018 had not been eliminated from accounts of non- current assets of the financial statements.	Correct amounts should be stated in the account	Since the assets disposed of in the year 2018 had not been brought to account, it has not been stated under the disposal in the account.

1.6.3 Accounting Deficiencies

(a) Recurrent Expenditure

Audit Observation	Recommendation	Comments of the Accounting Officer
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Although a sum of Rs. 971,886,868 had been stated as the recurrent payments pertaining to the other Ministries and Departments in the cash flow statement, correct balances was Rs. 964,871,360, thus observing a difference of Rs7,015,508 .	Correct amounts should be stated in the account.	Observation is accepted.

(b) Reconciliation Statement on Advances to Public Officers Account.

Audit Observation	Recommendation	Comments of the Accounting Officer
----- Although amounts indicated in Items Nos. 260011 and 260012 should be consolidated and shown for the receipts and payments of the Advances to Public Officers Accounts in the statement of financial performance, accounts had been prepared taking into consideration only the amounts in Item No, 260011.	----- Action should be taken in accordance with circulars.	----- This error will be corrected in the preparation of accounts of the year 2019.

(c) Property, plant and equipment

The following deficiencies were observed relating to accounting for Property plant and equipment.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(i) Any asset belonging to the Divisional Secretariat, Nuwara Eliya had not been included in the category of non - financial assets.	Correct amounts should be stated in the account.	Eventhough the data of the Divisional Secretariat, Nuwara Eliya for the year 2018 had been included, since the above data were not tallied, those were eliminated and data entry has been commenced in the year 2019.
(ii) By the Letter No. CL/SA/DS/NE/01 dated 08 November 2017 of the Chief Assessor, the building premises in which the District Secretariat is located had been valued at Rs. 633,250,000. Nevertheless, that amount had been understated by Rs. 1,167,388 and stated at Rs. 632,082,612 in the Financial Statements.	Assets should be brought to account at the present assessed value in terms of accounting standards.	Value of the District Secretariat Building had not been understated in account. Since the included value had been eliminated from the account, it was again included in April 2019.
(iii) Even though the value of the property, plant and equipment had been stated as	While Recognizing reasons for the difference, adjustments	Due to an error occurred in entering totals as columns in the Format A C A - 6, above

- Rs. 1,072,887,249 in the statement of financial position, the value that had been accounted in the Treasury amounted to Rs. 1,150,387,393. Accordingly, there was a difference of Rs. 77,500,144.
- (iv) The Value of lands amounting to Rs.79,150,000 according to the Treasury Assets Report had not been entered in the non- Current Assets Movement Report. While Recognizing reasons for the difference, adjustments should be correctly made to the accounts. Although a sum of Rs. 54,750,000 had been included under the lands of the Divisional Secretariats, Hanguranketha, it was not brought to account since the report of the Department of Valuation had not been received.
- (v) According to the format A C A - 06, the value of the buildings, which were not the houses, had been stated as Rs. 157,818,570 in the Statement of Non- Financial Assets, whereas that value had been stated as Rs. 155,852,339 in the Treasury Assets Report. Accordingly Non- Reconciliation of Rs. 1,966,231 could be observed. While Recognizing reasons for the difference, adjustments should be correctly made to the accounts. Due to an error occurred in entering totals as columns in the Format A C A - 6, above amount had varied from the Treasury value.
- (vi) Although the value accounted under the transport equipment assets of the Treasury as at 31 December 2018 amounted to Rs. 78,904,834, it had been stated as Rs.78,774,550 in the Non- Current Assets Detailed Statement. Accordingly, a difference of Rs. 130,284 was observed. While Recognizing reasons for the difference, adjustments should be correctly made to the accounts. Since the opening balance of the year amounting to Rs. 78,774,550 is shown in the Treasury accounts, there is no difference.
- (vii) The value brought to account under the other machinery and equipment in the Treasury stood at Rs. While Recognizing reasons for the difference, adjustments should be correctly Due to an error occurred in entering totals as columns in the Format A C A - 6, above amount had varied from the

92,799,626, it had been made to the accounts. Treasury value.
 started as 178,845,643 in the
 Statement of Non- Current
 Assets, thus observing a
 difference of Rs. 86,046,017.

(viii) Although, a sum of Rs. 28,944,283 had been stated in the Treasury Assets Report as work-in -progress, an amount as work-in-progress had not been started in the Non-Current Assets Detailed Movement Report in the financial statements. While Recognizing reasons for the difference, adjustments should be correctly made to the accounts. It was included again in the year 2019.

(d) Other

Audit Observation	Recommendation	Comments of the Accounting Officer
Without being separately started the payments of the Advances to the Public Officers and the payments of the General Deposit Account in the cash flow statement, it had been stated as the main ledger expenditure and the receipts relevant thereto had been stated as the non-revenue receipts.	Action should be taken in accordance with circular.	The cash flow statement will be prepared again.

(e) Non-maintenance of Books and Registers.

It was observed at the Audit test check that the District Secretariat had not maintained the following registers.

Audit Observation	Recommendation	Comments of the Accounting Officer
(i) <u>Inventory Book</u> Inventory registers had not been maintained by 11 Grama Niladharees Offices in accordance with Financial Regulation 454 (1)	An Inventory Book should be maintained in accordance with Form General 44.	It is notified that this will be corrected in future.

(ii) The Register including family details

Twenty Grama Niladharees in 04 Divisional Secretariat Divisions had not maintained a register including the details on the families in the Division.

A Family Details Register Should be prepared in accordance with the Grama Niladharees Manual.

It is notified that this will be corrected in future.

(f) Lack of Evidence for Audit

Audit Observation

Recommendation

Comments of the District Secretariat

The measurements of the bills of 05 roads construction work totalled Rs.6,081,640 of 02 Divisional Secretariats had been written so as to be equal in the width and equal in the thickness along the total length of the road. Nevertheless, the road was not physically equal in width and in thickness. As such, accuracy of the measurements could not be established through the physical examination.

Physically available measurements should be included in the bills.

Instructions have been given to write bills in a manner able to physically examined the measurements.

(g) Assurance to be given by the Accounting officer

In terms of section 38 of the National Audit Act No. 19 of 2018, the Accounting Officer should assure the following matters, whereas action had not been taken accordingly.

Audit Observation

Recommendation

Comments of the District Secretariat

(i) The Chief Accounting Officer and the Accounting officer should ensure that an effective internal control system for financial control of the District Secretariat exists and maintains and carry out periodic review to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out and further, those

Action should be taken in accordance with Section 38 of the National Audit Act No.19 of 2018.

Necessary instructions have been given on the preparation and maintenance of an effective internal control system for financial control in Regional and District Audit and Management Committees.

review should be made in writing and a copy thereof should be furnished to the Auditor General. Nevertheless, action had not been taken accordingly.

- (ii) The Chief Accounting Officer should ensure the timely preparation and submission of annual and other financial statements and in addition he is required to submit annual reports to Parliament pertaining to the auditee entity. Nevertheless, due to the audit observations referred to in Paragraphs 1.6.1 (a) and (b) of the report, those requirements had not been fulfilled.
- Action should be taken in accordance with Section 38 of the National Audit Act No.19 of 2018.
- Although the relevant report was prepared and submitted on due date, a corrected report have been again submitted to the Audit in consultation with the Treasury on the issues cropped up in the preparation of the report.

(h) 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 check are analyzed below.

Reference to Laws, Rules and Regulations	Value	Non-compliance	Recommendation	Comments of the Accounting Officer
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(i) Establishments Code of the Democratic Socialist Republic of Sri Lanka.				

Part II, Chapter - XLVIII - Section 13.2		Despite laps of a period ranging from 73 days to 1460 days from the commencement of 86 preliminary inquires of the District Secretariat and 03 Divisional Secretariats, inquiries had not	Inquires should be completed without delay.	Inquiry reports comprising 05 reports of the District Secretariat, 04 reports of the Divisional Secretariat, Hanguranketha and 01 report of the Divisional Secretariat

been completed even by 09 February 2019, the date of audit.

Kothmale have been received at present and relevant divisions have been informed to implement those recommendations.

(ii) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.

(i) Financial Regulation - 138 (4)(6)(8) 1,950,177

A sum of Rs. 1,950,177 had been paid in 21 instances for the vouchers with incomplete details of the District Secretariat and 03 Divisional Secretariats.

Action should be taken in accordance with Financial Regulations.

Due to delay occurred in the receipt of goods, the written cheques have been retained. All lapses found in the vouchers have been completed by now.

(ii) Financial Regulation - 237 4,758,242

Thirty two cheques worth Rs.4,758,242 had been drawn on 31 December 2018 for the purchases and those had been retained even by 31 January 2019. Nevertheless, relevant goods had not been received by the office.

Action should be taken in accordance with Financial Regulations.

Due to delay occurred in the receipt of goods, the written cheques have been retained. All lapses found in the vouchers have been completed by now. All the goods have been received by the office.

(iii) Circulars of the Ministry of Public Administration and Home Affairs

(i) Circular No.HAF-3-PAYMENT-04-02 dated 23 October -

Although it is compulsory for the GramaNiladharies to wear the Uniform and the Official emblem when

Action should be taken in accordance with the circular.

It has been informed that disciplinary action will be taken against the officers who do not comply with that

	2014.			performing duties in the office situated in the division as well as in the field duties, at the time of conducting audit test checks in 4 Divisional Secretariats, Grama Niladharies in 36 Divisions were not in their uniforms and 40 Grama Niladharies had not worn official emblem. Twenty One Grama Niladharies had not maintained their official diaries in an updated manner.	requirement in performing duties in future.
(ii)	Paragraph 03 (i) of the circular No.HAF-3-ADMIN-04-002 dated 27 April 2016.	--	Although it is compulsory for the Grama Niladharees to be in his office during whole day on Monday and Thursday and up to 12.30 p.m. on Saturday, at the time of audit test check, 13 Grama Niladharees officers in 03 Divisional Secretariats had been closed down and no notification had been exhibited on the notice board that they were on leave or engaged in other duty.	Action should be taken in accordance with the circular	It has been informed that disciplinary action will be taken against the officers who do not comply with that requirement in performing duties in future.
(iii)	Paragraph 09	-	Even though Inspection so as to cover each Grama Niladharees office	Action should be taken in accordance with the circular	Since the Division being large in size and existence of more number of

should be conducted at least once in 04 months by the Divisional Secretary, Assistant Divisional Secretary and the Administrative Grama Niladharee appropriately dividing the task among them, it was observed in the analysis of inspections carried out in 26 instances in the 05 Divisional Secretariats that the Inspections had not been conducted over long period ranging from 171 days to 1232 days.

Divisions, there are difficulties in personally examining the Grama Niladharee's Offices.

(I) Transactions of Fraudulent Nature

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>-----</p> <p>It had been established by a preliminary inquiry that the Government funds had been misused by producing faked bills worth Rs.24,975 for 500 yoghurt cups in providing milk packets and yoghurts among the students who participated in the All Island Students Skills Evaluation Programme,2017. Out of the above amount, a sum of Rs. 14,000 had been settled by an officer on 27 May 2019. Nevertheless, steps had not been taken in accordance with the Financial Regulation 104 to recover the loss by conducting an inquiry and to initiate disciplinary inquiry against the person who should be held responsible for the</p>	<p>-----</p> <p>Steps should be taken to recover the loss by conducting an inquiry according to the Financial Regulations and disciplinary action should be taken against the persons who should be held responsible.</p>	<p>-----</p> <p>The Additional District Secretary (Lands) who monitored the above programme has been informed to recognize the responsible person and recover the dues.</p>

relevant fraud,

2. Financial Review

2.1 Imprest Management

The following deficiencies were observed in relation to accounting for the Imprest balance

Audit Observation	Recommendation	Comments of the Accounting Officer
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The imprest balance of Rs. 900,878 that remained unsettled from the year 2012 had been stated as an unsettled balance of the year, 2017 in the financial statements.	Action should be taken to settle the imprest balance without delay	The unsettled imprest balance of the preceding years is transferred to the imprest account of the current year by the Treasury every year. Accordingly, the unsettled imprest balance of the year, 2012 which was brought forward year by year has been shown as an imprest balance of the year 2017.

2.2 Issuance and Settlement of Advances

The audit observations are as follows

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Even though imprest should be settled within 10 days from the completion of the work for which the imprest was granted, delays ranging from 14 days to 225 days had occurred to settle imprests of Rs. 688,632 in 37 instances.	Action should be taken in accordance with Financial Regulation 371(5) as amended by state Financial Circular No.03/2015 dated 14 July 2015.	Instructions have been given after holding discussion at the Regional Audit Committees.
(b) The loan balance remained recoverable over a period of 4 years from 4 officers who had been interdicted and who had vacated the service stood at Rs. 224,818.	Action should be taken to recover the loan granted without delay.	The two officers who had been interdicted and who had vacated the service had informed that they would settle the dues in instalments. Action will be taken to recover the amount due from the officer who had been

recommended for dismissal from the service, in consultation with the Attorney General and steps will be taken to complete the preliminary inquiries of the interdicted officer expeditiously and thereby recovery the amounts due.

3. Operating review

3.1 Planning

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) In terms of paragraph 03 of the State Finance Circular No. 2014/01 dated 17 February 2014, The District Secretariat had not included in the action plan, the approved cadre and the actual cadre, Activity plan prepared in order of priority based on the annual budget and the imprest requirement for the annual activities	Action should be taken in terms of the circular.	The action plan of the year 2019 has been prepared including all the information.
(b) Even though the action plan had been prepared for the District Secretariat, Nuwara Eliya, targets had not been set consolidating 05 Divisional Secretariats.	Action will be taken in terms of the circular.	Instructions have been issued to prepare future plans by consolidating the 05 Divisional Secretariats in future.

3.2 Failure to Achieve Expected Output Level

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) In the physical inspection carried out on 24 January 2019 relating to the	Work should be carried out so as to fulfil the objective	Even though the District Engineer instructed to construct relevant channel, construction

construction site of the Ambagamuwa Diyasirigama Channel of which contract had been awarded at Rs. 399,981 by the Disaster Management Centre, it was observed that the contractor had build a retention wall, whereas he had not constructed the channel to drain water.

Further, the base of the wall should have been constructed by setting concrete layer of 1' in 1.3.6 mixture, concrete had not been laid in any place so as to set 1' concrete layer.

(b) With the use of provisions of Rs.500,000 given for the repair of Rahanwatta Kovil which had remained unrepaired over a number of years, a fence had been erected around the Kovil.

(c) Subsequent to enquiries made relating to defects found in the inspection of 09 contract works worth Rs.10,660,674 of 03 Divisional Secretariats, overpayments of Rs.471,151 had been recovered from the contractual societies. Nevertheless, any step had not been taken against the officers and the contractual societies that had not carried out works in conformity with the prescribed standard.

(d) After being pointed out the fact that the thickness of the road was not in 6'' , a sum of Rs. 879,559 of the retention money of 07 works had been

had not been carried out. As such, provision have been requested for the 2019 in order to complete remaining works.

Physically available measurements should be included in the bills.

Payments of only 2 bills of this project have been made by increasing their retention money.

Estimates should be prepared in keeping with the objectives.

The Kovil Committee requested to erect a fence around the Kovil.

Necessary steps should be taken against the contractual societies and the officers who had not carried out the work in conformity with the standard.

Over payments have been recovered and credited to the Government Revenue. Further recoverable account, if any, will be recovered.

Necessary steps should be taken against the contractual societies and the officers who had not carried out the

Over payments have been recomputed and recovered and then credited to the Government Revenue. Further recoverable account, if any, will be

lessen, whereas action had not been taken to compute overpayment and recover the same relating to two roads of which shortcomings had been pointed out . No steps whatsoever had been taken in respect of the contractual societies and the officers that should be held responsible in that connection.

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|-----|--|---|---|
| (e) | About 50 feet area of Nanuoya Udaradella Estate Rural Road constructed at a cost of Rs. 990,000 had been cracked and cracks should be observed even in the middle of the road. | Supervision should be carried out to ensure that constructions are carried out in conformity with the standard. | Having been examined constructions by the Technical Officers, action will be taken to deduct the due amount from the retention money. |
| (f) | In relation to the reconstruction <i>Dharma Salawa</i> of a temple situated at Walapane , instead of laying steel bars of the concrete slab so as to set a gap of 6'' , steel bars had been played so as to set gaps from 6'' to 12''. Further steel bars laid on the first floor had remained decaying while buried under the soil. | Supervision should be carried out to ensure that constructions are carried out in conformity with the standard. | It is informed that the Technical Officer has instructed to complete the work from this flow and instead of the roof , to construct the slab to form a slop so as to drain water gradually and not to retain any weight on the concrete slab. |
| (g) | In the work relating to fixing security grills to the windows of the Ambagamuwa Divisional Secretariat at a cost of Rs.845,624, although flat iron in 16x5 mm should be used to the frame and flat iron in 12x5 mm should be used to the middle of the grills, flat iron in 9.5x5 mm had been used to the middle of the grills while flat iron less than 16x5 mm had been used for the frame of the grills of the windows on | Supervision should be carried out to ensure that constructions are carried out in conformity with the standard. | Overpayments will be recovered and reported. |

upper floor.

- (h) The Norwood Sunrise Playground constructed on the provisions of Rs.1,000,000 in the year 2018 had been used for dumping soil of nearby Norwood channel for a gem mining work. Action should be taken in keeping with the objectives. Since Gem gravel is being washed at a part of this playground with the approval of the Norwood Pradeshiya Sabha, this playground is not being used for sports activities.
- (i) In the implementation of the project for the cut and removal of barriers of the Mahaveli River, it had been planned to divert river flow by constructing Gabion Walls for the prevention of severe erosion of the river banks and fill the back of the walls with soil. Nevertheless, back of the Gabion Walls had not been filled with soil, thus arising a risk of Dengue owing to accumulation of water in the vicinity. Work should be completed in environmental friendly manner in keeping with the estimate. Future steps will be taken in pursuance of the instructions of the District Engineer, Irrigation Engineer and the Engineer of the Mahaweli Authority.
- (j) Although the rate of the louvers of the aluminium windows relating to the work No.22 of the Maskeliya Grama Niladharee's official quarter amounted to Rs.16,822, payments had been made at the rate of Rs.18,019, thus making an overpayment of Rs.4,261. Further, the rate for aluminium windows No. J 60 was Rs.13,093, whereas payments had been made at the rate of Rs.19,676. Accordingly, an overpayment of Rs.87,686 had been made. Payments should be made in accordance with the rates specified in the estimate. It has been informed that additional works had been done more than the value of overpayments made for the Aluminium.

3.3 Failure to Achieve Expected Outcome

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>(a) Although a sum of Rs.292,600 had been estimated to supply and install 46 water meters with all accessories for the Pethumgama and Bandaranayaka Mawatha water scheme of the Divisional Secretariat Division of Nuwara Eliya, the gate valve to be fixed in front and back of the meter had not been fixed in the installation of meters. Accordingly, there was no possibility for the Society to disconnect water supply when required and the residents to do repairs. There was no guarantee period for the above water meters.</p>	<p>In the preparation of estimates and assignment of contracts, the works to be completed should be specifically mentioned.</p>	<p>Relevant Society was instructed to complete the project properly by fixing relevant gate valves.</p>
<p>(b) Out of 10 water tanks granted by the Disaster Management Centre to the Divisional Secretariat, Walapane, 02 tanks had been provided for the official quarter of the Divisional Secretary, Walapane and other 02 tanks for the official quarter of the Assistant Divisional Secretary and one tank for the Divisional Secretariat, Nuwara Eliya.</p>	<p>These items should be used in keeping with the intended purposes.</p>	<p>Water tanks were distributed among schools and temples to collect water during the course of draughts.</p>
<p>(c) Although Rs.282,112 had been paid to cut and level the playground of the Protop Tamil School of the Kothmale Divisional Secretariat, a levelled</p>	<p>Work should be properly carried out.</p>	<p>Although the contractor was informed in writing to complete these shortcomings on 22 March 2019 and 09 May 2019, work was not completed as yet. As such, estimates have been</p>

surface of the playground could not be observed in a manner enable the children to engage in sports activities.

prepared to complete the work using retention money.

- (d) The Fly wood boards fixed in the rooms partitioned at a cost of Rs. 106,163 to temporary retain the residents of 13 housing units remained at the risk of landslide in the Kothmale Divisional Secretariat Division had been detached and sarees had been hanged instead. Further the substandard door locks fixed at a cost of Rs. 58,785 too had been damaged
- Follow up action should be taken to ensure that the work is used for the intended purpose.
- The Technical Officers reported that since the above building had been developed for short term use, standard high quality materials were not used and the beneficiaries had returned to their former residents when the risk seemed disappeared.
- (e) (i) For the project relating to the production of environmental friendly lunch sheets with the use of leaves of the Cavendish Banana plants under the Grama Shakthi Programme, the Walapane Divisional Secretariat had purchased a machine at a cost of Rs.357,000.
- The project should be implemented so as to achieve the objectives within the prescribed period of time.
- Even though the arrangements were made to purchase Banana plants in the year 2018, due to lack of Banana plants in the nursery, purchasing could not been made. Funds have been requested to purchase the plants in the year 2019. Lunch sheet production had been commenced with the use of banana leaves found in the Division.
- (ii) Even though the building in which the above machine was installed had been repaired at a cost of Rs. 1,254,220, security grills had not been fixed to the windows. Accordingly, it might be a threat to the safety of the machines.
- (iii) Plans had been drawn to commence a

plantation of 1500 Cavendish Banana plants in December 2018. Whereas plants had not been purchased even by 14 February 2019, the date of audit and manufacturing of lunch sheets, too, had not been commenced.

- (f) A proper procedure had not been prepared on the future maintenance activities of the project of the widening of Brago and Green Lime Farm areas of the Maskeliya Oya and due to irregular activities such as unauthorized sand mining, the bank of the channel remained eroding.
- Projects should be implemented so as to achieve the objectives.
- The Development Officers have been instructed to take follow up action.

3.4 Delays in the Implementation of projects

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>Under the Environment Protection National Programme, Provisions of Rs.3,082,500 had been made available to the Walapane Divisional Secretariat Division from the year 2016 to 2018 for the water sources conservation project of the plantation companies and out of 91 blocks of lands in which the water sources located according to the project proposal, 40 blocks of lands had been surveyed. Those land blocks had not been demarcated by erecting posts and as a result of not correctly preparing project report and not preparing procurement plan in required instances, out of the</p>	<p>Projects should be implemented so as to achieve the objectives.</p>	<p>Even though 91 estate blocks of land with water resources had been identified, provisions had been received in November 2018. The extent of land that could be surveyed by and under the supervision of the Survey Department was 40 blocks of lands by the end of December and the water sources that should be given priority were surveyed accordingly.</p>

provisions made available to the conservation of catchment areas, Rs.700,000 had been returned.

3.5 Projects without progress despite the release of funds

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>Even though the <i>Sangawasaya</i> of the Tibbatugoda Sri Subaddraramaya in Walapone Divisional Secretariat Division had been constructed with 05 stories since year 2008, any room or bathroom thereof had not been constructed in usable manner even up to 13 February 2019. A sums totalling Rs. 6,873,981 had been spent from various Government Programmes for the construction of above <i>Sangawasaya</i> from the year 2015 to 2018.</p>	<p>Projects should be implemented so as to achieve the objectives.</p>	<p>Funds have been allocated from various Ministries and Departments. Constructions have been completed in commensurate with the amounts received.</p>

3.6 Annual Performance Report

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>(a) In terms of Sub-section 16 (2) of the National Audit Act No. 19 of 2018, the Annual Performance Reports together with the financial statement should have been furnished to audit before 28 February 2019, whereas Performance Report had been furnished to audit on 06 May 2019.</p>	<p>The Annual Performance Report of the District Secretariat should be furnished to audit along with the financial statements.</p>	<p>The draft has been handed over to the Audit at present.</p>
<p>(b) Annual Action Plan of the District Secretariat had been prepared based on 05 sectors</p>	<p>The Annual Performance Report should be in consistent</p>	<p>This report has been prepared more comprehensively. Instructions have been given to</p>

while performance report had been prepared as 11 sectors. with the Annual Action Plan and progress of the implementation of activities identified in the Action Plan Should be state in the Performance Report. strictly adhere to the circulars.

- (c) Twenty eight activities identified in the Action Plan had not been properly carried out during the year. Effort should be made as far as possible to achieve the targets planned during the year. Efforts have been made as far as possible to achieve targets.

3.7 Assets Managements

Audit Observations	Recommendation	Comments of the Accounting Officer
(a) There were differences relating to 08 items between the stock balance and the physical balance of the Stores of the District Secretariat as at 28 February 2019, the date of audit.	Stores registers should be properly maintained.	Relevant corrections have been made at present.
(b) Fourteen items of goods purchased by the Hanguranketha Divisional Secretariat in the year 2016 and 2017 under the Development schemes to distribute among the beneficiaries had been retained in the Stores even by 05 November 2018, the date of audit without being taken action to distribute those goods.	Action should be taken to distribute goods without delay.	All the relevant goods for the year 2017 and 2018 have been distributed by now and action will be taken to provide sports equipments and chairs purchased in the year 2016 for the societies nominated by the Council Members.
(c) Although the Disaster Relief Centre had provided 40 water tank in 1000 liters in the year 2016 and 02 water bowsers in the year 2017, any document or file in that	Reports should be properly maintained. The officers who should be responsible for the misplacement of water tank should be	Instructions have been given to update the registers and files.

connection was not identified. presented to the Audit and it could not be ascertained as to where 9 of the above water tanks had been retained.

- (d) Any Grama Niladhari in 04 Divisional Secretariat Divisions had not used the inventory Register and inventory items had been included in an excise book or half sheet paper. Inventory Register should be used in terms of financial regulations 454. All the Grama Niladharies were educated in this regard.
- (e) Inventory Register of 61 Grama Niladhari Officers of the 5 Divisional Secretariat Divisions had not been checked or subjected to any board of survey. There were 11 officers in which an Inventory Register had not been maintained. In terms of Financial Regulation 756 annual Board of Survey should be conducted on items available in all the Departments. This matter was discussed at the Audit and Management Committee held on 12 March 2019 and at the Regional Audit and Management Committee. Instructions have been given to maintain the relevant register at Grama Niladhari Officers level. A decision was reached to maintain registers and conduct a board of survey at Grama Niladhari Offices level.
- (f) Even though 03 buildings of the Vocational Training Centre had been renovated at a cost of Rs. 1,873,635, those had not been used for any training activity and ceiling of the buildings had completely dilapidated and commodes, doors and windows had been damaged and electrical equipments had been carried away. Further, vicinity of the building had been overgrown and cracks could be observed in several places of the buildings. Building should be used. Initial arrangements have been made to commence the Local Food Processing Project and the Bio Food Projects in these buildings under the United Nations Development Programme at present.
- (g) Action had not been taken to assign Stores of the Stores should be properly maintained The Stores have been specifically assigned to an

Divisional Secretariat of the Walapane to a specific officer and items received under the development project to distribute among the beneficiaries and other items had been irregularly heaped up causing difficulties to physically compute such items. and items received officer. Stores was properly should be distributed in arranged. time.

3.8 Losses and Damages

The audit observations revealed in this connection are as follows.

Audit Observation	Recommendation	Comments of the Accounting Officer
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In relation to the accident caused to the Cab of the Nuwara- Eliya Divisional secretariat on 11 July 2018,the Preliminary Inquiry Committee had been appointed on 12 July 2018, whereas relevant report of the Committee had not been presented even by 27 March 2019,the date of audit.	Action should be taken in terms of Financial Regulation 104 (3) and (4).	The relevant work has been completed by now.

3.9 Management Weaknesses

The observations revealed in this connection are specified below.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Even though a water tank had been constructed at a cost of Rs.485,000 of the Divisional Secretariat Nuwara-Eliya to provide water for the middle section of the Hetherset Estate, Kandapola, there was a risk in contaminating the water with leaves, dust and wastes and a risk on cleanliness of the water due to	Care should be exercised on cleanliness of the water.	The Development officers have been informed to take necessary measures.

lack of a cover to the tank.

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| (b) | Although a sum of Rs.1,164,638 out of overpaid Cost of Living Allowance of Rs.1,848,536, had been recovered from the pension, steps taken on the officers who should be held responsible in this connection had not been furnished to Audit. | Officers should properly perform their duties. | The above overprovision comprises the Cost of Living Allowance of the officers who are paid two Army pensions. The payment of salary and pension by two institutions had resulted in that situation. |
| (c) | Without being obtained approval, a sum of Rs.4,081,987 granted to the implementation of Livelihood Development Programmes on 27,October 2014 had been deposited in 05 Community Based Banks on 21 March 2019. | Action should be taken to utilize this money without delay. | The Manager of the Head Office has been informed to take necessary steps. |
| (d) | In relation to the Nutrition Allowance, incomplete applications have been issued to the pregnant mothers and without being taken action to correct those shortcomings, such applications had been filed. As such, 11pregnant mothers had been deprived of benefits of Rs.20,000. | Officers should ensure that his responsibility is duly fulfilled and monitoring activities are properly carried out. | Action will be taken to appoint a new officer in charge of the subject and thereby, to prevent shortcomings. |
| (e) | Out of 80 Sipdora Scholarships approved for the Nuwara Eliya Divisional Secretariat Division, 42 scholarship holders had been selected and as a result of failure to complete relevant activities on due date, remaining 38 scholarships had been granted to another 04 Divisional Secretariats. | Officers should duly perform their duties. | Explanations have been called for from the officers who had not completed their duties on due date. |

4. Achievement of Sustainable Development Goals

Audit Observation	Recommendation	Comments of the Accounting Officer
----- Targets relating to the Sustainable Development Goals identified by the District Secretariat had not been set even by 31 December 2018. Further, necessary milestones for the regulation of relevant activity had not been recognized and the identified objectives had not been included in the Action Plan of the Institute.	----- Targets should be set without delay.	----- Not replied.

5. Good Governance

Rendering services to the Public.

Audit Observations	Recommendation	Comments of the Accounting Officer
----- Information requested under the Right to Information Act in 04 instances during the year 2018 had not been provided by the Divisional Secretariat, Nuwara Eliya even by 27 March 2019, the date of audit.	----- Activities should be completed without delay.	----- Officers have been informed to provide information within due period in terms of the Right to Information Act.

6. Human Resource Management

Audit Observations	Recommendation	Comments of the Accounting Officer
----- (a) Out of approved 11 posts of Technical Officer of the District Secretariat and 05 Divisional Secretariats, 10 posts had fallen vacant and out of approved 566 posts of Development Officers, 160	----- Action should be taken to fill vacancies without delay.	----- Requests have been made to the Ministry to fill the above vacancies.

post had remained vacant and 03 out of 10 Assistant Director Posts had also remained in vacant.

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| (b) | Out of approved 07 posts of Translator for the District Secretariat and 05 Divisional Secretariats, 05 posts had remained vacant. | Action should be taken to fill vacancies without delay. | Requests have been made to the Ministry to fill the above vacancies. |
| (c) | It was observed at the audit test check conducted on 23 October 2018 that two officers who had received appointments in the years 2014 and 2015 had not submitted their medical reports. | Medical Reports should be taken without delay. | Action is being taken to immediately refer them to the medical test and obtain relevant medical certificate and thereafter, to include such certificate in their personal files. |
| (d) | Out of 128 Development Officers of the Divisional Secretariat, Hanguranketha, who received appointments in the years 2013 and 2017, 118 officers had not been registered to the Widows/Widowers' and Orphans' Pension | Registration activities should be completed without delay. | Twenty officers have been included under the new registration of the Widows/Widowers' and Orphans' Pension Scheme and other Development Officers will be registered immediately. |
| (e) | For the purpose of confirmation of appointments of 06 officers of the Divisional Secretariat, Hanguranketha who had completed their probation period and fulfilled required qualifications for the qualification, delays had occurred in sending files to the Director General of Combined Services. | Personal files should be properly maintained. | Officers have been instructed to complete relevant works expeditiously. |