

Head -272 District Secretariat, Kurunegala

1 Financial Statements

1.1 Qualified Opinion

The audit of the financial statement of the District Secretariat, Kurunegala for the year ended 31 December 2019 comprising the statement of financial position as at 31 December 2019 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, Kurunegala was issued to the Accounting Officer on 27 May 2020 in terms of Section 11 (1) of the National Audit Act, No. 19 of 2018, 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 23 September 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 Paragraph 1.6 of this report, the financial statements prepared in terms of State Accounts Circular, No. 271/2019 dated 03 December 2019 give a true and fair view of the financial position of the District Secretariat, as at 31 December 2019, and of its financial performance and cash flows for the year then ended in accordance with generally accepted Accounting Standards.

1.2 Basis for Qualified Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuS). 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 Responsibilities of Chief Accounting Officer and the Accounting Officer for the Financial Statements

The Chief Accounting Officer and 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 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 the summary report of the Auditor General 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, 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 Section 6 (d) and Section 38 of the National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year.
- (b) The recommendations pointed out in my report relating to the financial statements presented in the preceding year with respect to the observations included in Paragraph 1.6.1 of this report, had not been implemented.

1.6 Comments on Financial Statements

1.6.1 Statement of Financial Position

The following observations are made.

| Audit Observation | Recommendation | Comment of the Accounting Officer |
|--|---|--|
| ----- | ----- | ----- |
| Action had not been taken to assess and account the official quarters and the leased out assets belonging to the District Secretariat and the Divisional Secretariats. | All the assets belonging to the District Secretariat and the Divisional Secretariat, should be brought to accounts. | As the assessment had not been done, the value could not be brought to accounts. |

2. Financial Review

2.1 Deposit Balances

| Audit Observation | Recommendation | Comment of the Accounting Officer |
|--|--|---|
| ----- | ----- | ----- |
| Action had not been taken in terms of Financial Regulation 571 on deposits valued at Rs. 17,166,644 and older than 02 years. | Action should be taken in terms of Financial Regulation 571 on the deposits that reached maturity. | Deposits older than 02 years, have already been settled in terms of Financial Regulation 571. |

3. Operating Review

3.1 Non-compliances with Laws, Rules, and Regulations

An instance of non-compliance with provisions of Laws, Rules, and Regulations observed in the audit test checks, is described below.

| Reference to Laws, Rules, and Regulations | Observation ----- Non-compliance | Recommendation | Comment of the Accounting Officer |
|---|---|--|--|
| ----- | ----- | ----- | ----- |
| Other | | | |
| ----- | | | |
| Provisions of Article 22 of the Constitution of the Democratic Socialist Republic of Sri Lanka. | Sinhala language should be used to maintain general reports and carry out all the activities in all the provinces except for the Northern and Eastern provinces. However, as for the contract agreements entered into by the Divisional Secretariats with the community based associations including Farmers' Associations and Rural Development Societies, the engineering estimates of the projects included in those agreements, had been prepared only in English language. | The Article 22 of the Constitution should be adhered to. | Not commented. |

3.2 Reconciliation Statement on the Advances to Public Officers

The following observations are made.

| Audit Observation ----- | Recommendation ----- | Comment of the Accounting Officer ----- |
|---|--|--|
| a) Loans pertaining to the employees who had vacated their posts remained outstanding over periods of 02 - 18 years, but five loan balances totaling Rs. 564,300 still remained unsettled as at 31 December 2019. | Action should be taken for the prompt recovery of loans. | Action has been taken for the recovery of loans. |

- b) A total loan balance of Rs. 566,382 pertaining to 07 officers of 06 Divisional Secretariats who had been interdicted, had not been recovered even as at 31 December 2019. This loan balance continued to exist over a period of 01-19 years. Action should be taken for the prompt recovery of loans. Action has been taken for the recovery of loans.
- c) The loan balance of Rs. 326,945 pertaining to 03 deceased officers of 03 Divisional Secretariats, remained unrecovered over a period of 01 – 16 years as at 31 December 2019. Action should be taken for the prompt recovery of loans. Action has been taken for the recovery of loans.

3.3 Irregular Transactions

The following observations are made.

| Audit Observation | Recommendation | Comment of the Accounting Officer |
|--|--|--|
| <p>(a) As had been shown and instructed by the North Western Provincial Department of Irrigation with respect to the removal of silt from the Nallur tank in Hettipola, soil had been removed from the upper end of the area reserved for the tank (<i>Tavulla</i>) whereas areas close to the bund had not been excavated. By disregarding the instructions of the Circular, No. 9/2017</p> | <p>Instructions of Circular, No. 9/2017 of the Commissioner General of Agrarian development should be followed when deepening the tanks.</p> | <p>The reserved area (<i>Tavulla</i>) had been excavated for soil to be used to fill the dilapidated area of the bund. By taking into account the level of steps of the sluice, excavations had been made only at certain locations to a depth of 04 feet, thereby preparing the ground in a manner that water had not accumulated. Instructions had been given to fill the test pits with the same soil around the pits. However, no action had been taken by the Farmers' Associations in that regard. The regional irrigation engineer who had supervised the projects had expressed that the said work could be done prior to making payments for maintenance.</p> |

of the Commissioner General of Agrarian development, dated 07 June 2017, soil from an area of 35*35 square meters had been removed to a depth of 1 ½ meters at the upper end of the reserved area (*Tavulla*) in accordance with the estimates. Given the unusual depth, it was observed that a canal had been dug through the middle of the tank from the reserved area (*Tavulla*) to allow the flow of accumulated water.

- (b) As for the two tanks renovated by the Divisional Secretariat, Wariyapola under the “Gamperaliya” development programme, the price for the work item to excavate the tank for soil, transport the soil to the bund and renovate the bund, amounted to Rs. 486 per cubic meter. However, estimates had been prepared having considered that amount as Rs. 1,428. Accordingly, a sum totaling Rs. 343,716 had been overpaid.

Engineering estimates should be accurately.

estimates prepared

Upper tank of Bayawa:

The Technical Officers of the Divisional Secretariat have not specially been trained for renovation works of the tanks. Accordingly, the price unit of 1428 had been considered for excavating and filling soil to the bund, and that value had been used in the estimates of the initial stage. However, due to that amount, the Government had not sustained a loss with respect to the tanks that had been audited, and renovation of the bund along with many other constructions had been done with contribution from the community.

Gatulawa tank, Ebawalapitiya:

The loss of Rs. 22,673 sustained by the Government had been recovered from the relevant contractor and already credited to the Government revenue.

- (c) Engineering estimates had not been correctly prepared with respect to 36 projects for renovating roads by paving interlock blocks relating to 04 Divisional Secretariats under the "Gamperaliya" development programme. Due to that reason, the estimated amount had increased by a sum of Rs. 4,706,487, thus causing the Government to sustain losses.
- Engineering estimates should be prepared correctly before making payments. Furthermore, the loss sustained due to failure in preparing engineering estimates accurately, should be fully recovered from the parties responsible.
- Maho:
Those estimates had been prepared by using Item No. RSI - 017 of the HSR Book prepared by the North Western Provincial Department of Road Development. The phrase "prices for 40N interlock blocks" had never been mentioned therein. Furthermore, price analytics of the HSR Book had not been provided for us.
The monies overpaid will be set off against the retention monies. The balance amount will be recovered from the relevant party in due course.
- Panduwasnuwara (West):
After being pointed out by the Audit, payments were made based on the correct rate by revising the estimates relating to 06 projects for which no payments had been made. Payments had been made for the rest of the 07 roads even before the time of audit. As such, an overpayment of Rs. 1,053,123 had also been made. It is informed that, of the sum overpaid, a sum of Rs. 770,756 had been recovered from the retention money. Moreover, the contractor associations were informed in writing that the sum of Rs. 282,367, being the balance amount of projects of which the retention money was insufficient, be paid ; and, they have given their consent to do so. No replies were given with respect to the Divisional Secretariats of Giribawa and Kobeigane.
- (d) Engineering estimates of 24 road projects implemented by the Divisional
- Do-
- The Divisional Secretariat, Galgamuwa had been informed in writing that the overpayment of Rs. 568,873 made due to overestimates among 19 estimates prepared by the

Secretariat, Ehetuwawa under the "Gamperaliya" development programme, had not been prepared correctly. As such, the estimates had been overcomputed by a sum of Rs. 1,090,403. The Government sustained losses following the payment of an overestimated amount.

Divisional Secretariat, Galgamuwa, be paid back to the Government. It is informed that the sum recoverable from the project "to apply gravel and renovate the road leading to MrsPremalatha's residence, at Lokurugama in the GramaNiladhari division of Hiddewa 120" , will be recovered when the final payment is made. The relevant associations in agreement had been informed in writing that the overpayment made due to the overestimates pertaining to 05 projects for which estimates had been prepared by the Divisional Secretariat, Ehetuwawa, be paid back to the Government.

(e) Engineering -Do- estimates for 09 gravel road projects pertaining to the Galgamuwa Divisional Secretariat under the "Gamperaliya" Development Program had not been prepared correctly. As such, the project cost had been overestimated by Rs. 536,069 and the government incurred losses due to the payment of this overestimated amount.

These projects had been implemented by the PradeshiyaSabha, Galgamuwa. Action has been taken to recover the overpaid amount of Rs. 267,640 with respect to 06 of the 09 projects. It is also informed that no payments have so far been made for one of those projects. Furthermore, the PradeshiyaSabha, Galgamuwa has been informed to recover the sum of Rs. 146,605 relating to the other 03 projects, and they have given consent to make the payment.

(f) As for the renovation -Do- of roads by applying gravel under the "Gamperaliya" development programme, the standard rate mentioned in the provincial HSR for

Nine of those 14 projects had been implemented by the PradeshiyaSabha. It was requested to make deductions when making payments for 02 of the other 06 projects. Necessary action has been taken for the recovery with respect to the rest of the 04 projects.

the work item of applying and compacting gravel with the use of a motor grader, amounted to Rs. 193 per cubic meter (R1-123A); however, the sum of Rs. 401 had been paid (R1-123). As such, the estimated cost for 14 road projects had been overcomputed by Rs. 438,672. Furthermore, the Government incurred losses due to the payment of those monies.

- (g) Engineering -Do- estimates of 05 projects for renovating irrigation systems in the division of the Divisional Secretariat, Giribawa under the "Gamperaliya" development programme, had not been prepared accurately. As such, the Government had incurred a loss following the overestimation of Rs. 2,457,550.

What is pointed out by the Audit is that the rate of Rs. 486 per cubic meter should be used for excavating of soil with a backhoe, transport the soil so excavated to the bund, and compact the soil with a compactor machine. But, what happened in our renovation of tanks was that the existing bund was renovated by applying soil with the use of D4 bulldozers. The works included : making excavations for soil based on the levels, loading to the tractors, applying soil onto the bund, compacting by using bulldozers, applying water, and compacting again with the bulldozers. The rate of Rs. 1,660 was used in that connection. When it became necessary in several instances to dump soil excavated from the tanks, in the tanks itself, the excavated soil was transported to the bund and applied there by using backhoes; and then, kerb walls were used by using labour without machines at

the rate of Rs. 580 per cubic meter. However, due to reasons such as, lack of price analyses, and insufficient details on the stages of works relating to the rates given and the machines used, rates thought to be fair enough for the work items of excavation and transportation of soil were used based on length and width of the bund, and the distance of transportation.

(h) It was revealed in - Do - examining the engineering estimates of 05 road projects implemented by the Divisional Secretariat, Ridigama under the "Gamperaliya" development programme that actual rates had not been used for the relevant item of work with respect to 04 estimates, thus resulting in an overestimation of Rs. 468,132. As such, the Government had incurred a loss.

(i) Instead of using the - Do - rate of Rs. 531 that had been decided by the district pricing committee for transporting materials over a distance of 10 km to 20 road development projects in the division of Divisional Secretariat, Galgamuwa under

Four estimates had been prepared by the Provincial Department of Road Development. Of them, 02 projects had been fully implemented in the year 2019 under the Gamperaliya Development Program whereas the other 02 projects had been revised. As such, overestimates had been prepared though, that sum had been deducted in the payment report, thus making the correction.

As for the payments made based on the overestimation for transporting materials with respect to 20 road development projects implemented in the division of Divisional Secretariat, Galgamuwa under the Gamperaliya Development Program – 2019, the sum paid to one of the projects has been recovered whilst action has been taken for recoveries from the other projects.

the Gamperaliya Development Program, the computations had inaccurately been made by using the rate of Rs. 986. As such, for a quantity of 651.81 cubic meters, an overestimation valued at Rs. 296,573 had been made at Rs. 455 per cubic meter thereby causing the Government to sustain losses.

- (j) Engineering - Do- estimates had not been prepared using rates for supplying gravel based on the prices provided by the district pricing committee. Due to this reason, the engineering estimates for 377 road projects implemented by 06 Divisional Secretariats under the "Gamperaliya" Development Program had not been prepared correctly. As such, the estimated amount had increased by Rs. 6,100,767, and making that payment had caused the Government to sustain losses.

Udubaddawa:

It has been informed that, having computed the amount to be recovered from retention monies pertaining to all the projects, action will be taken in due course to recover under consent of the voluntary associations.

Kurunegala :

The payment reports in which a sum of Rs. 1,858 had been shown for applying gravel, were revised by amending the rate as Rs. 1,232; thus, the sum of Rs. 263,962 overestimated for 13 projects has been recovered.

Bills pertaining to 10 projects remain as bills in hand, thus deducting a sum of Rs. 180,100 thereby revising the vouchers already.

Maspotha and Mallawapitiya:

Contrary to being pointed out by the Audit, it has been informed that the sum of Rs. 1,266 per one cubic meter of gravel had not included the fees for piling the gravel.

Kiliyapitiya (West):

Of the sum amounting to Rs. 1,034,549 overestimated for 136 projects, a sum of Rs. 142,790 remains as bills in hand, and that will be recovered at the time of making payments. A sum of Rs. 891,759 has been recovered.

- (k) An agreement had - Do- been entered into with the IhalaPerakum Farmers' Association for renovating the HeenaPamula tank at the GramaNiladhari division of Medagedara in the division of Divisional Secretariat, Ibbagamuwa at a cost of Rs. 1,261,000. A sum of Rs. 80,750 had been paid based on the rate of Rs. 1,615 per cubic meter mentioned under the work item 1.1 for the construction of spill and sluice gate by using backhoes to excavate the bund with human labor being used thereafter. The standard rate for irrigation of the Department of Agrarian Development for the year 2019 was Rs. 109 for excavating one cubic meter of soil. Had this rate

Supervision and preparation of estimates for renovating the HeenaPamula tank in the GramaNiladhari division of Medagedara, had been done by the Divisional Irrigation Engineer. As such, rates of the Provincial Department of Irrigation relating to the year 2019 had been used in preparing the estimates, and the report of payments had been prepared accordingly.

As being pointed out by the Audit, a sum of Rs. 431,165 should have been less. However, according to the revised report of payments, the value of total payments made amounted to Rs. 1,257,414 whereas the same amounted to Rs. 268,827 as per the initial report of payments. Accordingly, it is kindly informed that, according to the revised report of payments, the value of works done had become reduced by Rs. 11,412. In spite of the possibility of making payments upon specific certificates relating to the works in agreement as per Financial Regulation 237, it is further reported that payments have not so far been made with respect to this project.

been used, the expenditure would have been Rs. 5,450, thus observing that the Government would have made a saving of Rs. 75,300. Moreover, having indicated under work item 1.5 that 58.85 cubic meters of soil had been brought from outside for constructing the bund, a sum totaling Rs. 35,015 had been paid at Rs. 595 per cubic meter. Nevertheless, it was observed that the soil used had not been brought from outside but the tank itself.

Due to using inaccurate rates when soil had been removed from the tank, it was observed that a sum of Rs. 431,165 had been overpaid.

- (1) Instead of using the standard rate of ISR 60:13 being Rs. 169 for excavating and piling one cubic meter of soil (silt), the rate of ISR 60:16 being Rs. 383.30 had been used with respect to the project of deepening 05 tanks in the division of Divisional Secretariat, Ambanpola. As such,

- Do-

It is informed that soil had been excavated, transported with tractors, unloaded, and piled by using bulldozers under 04 projects. The rate of Rs. 383.30 had been used for the activities of : excavation of soil at the locations in the tank pointed out by the Technical Officers, loading & transporting the soil, unloading in a manner that does not block the flow of water, and piling the soil by using bulldozers so that measurements could be taken. It is kindly informed that the rate of Rs. 169 had been used to pile the soil after being

a sum of Rs. 1,014,710 had been overestimated for 4,735 cubic meters of soil. Of the said sum, Rs. 768,265 had been paid for 04 works.

- (m) Due to a protest - Do-
staged against the renovation of the road in front of the Buddhist temple located near the school at the division of Udadivulwewa under the Divisional Secretariat, Ambanpola, an area of 300 * 2.7 meters with a culvert had to be cancelled. In order to avert the saving occurred due to such a cancellation, the width and height of a stretch of road in length of 500 meters had been increased by 0.9 meter and 0.075 meter respectively without an actual reason, thus observing that a sum of Rs. 396,284 had been paid for applying and compacting 213.75 cubic meters of gravel. A quantity of

pushed by using a bulldozer. As such, it is informed that the Government has not sustained a loss in regard of those 04 tanks. However, when the Dodamgollewa tank in the division of Borawewa was renovated, both the methods of pulling with a tractor, and pushing with a bulldozer had to be used. Accordingly, the Audit will be informed after recovering the overpayment of Rs. 81,932 made with respect to the amount of soil that had been pushed by the bulldozer.

It was stated following the physical inspection carried out by the Audit that the road had been sloped away a bit enabling the flow of water, but it is informed that such a slope had not existed before improving the road. Thickness of the road had been increased in view of its durability thereby facilitating the beneficiaries with transportation. The association in agreement had been informed to recover the sum of Rs. 62,075 with respect to the renovation of road in front of the Buddhist temple near the school in the division of Udadivulwewa. Once the sum is recovered, the Audit will be informed in due course.

212.25 cubic meters of gravel had been obtained from the premises of the Nakolagane temple whilst 237.75 cubic meters of gravel had been obtained from a land located within a distance of 500 meters. The gravel had been priced using the rates used for transporting over a distance of 10 kilo meters, but payments should have been made only for a distance of 1 kilo meter. As such, an overpayment of Rs. 80,692 had been made for 237.75 cubic meters of gravel for a distance of 09 kilo meters. Due to failure in properly measuring the quantity of 450 cubic meters of gravel, an overpayment of Rs. 93,600 had been made for measuring and piling at Rs. 208 per cubic meter.

- (n) As for applying soil - Do-
obtained from outer
areas on the bund
using tractors and
compacting, the rates
of Rs. 580 and 595
with and without
VAT respectively had
been used as per ISR
12 for 40 tanks

Kuliyapitiya (West) :

It is kindly informed that estimates were prepared by using the rates decided for the year 2019 by the rate analysis committee of the North Western Provincial Department of Irrigation. According to the replies given by the Divisional Secretariats of Rasnayakapura, Udubaddawa, Ibbagamuawa, Bamunakotuwa,

pertaining to 10 Divisional Secretariats, thus preparing estimates for a total of 20,194 cubic meters of soil. However, as the rate of Rs. 580 being the value without Value Added Tax, had been used instead of the correct rate of Rs. 447, it was observed that a sum of Rs. 2,426,429 had been overestimated.

- (o) As for the - Do- construction of the bund of Ambagahamula canal in the division of the Divisional Secretariat, Panduwasnuwara (West) by excavating 3,920 cubic meters of soil, the rate - ISR 60.14 being Rs. 340 per cubic meter of soil relating to instances in which the quantity was less than 2,000 cubic meters, was used thereby estimating to pay a sum of Rs. 1,332,800 with the inclusion of VAT amounting to Rs. 176,400. It was

Weerambagedara, Kobeigane, and Panduwasnuwara (West), the Provincial Irrigation Office had supervised and prepared estimates for those projects; and, the items for which overpayments had been made due to using the rates with VAT, along with the information thereof had been presented to the Provincial Department of Irrigation together with calculations. As such, it has been informed that the actual unit prices payable to all the projects could be made available within a period of 03 weeks. It is further informed that the monies overpaid would be set off against the 10 per cent retention monies, and as such, action will be taken for the recovery of overpaid amount as soon as the relevant information is received from the Divisional Irrigation Engineer's Office.

Soil was applied to the bund by using bulldozers. Due to heavy rains, the soil filled at certain locations had eroded thus changing the shape. As the area was filled with water so that a bulldozer could not be used to re-apply the soil, a backhoe had to be positioned at a higher location. Due to that reason, an extra amount had to be incurred from the fund of the Farmers' Association on an additional number of hours for which the backhoe had to be operated, thus stating in the observations of the regional irrigation engineer that no irregularity whatsoever occurred.

observed that the rate of ISR 60.11 to the value of Rs. 175 was suitable for the said work, thus it would have been possible to reduce the expenditure by a sum of Rs. 646,800.

- (p) As for 22 projects - Do-
implemented by the
Divisional
Secretariat,
Nikaweratiya under
the "Gamperaliya"
Development
Program to construct
roads by applying
paving blocks,
payments had been
made after preparing
estimates favorable
to the contractor by
considering an
unusual distance of
70 Km for
transporting paving
blocks. However, for
many projects,
paving blocks had
been purchased from
Kobeigane area
located 15-30 Km
away from the
project locations. As
such, due to reason
that payments had
not been made by
taking into account
the closest distance
when obtaining
paving blocks, an
overpayment of Rs.
907,158 was
observed with
respect to the total

At the time of preparing estimates for the "Gamperaliya" programme, it was difficult to purchase 40 N paving blocks within this area. As such, estimates were prepared to bring them from Polonnaruwa and Kurunegala. For the supply of paving blocks through the associations in agreement, payments were made only for a maximum distance of 70 Km up to Polonnaruwa. Payments were made by not exceeding the rates of estimates on expenditure incurred by the relevant contractors.

transport
expenditure of Rs.
1,336,864 incurred
on transporting
paving blocks for the
said 22 projects.

(q) The following - Do-
matters were
observed in the audit
test check conducted
on 11 projects for
renovating roads by
applying paving
blocks that had been
implemented in the
year 2019 by the
Divisional
Secretariat,
Kobeigane under the
rural infrastructure
development
programme.

(i) Payments had
been made for
04 projects
under which
constructions
had been made
using 25 N
paving blocks,
at the rates
used for 40 N
paving blocks.
As such, an
overpayment of
Rs. 308,624
had been made.

(ii) With respect to
the road project
beyond the
location at the
three-way
junction near the
Action should be taken
against the parties
responsible for making
payments for projects that
had failed the tests.

(i) When constructing roads,
estimates are prepared by using
the register containing standard
rates for the year (HSR) issued
by the Provincial Department of
Road Development. Estimates
for applying paving blocks are
prepared under the Work Item,
No. RSI-017 mentioned therein.
However, the required number
of Newtons for the paving blocks
being used are not mentioned
under the description for the
said Item of Work. However,
after being pointed out by the
Audit, the reports containing
analyses on rates of prices were
obtained from the relevant
institutions, and the estimates
are now being prepared by
taking into account the prices
indicated by the Audit.

Furthermore, the associations in
agreement have been informed
through letters that the sum made
on overestimates to be recovered
from the projects pointed out by the
Audit, be promptly paid to us.

Weliyagara tank, Amunakole which was the endpoint of applying paving blocks, Newton force had been tested on 11 paving blocks. Three of those paving blocks had not complied with the minimum number of Newtons required. That represented 27 per cent of the paving blocks inspected. As such, a sum of Rs. 445,000 had been paid for this project that could not pass the test.

- (r) When it came to auctioning the soil excavated while deepening the tanks in the divisions of 08 Divisional Secretariats, a lesser quantity of soil had been auctioned, thus causing the Government to sustain a loss of Rs. 3,160,338 relating to 31 tanks.

The amount of soft soil should be calculated correctly.

Three of the 11 paving blocks inspected showed substandard Newton force values. One of those paving blocks was behind the standard by 0.1 units, and having contacted the laboratory through telephone, it was stated that the said paving block with the Newton force of 24.9 N/mm² was considered to comply with the standard. With the inclusion of that paving block, the overall test result showed a pass rate of over 80 per cent; as such, instructions were received that it was possible to infer that the paving blocks passed the test relating to the Newton force.

The reasons given in the replies provided by the Divisional Secretariats of Kotawehera and Nikaweratiya included : the soil remaining over an extensive duration after being piled up, exposing to heavy rains during that time, and every pile of soil becoming eroded due to rain. The value of soil excavated from tanks had been deducted from the relevant bill values by the Divisional Secretariat, Wariyapola, and it has been informed that the final payment has not yet been paid with respect to the said tank. The reply given by the Divisional Secretariat, Giribawa stated that they did not possess an expert knowledge on soil. No replies were given by the Divisional Secretariats of

- Panduwasnuwara (East), Ehetuwewa, and Kuliypitiya (East). Based on the decision taken by the pricing committee of the North Western Province to use the Value Added Tax-included rates for the development projects implemented by the community based associations such as the Farmers' Associations of Panduwasnuwara (West), Kuliypitiya(West), Rasnayakapura, Bingiriya, Kuliypitiya (East), Ibbagamuwa, Weerambagedara, and Udubaddawa, estimates were prepared by using the rates including Value Added Tax. The North Western Provincial Department of Irrigation was queried in that regard. As such, in case of any amount to be recovered in accordance with the rates calculated and provided by them, it is informed that it will be reported after being recovered.
- Kobeigane :
The relevant contractor Farmers' Associations have been informed in that regard. One association has given consent to recover from the retention money, or pay the saving if any.
- (s) Rates excluding the Value Added Tax should be used to make payments for the services obtained from the suppliers who had not registered under the Value Added Tax Act. However, as for the work of excavating, loading, transporting and piling 87,582 cubic meters of soil from 59 tanks in 11 Divisional Secretariats, the VAT- included rate of Rs. 450 had been used instead of the rate of Rs. 392 per cubic meter mentioned in ISR 60.16. As such, an overpayment of Rs. 5,079,756 had been paid to the contractors at Rs. 58 per cubic meter, thus causing the Government to incur losses.
- Provided the facts that payments should be made for the machines without being based on the VAT price, it was decided by the pricing committee of the Provincial Council, and the contractors' registration for Value Added Tax had not been verified, the relevant amount should be recovered from the parties responsible.
- (t) It was verified in the notes and survey reports of the Technical Officer that a quantity of over 6,000 cubic meters of soil with sand and stones had been excavated from the Thalgahamula tank in Medagama of the Divisional Secretariat,
- As for the works relating to tanks, the removal of soil, and sand from the tanks should be properly supervised in accordance with the Circular, No. 9/2017 of the Commissioner General of Agrarian Development, dated 07 June 2017.
- Following the removal of 6,000 cubic meters of soil excavated from the Thalgahamula tank in Medagama as per the estimates, a sum of Rs. 848,000 had been deducted from the relevant bill value at Rs. 400.00 per cubic meter.

Wariyapola under the pretext of removing silt although there existed no silt layer in that tank. The excavated soil had been piled at a distance of 500 meters from the location of excavation before being removed. Considering that one cubic meter of soil with sand and stones was auctioned at a price over Rs. 1,000, it was observed that an amount of soil worth Rs. 2,650,176 = $\frac{6,000 \times 125 \times 1,000}{2.83 \times 100}$ had been removed by the Farmers' Association.

- (u) Under the programme "Gamperaliya" - 2019, the expenditure per cubic meter of soil used to construct the bunds of 05 tanks in the Divisional Secretariat, Ambanpola after being excavated, and transported, amounted to Rs. 486 as per the standard rate prepared by the Provincial Department of Irrigation. However, the rate of Rs. 1,241 had been used thus
- Payments should be made by preparing accurate engineering estimates for the relevant item of work. Overpayments made should be recovered.
- Of the sum of Rs. 635,031 calculated and overpaid by us, the sum of Rs. 235,131 paid in respect of 03 projects, has been recovered from the retention money. Nevertheless, it is informed that the sum of Rs. 399,899 overpaid with respect to 02 projects for which no payments have been made due to lack of imprests at present, will be recovered after making payments and the Audit will be informed.

making a payment based on an overestimation of Rs. 2,030,950.

- (v) When Siyambalagaswewa tank in the Divisional Secretariat of Galgamuwa was renovated, payments totaling Rs. 348,580 had been made at Rs. 580 per cubic meter for transporting 601 cubic meters of soil to the bund from an outside location. It was however observed that the soil had been excavated within the tank itself.
- Payments should be made by preparing accurate engineering estimates for the relevant item of work.
- At the time of preparing estimates for the said project, the then rate of Rs. 580.00 in line with the provincial irrigation prices had been used for excavating and applying the soil on the bund. Based on the information received after auditing that item of work, the price analysis thereof had been obtained from the District Secretariat, and it became obvious that there had been a difference between the prices. As such, it is stated by the Technical Officers that estimates will be prepared by using suitable rates as per the price analyses in regard of all the works relating to tanks from now on.
- (w) The gravel supplied should be piled and measured before being applied on roads. However, as for a sample of 1277 piles relating to 13 projects of the Divisional Secretariat, Ambanpola, 108 piles had been measured representing 2-50 per cent of each project thus computing that 4,710.33 cubic meters of gravel had been supplied, and a sum of Rs. 979,748 had been paid as the expenditure for piling at Rs. 208 per cubic meter. Those
- Correct measurements should be taken. Descriptions on credits relating to the recoveries should be reported.
- Recoveries relating to 10 projects with respect to piling totaled Rs. 531,206. Accordingly, action had been taken to deduct the recoveries from the retention relating to 10 divisions before being credited to the Government revenue. The sum of Rs. 159,695 that had not been recovered with respect to 03 projects will be recovered and the Audit will be informed in due course.

gravel had been transported using tippers with the capacities of 03 and 01 cube and piled on the road. However, due to lack of evidence that piles had been prepared again, it was observed that the said amount should not have been incurred.

- (x) Due to the preparation of engineering estimate without using the rates specific to the item of work, it was observed that an overestimation of Rs. 517,500 had been made with respect to the renovation of Aluthwewa tank in the division of Divisional Secretariat, Maspotha. Accurate rates should be made use of when preparing estimates. Payments should be made after correctly preparing engineering estimates in accordance with the relevant item of work. According to the report of payments presented by the irrigation office, a value totaling Rs. 997,200 had been included for 2216 cubic meters at Rs. 450 per cubic meter with respect to deepening the tank by removing silt. That sum has not so far been made. It is kindly informed that a sum of Rs. 128,528 for 2216 units at Rs. 58 per unit being the value of VAT included in the rate of Rs. 450 pointed out by the Audit, along with a sum of Rs. 14,370 relating to the voucher for the first installment ; thus aggregating to a sum of Rs. 142,898 had been deducted from the payment voucher.
- (y) Despite being certified that 499.8 cubic meters of soil had been supplied and transported to the bund of the Pahalagama tank, Ethinimale in the Divisional Secretariat, Ehetuwawa, the quantity of soil supplied had not been calculated in an Substantial evidence should be presented in regard of the quantity of soil applied on the bund. Payments should be made by preparing engineering estimates correctly. Moreover, the loss incurred due to preparation of engineering estimates in an inaccurate manner, should be fully recovered from the parties responsible. According to the initial estimate, the quantity of soil to be applied on the bund was 428.40 m³. It was revealed when taking final measurements by using a leveling device that an excess quantity of 71.40 cubic meters of soil had to be applied on the bund during the execution of the work item. Accordingly, having revised that through the comparative estimate, payments were made upon approval, thus no overpayments were made.

acceptable manner. Due to failure in identifying the cross section and width of the bund, the quantity of soil supplied had not been calculated in a proper and acceptable manner. As such, there existed no evidence to verify that 71.40 cubic meters of soil had been applied in excess of the 428.40 cubic meters of soil that had been estimated.

Moreover, it was observed that $\frac{2}{3}$ of the estimated quantity had been pushed by using a bulldozer whereas $\frac{1}{3}$ had been transported. As such, the amount payable was Rs. 149,083 whereas a sum of Rs. 289,884 had been paid, thus observing that an overpayment of Rs. 140,801 had been made.

3.4 Failure to Achieve the Expected Outcome

| Audit Observation | Recommendation | Comment of the Accounting Officer |
|---|---|--|
| <p>Provision totaling Rs. 35,568,218 had been given by the Presidential Secretariat in the years 2017, 2018, and 2019 in order to implement the “Grama Shakthi” People’s Movement. It was the main objective of this movement to make 5000 people-centric , and production and service oriented Grama Niladhari divisions by the year 2020, thereby uplifting the livelihood of the people. It was an objective of the movement to double the monthly income of the people, but that objective did not become a reality. Of the sum provided for 360 GramaShakthi associations in order to implement the programme, Rs. 169,669,778 remained dormant in the bank accounts as at 30 December 2019.</p> | <p>Funds of the Government should be utilized to achieve the objective of the relevant programme.</p> | <p>The objective of implementation was to provide sustainable solutions for the socio-economic problems through the alleviation of poverty in Sri Lanka by the year 2030.</p> <p>Under the first stage, 90 Grama Shakthi People’s Associations had been established and the Registrar of Companies was requested for the registration of those associations. The first and second installments of the Grama Shakthi Fund had been given to the registered associations.</p> <p>Provision totaling Rs. 178,400,000.00 had been given to 90 associations by 2019.12.31. Instructions were received that a circular loan programme be maintained by using the amount allocated for livelihood in the Fund, and an accounting methodology was also introduced thereon. Infrastructure development programmes were implemented by utilizing the funds allocated on infrastructure whilst training programmes are conducted as per people’s requirements using the funds allocated on capacity development. Moreover, sums of Rs. 400,000.00 for each of the 221 associations were given under the second stage of the Grama Shakthi programme, and the activities relating thereto are in progress at present.</p> <p>Despite certain drawbacks whilst programmes were implemented to uplift the livelihood of the people, a sum of Rs. 42,810,285 has been given as loans for projects at present.</p> |

This programme was brought under scope of the Ministry of Community Empowerment and Estate Infrastructure Development through the Gazette Extraordinary, No. 2153/12 dated 2019.12.10. It is informed that, even after the programme was brought under the said Ministry, I have not received instructions relating to this programme. Nevertheless, it is further informed that the relevant programmes are conducted at present by making use of the funds credited to the associations.

3.5 Assets Management

The following observations are made.

| Audit Observation | Recommendation | Comment of the Accounting Officer |
|---|---|---|
| ----- | ----- | ----- |
| (a) Goods and office equipment valued at Rs. 2,592,590 provided for 10 Divisional Secretariats under the E-NIC project implemented by the Department for Registration Of Persons, along with 56 officers attached to the said project, remained idle. | Public funds should be spent economically and efficiently ensuring the achievement of the relevant objective. | The said project has not so far been implemented in those offices. As it has not been specifically informed by the Department for Registration Of Persons that the project would not be implemented, the items provided therefor have been stored. It has been informed that the QR sticker is in use, thus it is not possible to specifically recognize them as being idle. Moreover, the 2 officers attached to the Divisional Secretariats in regard of the project, perform all the duties relating to the identity cards pertaining to the relevant divisions. Hence, it is informed that no underutilization has taken place. |
| (b) A number of 157 Government buildings and 245 acres of Government lands pertaining to the divisions of 21 Divisional Secretariats, had remained idle without being used. | Government assets should be made use of with maximum productivity. | Details on the idle assets in the Divisional Secretariats have been furnished. |

3.6 Uneconomic Transactions

The following observations are made.

| Audit Observation | Recommendation | Comment of the Accounting Officer |
|---|---|--|
| ----- | ----- | ----- |
| <p>(a) As for the renovation of roads by applying the paving blocks in the division of the Divisional Secretariats of Rasnayakapura, Galgamuwa, Nikaweratiya, and Kotawehera under the Gamperaliya Development Programme, the category of paving blocks had not been decided in terms of Newtons by taking into account the reasons such as, nature of the road, and type and number of vehicles running; instead, paving blocks of 40 Newtons had been used.</p> | <p>The amount of Newtons that the paving blocks should withstand, must be decided in accordance with the nature of the road, and the type and number of vehicles running.</p> | <p>As for the renovation of roads by laying paving blocks under the Gamperaliya Development Programme, action has been taken to renovate the roads by using 40 Newton paving blocks to ensure the durability of roads considering the type and number of vehicles running.</p> |
| <p>(b) Despite being accepted by the Department of Agrarian Services that a sum of Rs. 25,000 be spent per acre of paddy land when renovating tanks, sums of Rs. 142,857, and Rs. 200,000 had been spent per acre when renovating the Malliwewa and Pachchawewa tanks respectively in the division of Divisional Secretariat, Nikaweratiya.</p> | <p>Action should be taken in accordance with Circulars.</p> | <p>Tanks were renovated by obtaining approval of the Deputy Commissioner of Agrarian Development upon being recommended by the divisional officer of agrarian services without taking into consideration the limits on funds to be spent in relation to the number of acres of paddy lands pertaining to the tank. Such matters will be taken into account when minor irrigation projects are implemented in the future.</p> |

(c) All the roads being - Do-constructed should be connected to the national highways network in terms of Circular, No. 2016/1 of the Finance Commission dated 30 December 2015. Nevertheless, the constructions relating to 02 road projects with an estimated value of Rs. 1,200,000 implemented by the Divisional Secretariat, Narammala under the provision granted by the Ministry of National Policies, Resettlement and Infrastructure Development, had been made from location to location without being connected to the national highways network.

While the said road improvement project was in progress, the received financial provision was not sufficient for the improvement of entire road; as such, the approved funds were used to improve the locations that should have essentially been improved. As no provision has so far been allocated on the road improvement projects, the roads remain as they were, and once the provision is made, action will be taken to improve those roads by connecting them to the national highways network

3.7 Transactions in the Nature of Financial Irregularities

The following observations are made.

| Audit Observation ----- | Recommendation ----- | Comment of the Accounting Officer ----- |
|---|--|---|
| (a) Seventy two contracts valued at Rs. 93,827,150 directly awarded to 60 community-based associations by 04 Divisional Secretariats in terms of the Circular, No. 1/2012 dated 05 January 2012, had been subcontracted with the intention that | The Farmers' Associations involved in subcontracting, should be blacklisted. | After informing the divisional officer of agrarian services, the reply given stated that supervising of those associations will be done properly in the future. However, having taken into consideration the facts pointed out in this audit query, stern instructions had been given that projects be implemented with no involvement of subcontractors in accordance with agreements when executing |

05 per cent of the value of the work done would be obtained by those associations contrary to the said Circular.

- (b) As for erecting the fence around the handball stadium constructed with the provision of Rs. 2,000,000 at the division of Medagedara in the Divisional Secretariat, Ibbagamuwa under the Gamperaliya Development Programme - 2020, estimates had been prepared to vertically fix the galvanized pipes with outer diameter of 50 millimeters whilst horizontally fixing the 40 millimeter pipes. The diameter of the pipes fixed was less than 8.7 millimeters than the 50 millimeter pipe as per the 2019 BSR rates. The outer diameter of the 40 millimeter pipes fixed horizontally, remained 5.7 millimeters less; as such, the strength remained weak. Furthermore, it was not verified that those pipes had been coated with anticorrosive paint. The base on which the posts had been fixed, became

Action should formally be taken against the parties who had presented inaccurate measurements. As the amendments had not been done accurately, the overpaid amount should be recalculated and recovered.

contracts relating to development projects through the approved voluntary organizations, and it is informed that the development officers in charge of the divisions had also been informed in that connection.

The project was executed using galvanized pipes of 42.5 millimeters and 48.5 millimeters in outer diameter by replacing the pipes mentioned in the estimate. Accordingly, payments were made by amending the payment report in accordance with the BSR rates relating to the pipes used in the project. As the width and height of the foundation remained 2^{1/2} feet and 2^{1/2} feet respectively, it is kindly informed that there were no issues relating to the strength thereof.

Moreover, those pipes were coated with anticorrosive paint. Although the foundation had become cracked at several locations as a natural phenomenon of the ground, it is kindly informed that no growth was observed in those cracks during the field inspection carried out on 2020.08.18.

cracked from all the directions.

(c) A backhoe and bulldozers had been used for the Work Items, 1.1, 4.4, and 4.5 relating to the renovation of Mailawatiya tank done by the Divisional Secretariat, Galgamuwa using provision amounting to Rs. 1,455,000 granted by the Gamperaliya Development Programme. However, payments had been made based on the rates used for human labour. As such, an overpayment of Rs. 572,172 had been made for the works done on sluice, digging canals, and preparing the bund with by applying soil.

It is kindly informed that, as per Work Item 1.1, an overpayment of Rs. 21,837.00 had been made due to the use of machines instead of human labour, and human labour had been used under Work Item 4.4 to make excavations for increasing the slope of the bund. The rate mentioned therein was used in accordance with the prices of the Provincial Department of Irrigation approved by the District Engineer. Heeding the facts pointed out by the Audit that the bund had been renovated with the soil excavated from the tank itself rather than using soil brought from outside as per Work Item 4.5, the Chairman of the Farmers 'Association has also been informed that the overpayment of Rs. 441,750 be paid to the Government.

(d) The following matters were observed in the physical audit inspection carried out at 17 gravel mines at the division of Othara, Kiruwampola in the Divisional Secretariat, Alawwa.

(i) According to the conditions of the mining licenses issued by the Geological Survey and Mines Bureau, the soil excavated Minimum environmental impact should be ensured. Action should be taken constantly to apprise the responsible institutions.

According to the matters observed in the audit examination relating to the 17 gravel mines in the division of Kiruwampola, Othara, the Geological Survey and Mines Bureau is entrusted by the Mines and Minerals Act, No. 33 of 1992 for

from the outer layer of the mining area should be piled up. Once mining is completed, that soil should be used for rehabilitating activities.

Nevertheless, the owners of the land had not made excavations by removing the outer layer of soil.

- (ii) A drainage system - Do- should be prepared enabling the flow of water accumulating in the mining area whilst maintaining the slope of excavation at 45 degrees. However, it had not been so done.

- (iii) All those lands - Do- were given by the Government for cultivation and constructing houses. As such, the licensee has no authority for mining and removal of minerals as per

exploration of minerals, mining, transportation, preparation, and issue of licenses for trading or import. As such, the Director of the Geological Survey and Mines Bureau as well as the Officer in charge of the Police have been informed on the illegal mining taking place in this division.

The Geological Survey and Mines Bureau has been informed on the names and addresses of 03 persons involved in illegal gravel mining at 17 locations in the division of Kiruwampola, Othara. Although the other persons were not informed personally on gravel mining at their lands, the relevant institutions have been informed on illegal gravel mining taking place in the GramaNiladhari divisions.

The Geological Survey and Mines Bureau should supervise and take follow up action on the violation of conditions in the mining licenses. The Geological Survey and Mines Bureau is authorized to take legal action against such violations.

The mining pointed out in the audit query had been done illegally. The relevant institutions have been informed in that connection.

the Condition 01 stated in second schedule of the license issued under the Land Development Ordinance.

Nevertheless, soil had been removed by violating those conditions.

- | | | | |
|------|---|---|--|
| (iv) | All the 17 gravel mines were not included in the list of licenses issued by the divisional mining engineer of the Geological Survey and Mines Bureau, hence they were illegal. | - Do- | - Do- |
| (v) | Unusual mining of gravel was observed in the GramaNiladhari division of Vilgamuwawatta for Government projects and housing requirements. Risk of landslides were observed in 04 instances. | - Do- | - Do- |
| (e) | When the Panagamuwa - Kirindigalla road in the division of Divisional Secretariat, Ibbagamuwa was tarred under the Gamperaliya Development Programme, the Technical Officer had surveyed in a manner favorable to the | Payments should be made for the projects based on correct surveys. Action should be taken formally on the relevant parties. | All the deficiencies and amounts pointed out by the Audit have been corrected, and revised payment reports have been prepared before making payments. As such, no overpayment whatsoever has been made with respect to this project, and the said road remains usable even at present. |

contractor indicating 59.5 square meters. As the Assistant Director of Planning had also confirmed that, an overpayment of Rs. 74,868 was presented for payment.

- (f) As for the payments made on the road project of Bulnewa – Ehetugalayaya in the division of Divisional Secretariat, Galgamuwa under the Gamperaliya Development Programme, a sum of Rs. 174,443 had been paid for works not done.

- Do-

The association in agreement has been informed in writing that the sum of Rs. 174,443 be paid to the Government. Those associations have informed that the said sum be set off against the retention money. Action will be taken to deduct that sum from the retention money.

- (g) The paving blocks used for 10 out of 15 roads constructed in 04 Divisional Secretariats under the Gamperaliya Development Programme, did not comply with the required amount of Newton force. Due to lack of standard of the paving blocks, there was a risk for those roads to become unsuccessful.

A suspicion prevailed on the initial test of Newton force conducted on the paving blocks. It is suitable to appoint a committee thus conducting an inquiry in that connection.

Divisional Secretariat, Galgamuwa

As for applying paving blocks on the Eli road in Meggalewa from Polpitiya junction up to Ela Pamula, an overpayment of Rs. 246,513 had been made by considering the Newton force of the paving blocks had been 25 Newtons, and the association in agreement was informed that the overpaid amount be repaid to the Government.

When preparing the final bills for the renovation of water tank road in Bandaragama by applying paving blocks, vouchers were prepared by deducting a sum of Rs. 287,379.

According to the estimate for the project to renovate the road in the division of Aluthherathgama by applying paving blocks, the road was renovated to withstand a Newton force of 25.

Divisional Secretariats of Wariyapola, Nikaweratiya, and Kotawehera

Before applying paving blocks, the

Technical Officer had obtained the quality reports for the relevant 2 roads, and the quality tests had been passed. It was revealed in inspecting the nature of paving blocks that the shape, finish, and standard thereof showed no problems. Accordingly, action was taken to conclude the project by applying paving blocks on the road.

- (h) The height of the formwork used for the concrete kerb on either sides of the surface of the two roads on which paving blocks had been laid in the division of Divisional Secretariat, Kotawehera, had been overcalculated, and a sum of Rs. 60,256 had been paid in excess.
- A suspicion prevailed on the initial test of Newton force conducted on the paving blocks. It is suitable to appoint a committee thus conducting an inquiry in that connection.
- Before using formworks for the kerbs, the formworks were measured before applying concrete. The required height existed in that instance. However, in order to maintain the level of kerbs, concrete was applied only for a part of the formworks. The reduced height remains sunken in the soil.
- (i) As for renovating the road from Thambarobmbuwa to Avulegama in the division of Divisional Secretariat, Kotawehera, by applying paving blocks, the height of the formworks on either sides of the kerb, was 10 inches as per the estimate. But the height was 8 inches as observed in the physical inspection. Thus, the formwork was 2 inches less. Hence, an overpayment of Rs. 15,146 had been made for that item of work as $Rs. 75,730 \times \frac{2}{10}$.
- Correct measurements should be obtained before making payments.
- Before using formworks for the kerbs, the formworks were measured before applying concrete. The required height existed in that instance. However, in order to maintain the level of kerbs, concrete was applied only for a part of the formworks. The reduced height remains sunken in the soil.

- (j) The following deficiencies were observed during the examination of engineering estimates prepared by the Divisional Secretariat, Galgamuwa. Correct measurements should be obtained before making payments.
- (i) 25 Newtons had been used. But, instead of the standard rate of Rs. 2,266 for 40 Newton paving blocks, the sum of Rs. 2,939 had been used.
 - (i) The value of 25 Newtons was mentioned by mistake, and that value was corrected as 40 Newetons. Accordingly, the sum of Rs. 2,939 per square meter, being the standard rate for paving blocks of 40 Newtons, was shown.
 - (ii) 25 Newtons was shown in the estimate, and later the value was changed to 40 thereby making payments.
 - (ii) The value of 25 Newtons was mentioned by mistake. It is informed that the Technical Assistant corrected that as 40 Newtons by placing his signature.
 - (iii) Engineering estimates had been prepared in a manner that the thickness of the ABC layer had been unusually higher, and payments had been made. Such a thickness had actually not been used on the 05 relevant roads.
 - (iii) Thickness of the ABC layer was shown as 8 inches. It is informed that measurements would be taken after piling is done; as mentioned by the Technical officer, it was the soft volume of the ABC layer that had been used in preparing estimates; as the ABC layer is compacted after completion of constructions, the thickness thereof will become 6-5 inches.

According to the matters mentioned above, estimates had not been prepared in view of causing irregularities.

- (k) A provision amounting to Rs. 62,922,034 had been approved in the year 2018 for 34 projects to be implemented by the Divisional Secretariat, Polpithigama under the special programme for infrastructure development. A sum of Rs. 32,937,462 had been allocated therefrom for the renovation of 17 tanks, and 05 of those projects had been fully implemented in the year 2018 whilst 04 projects had been continued in the year 2019 whereas 08 projects had not been implemented. Additionally, a provision of Rs. 13,790,000 had been received in the year 2019 as well for renovating 07 more tanks. Those renovations too had been done.
- (i) Following were the matters observed in the audit examination conducted on 16 tanks that had been renovated under the said programme.
- Due to erroneous preparation of engineering estimates, a sum
- Payments should be made after accurate preparation of engineering estimates in accordance with the relevant item of work. The loss incurred due to inaccurate preparation of estimates, should be fully recovered from the parties responsible.
- Not replied.

of Rs. 9,863,754 along with a sum of Rs. 3,576,953 for works not done, had been overpaid.

- Contrary to Section 17 of the Agreement, all the community-based associations had subcontracted the projects without being authorized.
- By exceeding the estimates, a volume of 8,562 cubic meters of soil had been excavated from 03 tanks which had been suitable for extracting sand.
- Although payments had been made for completely fixing sluice gates to 06 tanks, no action had been taken to remove certain items of work and accessories.
- Tanks had been deepened in violation of the instructions given in the Circular, No. 09/2017 of the Commissioner General of Agrarian Services causing severe damages to the bunds of two tanks.

- Only bulldozers should have been used for the removal of silt, but backhoes had been used for deepening all the tanks.
- Eight estimates worth over Rs. 100,000 had not been presented for approval of the District Engineer. Moreover, the estimates prepared by the Technical Officer should be signed after being examined for accuracy by an officer of the same or above his grade, but that had been done by a Technical Assistant. The internal control systems including the supervision of projects, remained weak.

- (1) Twenty three roads in the division of Divisional Secretariat, Galgamuwa had been constructed with paving blocks complying a Newton force of 25, but estimates had been prepared stating that paving blocks of 40 Newton force had been Payments should be made after accurate preparation of engineering estimates in accordance with the relevant item of work. The loss incurred due to inaccurate preparation of estimates, should be fully recovered from the parties responsible.
- When payments were made for 05 of the projects that used paving blocks with a Newton force of 25 for constructing 23 roads in this division, the rate relevant to 25 Newton was used to make payments. No payments have so far been made for 04 projects, and arrangements have been made to make payments by revising the bills considering the rates relevant to 25 Newtons.

used in constructions. Due to this reason, the estimated cost relating to 23 roads had been overcomputed by a sum totaling Rs. 3,032,568. The Government had sustained losses due to payment of that sum.

It is informed that the relevant associations have been informed to repay the amounts overpaid with respect to the other projects.

3.8 Management Inefficiencies

The following observations are made.

| | Audit Observation ----- | Recommendation ----- | Comment of the Accounting Officer ----- |
|-----|---|--|---|
| (a) | Estimates should be prepared after a field inspection to identify the requirements such as, culverts, nature of the road, and constructing crossways. However, as for the renovation of 03 roads identified in the division of Divisional Secretariat, Maspotha, it was observed that the Technical Officer had not conducted a field inspection and identified the requirements. | A field inspection should be carried out on all the roads before preparing the estimates. | Not replied. |
| (b) | No evidence was made available that plans including BOQs, cross sections (CS), and drawings, relating to the estimate for renovating the Unagaswewa tank, | The BOQs and cross sections (CS) should be included in the relevant file. Instructions given in the Circular, No. 092017 of the Commissioner General | The BOQs and cross sections (CS) relating to the renovation of Unagaswewa, Ethinimale had been prepared by the Technical Officer and included in the file. It was planned to prepare the bund in accordance with Item No. 05 of the estimate. Bulldozers and tractors |

Athinimale in the division of Divisional Secretariat, Ehetuwewa, had been prepared. Furthermore, the height and width of the bund mentioned in the BOQ, remained unsatisfactory in the audit. The bund had been construed using 1174 cubic meters of soil in excess of the estimated amount being 113.4 cubic meters. It was also observed that excavations had been made for the removal of soil containing sand contrary to instructions given in Circular, No. 09/2017 of the Commissioner General of Agrarian Services, dated 07 June 2017.

of Agrarian Services, dated 07 June 2017 should be followed.

were used to prepare the bund. A tractor was used to apply soil and prepare locations inaccessible by the bulldozer in accordance with the estimates. There did not exist a layer of soil mixed with sand in this tank, and the soil that remained after being applied on the bund, was auctioned on 2019.08.30 at a value of Rs. 158,820.00. However, the said amount of soil still remains piled at the reserved area of the tank (*Tavulla*) without being removed. It is explained that had the soil so auctioned been used for extracting sand, it would not have remained piled there for such a duration. As such, it is confirmed that no excavations were made for the purpose of removing soil.

4. Achievement of Sustainable Development Goals

| Audit Observation | Recommendation | Comment of the Accounting Officer |
|--|--|--|
| As for the achievement of objectives such as, empowering all the girls and women by achieving gender equity, sustainable use of eco systems, sustainable management of forests, to protect and promote taking action against desertification, rehabilitation of lands by stopping erosion, and | Action should be taken for the achievement of Sustainable Development Goals. | The targets relating to 17 Sustainable Development Goals are scheduled to be achieved by the year 2030. The progress in achieving those targets is measured by considering the situation prevailing in the country, and using appropriate indicators compliant with the data used. The District Secretariat executes the miscellaneous programs introduced by the Line Ministry annually. Moreover, based on the programs conducted in the preceding |

stopping the destruction of bio-diversity, the percentage of reaching the targets relating thereto remained below 48.5 per cent as per the performance reports.

years, various divisions of the District Secretariat prepares plans for the ensuing year, and those programme are conducted using the provision granted by the Line Ministry. As such, no provision has been received for all the programs planned in the year 2019 with respect to empowering all the women and girls by achieving gender equity under Sustainable Development Goal, No. 05. It is kindly informed that programs were conducted based on the provision received, thus achieving the relevant progress.

5. Good Governance

5.1 Rendering Services to the Public

| Audit Observation | Recommendation | Comment of the Chief Accounting Officer |
|--|---|--|
| The websites of the District Secretariat, Kurunegala and Divisional Secretariats had not been developed in a manner that the public could lodge complaints through the websites. | The websites should be developed in the manner that it is possible for the public to lodge complaints through them. | It is kindly informed that no technical update has taken place for solving this problem. |

6. Human Resource Management

The following observations are made.

| Audit Observation | Recommendation | Comment of the Accounting Officer |
|--|---------------------------------------|---|
| (a) There existed a total number of 312 vacancies at the District Secretariat and the Divisional | Essential vacancies should be filled. | As at 2020.06.30, there existed 336 vacancies at the District Secretariat and the Divisional Secretariats affiliated thereto. The Ministry of Public Administration, Home |

Secretariats by the end of the year 2019. That included 18 vacancies in the primary level, 265 vacancies in the secondary level, 18 vacancies in the tertiary level, and 11 vacancies in the senior level.

Affairs, Provincial Councils and Local Government is responsible for recruitments and transfers relating to those vacancies.

- (b) Even though no posts for the Language Translator had been approved, 10 Language Translators had been appointed to 09 Divisional Secretariats. Those officers should be released to offices so that they can be employed productively. Not replied.