

Head 273–District Secretariat, Puttalam

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statement of the District Secretariat, Puttalam 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 statements 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, Puttalam was issued to the Accounting Officer on 28 May 2020 in terms of Sub-section 11 (1) of the National Audit Act, No. 19 of 2018. In terms of Section 11 (2) of the Audit Act, the Annual Detailed Management Audit Report relating to the District Secretariat, Puttalam was issued to the Accounting Officer on 18 September 2020. This report is presented to Parliament in pursuance of provisions in Article 154 (6) of the Constitution 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 provisions of the State Accounts Circular No.271/2019 of 03 December 2019, give a true and fair view of the financial position of the District Secretariat, Puttalam as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

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

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

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

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

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 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, significant audit findings, any significant deficiencies in internal control and other matters that I identify during my audit.

1.5 Report on Other Legal Requirements

As required by Sub-section 6(1) (d) and Section 38 of the National Audit Act, No.19 of 2018, I state the followings:

- (a) that the financial statements are consistent with the preceding year,

- (b) that the recommendations made by me on financial statements of the preceding year regarding the observation indicated in paragraph 1.6.2 of this report had not been implemented.

1.6 Comments on the Financial Statements

Statement of Financial Position

The following matters were observed.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Even though the value of the land of Rs. 3,650,000, on which the official quarters is located, belonging to the Madampe Divisional Secretariat had been brought to account under lands, the said value had been again included in the statement of non-financial assets under buildings and constructions.	Assets should be brought to account correctly.	In taking action according to instructions given by the State Accounts Department to account lands with buildings under buildings and constructions, elimination of the value recorded under lands has been omitted. It is informed that action will be taken to correct it in the year 2020.
(b) Even though the total sum of Rs. 18,150,000 comprising the value of the land of Rs. 2,150,000 on which the Walahahena Seva Piyasa is located, coming under purview of the Madampe Divisional Secretariat and the value of the land of Rs. 16,000,000, on which the Madampe Divisional Secretariat is located, had been brought to account under "lands" of the statement of non-financial assets, the said value had been indicated under buildings and constructions of the statement of non-financial statement as well.	-Do-	-Do-
(c) A total number of 42 vehicles comprising 25, 09 and 08 Tractors, Bowsers and Lorry Bowsers respectively had been provided by	Relevant motor vehicles should be transferred and brought to account.	Action is taken to account all motor vehicles by the year 2020, transferred to the District Secretariat, Puttalam

the National Disaster Relief Services Centre, Ministry of Home Affairs and the Disaster Management Centre for distribution of water to people affected by drought. However, action had not been taken to account those bowsers by transferring them to the District Secretariat.

and it is informed that as the motor vehicles provided by the Ministry of Disaster Management had not been transferred so far, they could not be brought to account.

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| (d) | State lands and buildings where Grama Niladhari Offices are maintained, belonging to 03 Divisional Secretariats had not been valued and brought to account. | All assets belonging to the District Secretariat and the Divisional Secretariat should be brought to account. | As the valuation had not been carried out, the said value could not be brought to account. |
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1.6.2 Non-maintenance of Registers and Books

It was observed during audit test checks that the District Secretariat had not maintained the following registers while certain other registers had not been maintained in the proper and updated manner.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Record of Liabilities ----- In terms of Financial Regulation 214, a record of liabilities had not been maintained in an updated manner.	A record of liabilities should be maintained in an updated manner in terms of Financial Regulation 214.	It is being maintained.
(b) Motor Vehicles Log Book ----- In terms of Financial Regulation 1645(a), motor vehicle log books had not been maintained in an updated manner.	Motor vehicle log books should be maintained in an updated manner in terms of Financial Regulation 1645(a).	It is being maintained.

1.6.3 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with provisions in laws, rules and regulations observed at audit test checks, are analyzed below.

Observation -----	Recommendation -----	Comments of the Accounting Officer -----
Reference to Laws, Rules and Regulations -----	Non-compliance -----	
<p>(a) Public Administration Circular -----</p> <p>Circular No.03/2017 of 19 April 2017</p>	<p>Eighty nine officers of the Karuwalagaswewa Divisional Secretariat had not marked arrival and departure on Finger Scanner in the year 2019.</p>	<p>Action should be taken in terms of circulars.</p> <p>It has been delayed to repair the inoperative finger scanner due to non-receipt of provisions. Action will be taken to repair the finger scanner after receiving provisions.</p>
<p>(b) Public Finance Circulars -----</p> <p>(i) Circular No.30/2015 of 14 June 2015</p>	<p>Even though ad hoc sub-impressts obtained, should be settled within 10 days after completing the purpose, action had not been taken accordingly with regard to a total sum of Rs. 817,920 at 23 instances in three Divisional Secretariats.</p>	<p>Action should be taken in terms of Public Finance Circular No.30/2015</p> <p>It is informed that this shortcoming has resulted due to failure in taking action to update the Sub-impresst Register. Action will be taken to avoid such shortcomings. .</p>

(ii) Circular No.2012/01 of 05 January 2012	Nine contracts awarded to community based organizations by the Anamaduwa Divisional Secretariat, had been awarded to sub-contractors.	Action should be taken in terms of the Circular and community based organizations by which sub-contracts were awarded, should be black listed.	When entering into contract agreements with volunteer organizations it should be agreed to avoid subcontracting. The process of subcontracting is carried out without Divisional Secretaries being aware of it and as such, it is beyond control.
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2. Financial Review

2.1 Management of Expenditure

The following matters were observed.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Reasonable facts had not been furnished in ACA 2(ii) with regard to savings of Rs. 31,089,741 of 11 Objects in compliance with instructions given in paragraph 3.5 of the State Accounts Circular No.271/2019 of 03 December 2019.	Annual estimates should be prepared by forecasting expenditure correctly.	It has been agreed with the audit query.
(b) According to Section 06 of the State Accounts Circular No.271/2019 of 03 December 2019, the specimen form ACA 2(iii) should be utilized for explanation for the variance between Original Expenditure and Revised Expenditure Estimate. Nevertheless, reasonable facts had not been furnished with regard to the variance of Rs. 18,650,800 of 07 Objects.	-Do-	It is agreed.

2.2 Incurring of Commitments and Liabilities

Audit Observation	Recommendation	Comments of the Accounting Officer
The liability of 08 Objects revealed under Notes (iii) to the account of the year 2019 had been Rs. 1,466,798 and according to the Treasury printout 192, the liability had been Rs. 1,436,609 as at that date, thus indicating a difference of Rs. 30,188. Explanations for the said difference had not been given.	Action should be taken to correct them by identifying the said difference.	It is kindly informed that the value of liabilities revealed under Notes (iii) to liabilities is the actual liabilities available with the Secretariat. The error occurred in uploading the Database on liabilities included in the CIGAS Accounts System has been the reason for the said difference. In case of such a difference in ensuing years, it is recorded to give explanations for the difference.

2.3 Issuance and Settlement of Advances

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
(a) Loan balances of Rs. 202,988 of three officers in three Divisional Secretariats, who had been interdicted over a period between 02 - 13 years, had not been recovered even by 31 December 2019.	Action should be taken to recover relevant outstanding balances.	Audit query is accepted
(b) Loan balances amounting to Rs. 381,629 of three officers in three Divisional Secretariats, who had deceased and retired, had been shown as balances of advance accounts and those balances had not been recovered even by 31 December 2019.	Action should be taken to recover relevant outstanding balances.	Audit query is accepted

- (c) Contrary to the Public Administration Circular No.30/2008 of 31 December 2008, an instance in which loans had been granted exceeding the limit of Rs. 250,000 by the Arachchikattuwa Divisional Secretariat, was observed. Action should be taken in terms of Public Administration Circulars. Audit query is accepted

2.4 Deposit Balances

Audit Observation	Recommendation	Comments of the Accounting Officer
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Action had not been taken in terms of Financial Regulation 571 with regard to the value of Rs. 58,118,110 in balances of five deposit accounts which have lapsed 02 years.	Action in terms of Financial Regulation 571 should be taken to credit to the revenue.	It is accepted.

3. Operating Review

3.1 Non-achievement of expected Level of Output

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) A sum of Rs. 481,144 should have been paid to the contractor for laying tar to the Dunkannawa, Mahagedarawatta Road under the Gamperaliya Programme – 2019 of the Nattandiya Divisional Secretariat Division. However, matters such as abandonment of the part of the road which is connected to the main road without laying tar, failure in planning the drainage system of either	Projects should be executed in terms of estimates.	As pointed out by the Audit according to the report on inspection carried out again by the Technical Officer, it is accepted that certain parts of the road is not 03 metres in width. Moreover, according to the measurement report of the Technical Officer, computations were again made for the minimum width of road and action was taken to recover the overpayment of Rs. 20,935 from the retention money of the project and surcharged to the Government revenue. A copy of the relevant paying voucher has been submitted herewith as Annexure 02. It is

side of the road and width of certain sections is not 03 metres in terms of estimates, were observed.

(b) In carrying out development activities in 11 roads by spending Rs. 7,126,540 of 03 Divisional Secretariat Divisions, only the road surface had been developed without constructing the drainage system and culverts where required. As such, the expenditure incurred therefor had become fruitless due to lack of a system for drainage of rain water. In certain places, drains had to be dug across the road surface and facilitated for drainage of rain water.

(c) Five buildings had been constructed by incurring Rs. 11,419,751 in 02 Divisional Secretariat Divisions without preparing total cost estimates and providing necessary provisions. As such, those constructions had not been completed at a usable level.

further informed that necessary steps will be taken by calling for explanation from relevant officers.

Constructions should be carried out based on accurate plans by providing provisions according to a total cost estimate whenever possible.

These proposals were made by villagers and regional political representatives and significant works of this project had been completed by utilizing provisions to the maximum. At present, this building is in usable condition. It is agreed to take action in the implementation of projects in future as per the relevant instruction.

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This was a partially constructed building. As such, as per requests made by villagers and political representatives, action has been taken to make provisions for constructions so as to complete at a usable level. Action was taken to implement the said project by utilizing provision to the maximum and at present, many works have been completed with assistance of this temple. It is agreed to implement projects in future according to relevant observations.

- (d) Moneys had been paid at a value of work done amounting to Rs. 1,923,000 or removing aquatic plants from Kudawewa in the Mahawewa Divisional Secretariat Division under the Gamperaliya Programme -2019. However, according to audit inspection carried out on 04 January 2020, a large area of the Kudawewa had been covered with Salvinia. As such, the expenditure incurred therefor had become fruitless.
- (e) A sum of Rs. 1,066,099 had been spent for the implementation of the Drinking Water Project, Galmuruwa South in the Madampe Divisional Secretariat Division and the said Project had failed due to inadequate water in the tube well.
- (f) In the development of 03 playgrounds by spending Rs. 2,768,903 in the Nattandiya Divisional Secretariat Division, a system for drainage of rain water had not been planned and as such, those playgrounds had not been developed up to the usable level.
- In spending public moneys for projects, action should be taken so as to receive maximum benefits to the public.
- Kudawewa is 47 acres in extent and even though aquatic plants should be removed from an area of 17 acres in extent according to the estimate, aquatic plants in 20 acres have been removed.
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- A report on the capacity of the well has been forwarded to me by the letter No. PM/NW/PUT/2019-43/81/82/83 dated 30.12.2019 of the Provincial Manager (Wayamba) of the National Water Resources Board informing that according to the report on water capacity test, a number of 28,800 litres of water can be obtained once, the time for pumping water once is 02 hours and that 40 litres of water can be obtained per minute.
- These gravels will not be washed away during rainy season as those are packed well at present. It is intended to be constructed a drainage system in this playground to drain water by using provisions received in future.
- Current issues should be identified considering all prior factors in the evaluation of the project and action should be taken accordingly.

3.2 Non-achievement of expected Outcome

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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<p>(a) Provision of Rs. 1,000,000 had been made under the special programme of development of infrastructure facilities with a view to restoration of the Mirissankotuwa South Tank of the Wennappuwa Divisional Secretariat Division and it had been estimated to remove aquatic plants from the Tank, build the sluice and the outlet and to construct canals. However, restoration of the sluice and the construction of canals and dams had not been properly carried out.</p>	<p>In spending public moneys for projects, action should be taken so as to receive maximum benefits to the public.</p>	<p>Provision of Rs.01 million had been granted for the restoration of the Mirissankotuwakulama South Tank and estimates therefor had been prepared by the Assistant Agrarian Development Office, Puttalam. As such, procurement has been carried out on 02/10/2019 therefor. However, restoration of the sluice and construction of canals and dams could not be carried out properly before 31/12/2019 due to heavy rains prevailed by then.</p>
<p>(b) It had been decided that the Nawagattegama Theatre constructed under the Deyata Kirula Programme implemented in the year 2014 should be vested in the Local Authority within the area of the relevant authority so as to use in a proper manner. However, it had not been so done and thus, the said theatre had remained idle, being subjected to destruction.</p>	<p>-Do-</p>	<p>My letter of even number dated 04.12.2018 was forwarded to the office of the Senior Superintendent of Surveys, Puttalam for obtaining the Plan(Tracing) required for the purpose of vesting the land where the said theatre is located in the Pradeshiya Sabha. Moreover, survey charges of Rs. 11,500.00 relating thereto has been paid through cheque No. 450033 in the name of Senior Superintendent of Surveys on 22.10.2019 by the Nawagattegama Pradeshiya Sabha. It was further enquired in this connection by my letter of even number dated 06.03.2020 from the</p>

Office of the Senior Superintendent of Surveys and the said Office has informed by a letter dated 03.06.2020 that a request for survey relating thereto was made to the field and after completing surveys, the relevant plan will be sent. It is kindly informed that action will be taken to send documents required for the purpose of vesting, to the Land Commissioner General after receiving the relevant plan.

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| <p>(c) Payments had been made for the value of work done amounting to Rs. 770,295 to the contractor for the development of the road from Pemironia Mawatha to Lucien Perera Mawatha at Ulhitiyawa South under the Gamperaliya Programme -2019 of the Wennappuwa Divisional Secretariat Division. However a canal had been dug across the road to drain water during the rainy season and as such, the expenditure had become fruitless.</p> | <p>Heads of institutions should ensure that development projects carried out by spending public funds are implemented under supervision of relevant Technical Officers.</p> | <p>Action has been taken to dig a ditch across the road and to drain water as per instructions of the Technical Officers of the Pradeshiya Sabha due to collection of water in private lands of Ulhitiyawa area for several days as a result of heavy rain and due to lack of an alternative method to drain water. Rehabilitation relating thereto will be carried out by the Pradeshiya Sabha.</p> |
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3.3 Projects abandoned without completing

 The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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<p>(a) An estimate valued at Rs. 1,996,170 had been submitted by the National Water Supply and Drainage Board for the construction of a water pumping house relating to the Iranawila, Samagigama Water Project of the Mahawewa Divisional</p>	<p>Action should be taken to achieve maximum benefits from funds allocated for regional development.</p>	<p>It is agreed with audit observations.</p>

Secretariat Division. However, under the Sukitha Purawara Programme – 2019, only Rs. 500,000 had been allocated therefor and as such, implementation of the said Project had been suspended. Even though allocation of provision according to estimates is the accepted and formal procurement procedure, adequate provision had not been made accordingly. As such, maximum benefits could not be achieved from funds allocated for regional developments.

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| <p>(b) Provision had been made at Rs.20,000 each for providing electricity to houses of 30 recipients of the Divisional Secretariat Division of Chilaw. Moreover, in the implementation of the housing aid project under the Gamperaliya Programme, aid amounting to Rs.4,600,000 had been approved at Rs.100,000 each for 46 recipients in the year 2019. However, those projects had not been implemented as a result of shortcomings in the process of Selecting of Beneficiaries due to non-identification of persons desperately in need of those aid.</p> | <p>-do-</p> | <p>The 46 recipients of houses have refused accepting aid stating that construction of the houses cannot be completed by 31.12.2019. These projects could not be implemented as all projects which had not commenced works at present have been suspended until further notice by the letter No.BD/GPS155/09/01/HA-2019 of 20.11.2019 issued by the Secretary to the Treasury of the Ministry of Finance.</p> |
| <p>(c) According to budget proposals of 2019 of the Mundalama Divisional Secretariat, 33 projects which were approved prior to 30 September 2019, had not been implemented in the year 2019.</p> | <p>Action should be taken to reap maximum benefit from monies allocated for regional development.</p> | <p>Agreed with the audit observations.</p> |

(d) A sum of Rs.2,674,434 had been spent in the years 2014, 2015 and 2017 for the water project implemented by a community based organization of the 557 C, Thambagalle South Grama Niladhari Division of the Madampe Divisional Secretariat Division. However, the works of the aforesaid project could not be completed even by the end of the year 2019 due to an issue that arose between the two parties.

In spending public monies for projects, action should be taken so that people reap the maximum benefit.

Agreed with the audit observations.

3.4 Procurements

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>The Karuwalagaswewa Divisional Secretariat had spent Rs.9,199,686 received under the Gamperaliya Project 2019 and constructed drains on either side of the Puttalam-Anuradhapura Road and paving stones had been laid and funds of 06 projects had been spent for the same purpose. It was observed that it was not a road development activity but a city beautification activity. Moreover, it was observed that the opportunity of carrying out the relevant activity under minimum cost had been avoided in terms of Procurement Guidelines.</p>	<p>Purchases should be made on the recommendation of the Technical Evaluation Committee.</p>	<p>Comments have not been made.</p>

3.5 Assets Management

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) The pool vehicle of the Mahakumbukkadawala Divisional Secretariat is in a decayed state and action had not been taken to repair it properly and to operate same. The tractor and water bowser received from the Ministry of Disaster Management remained idle, being subjected to decay as a result of non-use.	Government property should be properly made use of.	As there are no protected places for parking, the two tanks of tractor bowsers are parked in a manner of being exposed to sun and rain. Even though provision had been requested for construction of vehicle parks on previous occasions, the Ministry had still not granted provision therefor and as such, they are parked in a manner of being exposed.
(b) Two tractors provided by the Ministry of Disaster Management for supplying water to people affected by the drought in the area of authority of the Madampe Divisional Secretariat, had not been utilized from January to September 2019 and the said two bowsers had been parked in the Divisional Secretariat premises in an unprotected manner. Moreover, 30 water tanks with a capacity of 1,000 litres, provided by the aforesaid Ministry, had been stacked in the Divisional Secretariat premises without being made use of.	-do-	-do-

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| <p>(c) A total of 42 vehicles comprising 25 tractors, 09 bowsers and 08 lorry bowsers had been provided by the National Disaster Relief Service Centre, Ministry of Home Affairs and Disaster Management Centre for distribution of drinking water among the people affected by drought and action had not been taken to take over those bowsers to the District Secretariat and to bring them to account.</p> | <p>The relevant vehicles should be taken over and brought to account.</p> | <p>Action will be taken to account all vehicles taken over by the Puttalam District Secretariat and as vehicles provided by the Ministry of Disaster Management had not been taken over, it is informed that they cannot be brought to account.</p> |
| <p>(d) Action had not been taken to auction or if unusable, to eliminate from books in terms of Financial Regulations, 11 vehicles of five Divisional Secretariats, valued at Rs.5,650,000 unutilized in any manner whatsoever over a period of two years.</p> | <p>Action should be taken in terms of Financial Regulations.</p> | <p>The Ministry of Finance has been referred to, for taking over of vehicles remained idle over a period of two years.</p> |
| <p>(e) Even though eight official quarters valued at Rs.48,200,000 owned by the District Secretariat were in dilapidated and unusable condition since many years, proper measures had not been taken relating to those quarters. As such, they had remained idle while being subjected to gradual destruction.</p> | <p>Responsibility should be taken relating to security and maintenance of assets.</p> | <p>Reconstruction of these buildings is fruitless. As such, it is appropriate to erect a boundary fence surrounding the said land and to demolish the relevant buildings afterwards. Action will be taken to demolish them once provision is made.</p> |

3.6 Losses and Damage

Audit Observation	Recommendation	Comments of the Accounting Officer
In the development of rural roads by laying gravel, under the Gamperaliya Accelerated Programme in the Anamaduwa Divisional Secretariat Division, overestimates had been prepared, on obtaining gravel. As such, an overpayment of Rs.3,667,149 had been made in 42 instances.	Accurate Engineer's estimates should be prepared according to the prescribed Item of Work and the total loss occurred due to preparation of Engineer's estimates without proper professional diligence should be recovered from responsible parties.	I have appointed a three person investigation committee chaired by the Executive Engineer of the Provincial Department of Road Development to examine and report thereon. Necessary action will be taken once the said report is received.

3.7 Security of Public Officers

Audit Observation	Recommendation	Comments of the Accounting Officer
Officers who are administratively responsible for, or who under delegation are entrusted with matters relating to public money and stores and those who sign cheques will be required to give security in accordance with the Public Officers Security Ordinance (Cap. 612) for the faithful charge of duties. However, 28 officers in Nawagattegama and Mahakumbukkadawala Divisional Secretariats had not given securities.	Security is required to be given in accordance with the Public Officers Security Ordinance (Cap.612).	Officers are notified to give security and necessary action is being taken therefor.

3.8 Uneconomic Transactions

Audit Observation	Recommendation	Comments of the Accounting Officer
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A sum of Rs.970,000 was payable to the contractor for development of the playground of the Kummodara Muslim College of the Nattandiya Divisional Secretariat Division under the Gamperaliya 2019 Programme. However, as a canal with a large amount of water flowing through it, is located close to this playground, overflowing of the canal during rainy season or erosion of gravel used therefor, cannot be avoided. As such, the aforesaid project was observed as a fruitless project.	In spending public monies for projects, it should be carried out for the maximum benefit of the people.	A granite foundation is laid parallel to the canal located at the edge of the playground. As it is expected in future to raise the granite foundation to a certain level by obtaining provisions, soil erosion can be prevented by this.

3.9 Management Weaknesses

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) The pool vehicle of the Nawagattegama Divisional Secretariat had been operated since 16 March 2013 without obtaining the Revenue licence.	Obtaining vehicle licences should be considered compulsory.	Even though a new engine has been installed for the vehicle, the vehicle registration certificate had not been renewed therefor. As such, the emission test certificate cannot be obtained and as a result, the Revenue licence as well cannot be obtained.

- (b) The sum of Rs.4,987,137 received for payment of compensation for vesting of lands under the Inginiyitiya Project, had been retained in the general deposit account since many years. Moreover, even though the matters in files of compensation recipients had been completed, payment of compensation had been neglected.
- Action should be taken to pay compensation after completion of matters in files.
- Even though advice had been sought through the Ministry of Lands and the Attorney General's Department, relating to proceedings in this connection, advice has not been received up to now. It is kindly informed that a sum of Rs.4,987,137 has been retained in the deposit account until further proceedings, after obtaining advice.
- (c) It is indicated that in the event of a retired public officer returning to a service with salary, the Cost of Living Allowance paid with the salary, should not be paid again. However, the Cost of Living Allowance of Rs.242,838 overpaid to 05 retired officers of the Nawagattegama Divisional Secretariat, had not been fully recovered.
- The overpaid Cost of Living Allowance should be recovered.
- A sum of Rs.741,098.00 had been paid as Cost of Living Allowance to 05 retired officers who are paid salaries with Cost of Living Allowance. Action was taken to recover those monies from the said officers after identifying the error. Moreover, a sum of Rs.242,838 was recoverable by the date of audit and a sum of Rs.150,198 remains recoverable by August 2020. Accordingly, action has been taken to recover the overpayments from the pension in installments.
- (d) The Divisional Secretary should implement the process of vesting of private lands in the Government for public requirements. However, lands had not been vested until a period ranging between 08 to 24 years had elapsed after submission of the proposal of acquisition of lands to the Chilaw Divisional Secretary in 04 instances. As such, in addition to compensation, interest thereon as well had to be paid.
- The acquisition process should be speedily finalized.
- Even though the acquisition of lands is carried out normally, it is a task that takes several years. As various persons and many institutions are involved, it is difficult for the Divisional Secretary alone to avoid delays. Nevertheless, the delay in the acquisition process, is admitted and action will be taken to expedite this matter by coordinating with all relevant institutions.

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| <p>(e) Even though recommendations had been made by the Divisional Secretary for 03 licences for mining of gravel and clay by the Dankotuwa Divisional Secretariat, the Divisional Secretary had not briefed whether licences had been issued therefor. As such, there was no mutual connection between the Geological Survey and Mines Bureau and as a result, illegal affairs could not be brought under control.</p> | <p>A methodology should be prepared to brief the Divisional Secretary relating to licences issued by the Geological Survey and Mines Bureau.</p> | <p>Agreed with the audit observations.</p> |
| <p>(f) A Grama Niladhari attached to the Mahakumbukkadawala Divisional Secretariat, had been suspended from service and taken legal action against, due to taking bribes. However, in terms of Section 27.11 of Chapter XLVIII of Volume II of the Establishments Code, a Departmental inquiry should be held separately and judged whether innocent or guilty. However, it had not been so done.</p> | <p>Action should be taken in terms of provisions in the Establishments Code.</p> | <p>Action necessary for holding the Departmental inquiry has been commenced.</p> |
| <p>(g) An extent of 0.5813 hectares of Lot No.01 of p.p.p.5813 of 609 A, Pubudugama Grama Niladhari Division of the Karuwalagaswewa Divisional Secretariat Division, has been leased out for a residential purpose and an outstanding lease amount of Rs.189,730 was payable as at 31 December 2019. The responsible parties had not taken action to terminate the lease relevant to the land according to conditions mentioned in the Deed of Lease on default of lease payment.</p> | <p>Action should be taken in terms of the relevant lease agreement.</p> | <p>Not replied.</p> |

- (h) The Geological Survey and Mines Bureau has authority for issuing licences for mining of soil, gravel and sand under the Mines and Minerals Act, No.33 of 1992 and before issuing licences, illegal mining of soil, gravel and sand had been carried out under the approval of various institutions in an instance in which the Karuwalagaswewa Divisional Secretary had not made recommendations.
- The Divisional Secretary should be briefed on licences issued by the Geological Survey and Mines Bureau for control of illegal mining of soil, gravel and sand.
- Agreed with the audit observations.

4. Achievement of Sustainable Development Goals

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) Targets relating to sustainable development goals identified by the Divisional Secretariat, had not been prepared.	Action should be taken to identify targets relating to sustainable goals and to achieve them.	Not replied
(b) Sustainable Development Goals identified by the District Secretariat and the targets set accordingly, had not been included in the Action Plan of the District Secretariat.	Sustainable goals and targets should be included in the Action Plan of the District Secretariat.	Not replied
(c) In reaching sustainable development targets, the focal points required to regulate relevant activities, had not been identified.	The focal points required to regulate relevant activities for achievement of sustainable development goals, should be identified.	Not replied

5. Good Governance

5.1 Audit and Management Committee

Audit Observation	Recommendation	Comments of the Accounting Officer
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Four audit management meetings should be held within a year at least one meeting per quarter in terms of Management Audit Circular No.DMA/2009(I)(i) of 28 January 2016 for discharge of functions cited in Section 41 of the National Audit Act, No.19 of 2018. However, only two meetings had been held in the Divisional Secretariats of Karuwalagaswewa, Madampe, Mundalama, Arachchikattuwa, Mahakumbukkadawala, Puttalam, Dankotuwa, Vanathawilluwa and Nawagattegama and three meetings each had been held in the Divisional Secretariats of Nattandiya, Kalpitiya, Chilaw and Mahawewa.

Meetings should be held in terms of Management Audit Circular No.DMA/2009(I)(i) of 28 January 2016 for discharge of functions cited in Section 41 of the National Audit Act, No.19 of 2018.

Not replied

6. Human Resource Management

Audit Observation	Recommendation	Comments of the Accounting Officer
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Eight, 20, 259 and 32 vacancies existed in the posts of senior level, tertiary level, secondary level and primary level respectively even by 31 December 2019 in the District Secretariat and 16 Divisional Secretariats. It was observed that the 06 vacancies of senior level comprised Additional District

Prompt action should be taken to fill the vacancies in essential posts.

Vacancies have been indicated by staff reports.

Secretary (Lands), 04 posts of Assistant Director (Planning), 03 posts of Assistant Divisional Secretary and 02 posts of Accountant. Moreover, out of 34 and 18 approved posts of Technical Officer and Technical Assistant, vacancies of 22 and 13 remained respectively in the District Secretariat and Divisional Secretariats. Out of 17 approved posts of Information Communication Technology Assistant, 12 alone were vacant. The adverse effect towards rendering of public services continuously and effectively due to vacancies in senior level, had been unavoidable. Vacancies in the posts of Technical Officer and Technical Assistant had resulted in the weak level in the effectiveness and quality of development activities including construction projects. An Information Communication Technology Assistant each had been attached to the 16 Divisional Secretariats and only 04 Divisional Secretariats had attached officers to this post and the posts of these officers were vacant in 12 offices. It was the duty of the said officers to actively maintain the websites of the District Secretariat and Divisional Secretariats. Even though another officer without experience for the said duty had been deployed in offices with vacancies, that activity had not been properly achieved.