

Head 278- Rathnapura District Secretariat Office

1. Financial Statement

1.1 Qualified Opinion

The audit of the financial statements of the District Secretariat Rathnapura Office 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 provision in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018. The summary report containing my comments and observations on the financial statements of the District Secretariat Rathnapura was issued to the Accounting Officer on 29 May 2020 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report relevant to the District Secretariat was issued to the Accounting Officer on 07 July 2020 in terms of Section 11 (2) of the National Audit Act No.19 of 2018. This report is submitted to Parliament in pursuance of provisions in the article 154(6) of the Constitution of the Democratic Socialist Republic of Sri Lanka to be read in conjunction with Section 10 of the National Audit Act No. 19 of 2018.

In my opinion, except for the effects of the matters described in the paragraph 1.6 of this report, the accompanying financial statements prepared in terms of State Accounts Circular No. 271/2019 of 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 its cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

1.2 Basis for Qualified Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (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 Responsibility of the 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 gave 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 and error.

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

In terms of sub-section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the District Secretariat and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risk 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 omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Secretariat's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

1.5 Report on Other Legal and Regulatory Requirements

I express the following matters in accordance with Section 6 (1) (d) and Section 38 of the National Audit Act No 19 of 2018.

- (a) The financial statements presented for the year under review were in consistent with the preceding year.

- (b) The recommendations on financial statements made by me in respect of the preceding year had been implemented.

1.6 Comments on Financial Statements

1.6.1 Financial Performance Statement

Audit Observation	Recommendation	Comment of the Accounti Officer
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An un-reconciled difference of Rs.281,873,012 was observed between the value of trial balance and the value of other receipts in the year 2019 as per the statement of financial performance.	Financial Statement should be prepared accurately after comparing the differences.	This error will be corrected in the preparation of financial statements of the next year.

1.6.2 Statement of Financial Position

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) Although the information contained in the Financial Statements should agree with the balances of the Final Statement of Account of the Treasury, in terms of paragraph 3.1 of the State Accounts Circular No 271/2019 dated 03 December 2019, a difference of Rs.25,919,464 was observed, between the balance of Deposit Accounts according to the Statement of Financial Position and the Treasury Printouts.	Action should be taken in accordance with paragraph 3.1 of the State Accounts Circular No. 271/2019 dated 03 December 2019 and a sum of Rs.442,433,369 should be shown in the Statement of Financial Position ,as the deposit account balance.	No difference between the general deposit account and the treasury printouts.
(b) An in un-reconciled difference of Rs.500, 414,005 was observed between the summary of individual information of 06 items and the ACA-6 format of the Financial Statements provided by the District Secretariat and the Divisional Secretariats.	Books and records should be maintained, accurately, enabling to prepare Annual Financial Statement and ensure the accuracy by reconciliations.	There are errors in the opening balances of certain Divisional Secretariats, reporting errors in the relevant columns.

1.6.3 Cash Flow Statement

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) Although the value of receipts of deposit amounting to Rs.468,352,833 for the year 2019 should have been stated under cash flows, generated from the financing activities of the cash flow statement, that value was stated under the cash flows generated from operating activities.	Deposit receipts Should be stated as financing activities in the cash flow statement.	It is a matter of an oversight in the analysis and will be rectified in the subsequent year.
(b) The sale of non-financial assets stated in Format ACA-6 amounting to Rs. 1,325,437 had not been stated under the cash flows generated from investment activities in the cash flow statement.	Sale proceeds of assets should be shown as investment activities in the cash flow statement.	It is a matter of oversight in the analysis and will be rectified in the subsequent year.
(c) Recoveries of Advances amounting to Rs. 85,385,621 in the year 2019 had not been shown as cash flows generated from investment activities in the cash flow statement.	Recoveries of Advances should be shown as investment activities in the cash flow statement.	That will be corrected in the subsequent year.

1.6.4 Assurance to be made by the Accounting Officer

Audit Observation	Recommendation	Comment Of the Accounting Officer
The Chief Accounting Officer and the Accounting Officer should ensure that an effective internal control system is established and maintained for financial control of the District Secretariat in terms of Section 38 of the National Audit Act No. 19 of 2018 and the effectiveness of such system should be reviewed periodically and make any alterations as required for such system to be effectively carried out. Such review should be in writing and copies of them should be made available to the Auditor General. But the statement stating that such a review carried out was not made available to audit.	Provisions in Section 38 of the National Audit Act No. 19 of 2018, should be complied with.	This will be reviewed at the Audit and Management Committee meetings.

1.6.5 Non-compliance with Laws, Rules, and Regulations

The following instances of non-compliances with laws, rules and regulations observed in audit test. Check are analyzed below.

Reference to Laws ,Rules and Regulations	Audit Observation		Recommendation	Comments of the Accounting Officer
	Value	Non- Compliance		
	(Rs.)			
(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka				
(i).Financial Regulations 396 (d)	566,990	Action had not been taken in respect of Seven cheques over 06 months and lapsed for 02 months and 24 months relating to two Divisional Secretariats in terms of Financial Regulations and taken to government revenue.	Action should be taken in terms of Financial Regulations 396(d).	Corrections will be made in due course.
(ii) Financial Regulations 571	37,486,938	District Secretariat and 10 Divisional Secretariats had not	Action should be taken in terms of Financial	The reason for the delay was due to receipt of

taken action in Regulations 571. insufficient funds from the treasury to refund the deposits.

accordance with the provisions in respect of 176 deposits lapsed for more than 02 years.

(b) Government Procurement Guidelines

(i) Section 1.2.1 (c)

527,545	Opanayaka Divisional Secretariat had awarded the construction of second phase of the Madola Division - Nila Sevana Office direct to the first contractor based on the estimated rates on 14 December 2019.	Act in accordance with Section 1.2.1 (c) of the Government Procurement Guideline.	She was the only contractor who bid for the original provision.
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(ii) Section 4.2.1 (a), (b) and (c)

-	The expected procurement functions should have been listed in the master procurement plan for a period of at least three (03) years but pertaining to 05 Divisional Secretariats, the master procurement plan had not been prepared in accordance with those provisions. Two Divisional Secretariats had not prepared detailed procurement plans for the year under review.	Action should be taken in accordance with Section 4.2.1 (a), (b) and (c) of the Government Procurement Guidelines.	The master procurement plan is due to be prepared.
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(iii)Section 5.4.8 (a)	98,542	If the contractor violates the contract agreement, a performance bond, not less than 5% of the contract amount of Rs.1,970,841 should be obtained, but the Pelmadulla Divisional Secretariat had not done so.	Act in accordance with Section 5.4.8 (a) of the Government Procurement Guidelines.	Action will be taken to obtain relevant performance bond in due course.
(c).Public Finance Circular No. 01/2012 dated 05 January 2012				
(i) Section 3.1	1,428,596	Agreement had been entered in to with the Kolonna Divisional Secretariat Welfare Association consisting of public officers who could not be considered as a local / provincial community based organization to fulfil 08 contracts during the year 2019.	Comply with Section 3.1 of the Public Finance Circular No. 01/2012 dated 05 January 2012.	As it is a non-profitable organization , such works had got done by that welfare Society .
(ii) Section 3.2	340,359,133	Although construction, work, contracts can be assigned to community based organizations after checking and confirming the qualifications, the Pelmadulla Divisional	Comply with Section 3.2 of Public Finance Circular No. 01/2012 dated 05 January 2012.	Qualifications were not checked as per the instructions and instructed the officers not to make such deficiencies in future.

Secretariat had recommended and paid for the implementation of 938 projects under 13 development programs contrary to those provisions.

(d) Paragraph 3 of the Circular No NBRO 2011/01 dated 10 February 2011 of the Ministry of Disaster Management	2,000,000	Certificate of Conformity / Recommendation from the National Building Research Organization, should be compulsorily obtained by the institutions approving landslide prone districts, but those provisions in the construction of the Nila Sevana Office Building in the Kotamulla Division, attached to the Elapatha Divisional Secretariat had not been complied with.	Comply with Section 3 of the Ministry of Disaster Management Circular No. 2011/01 dated 10 February 2011.	There was no sufficient time to get recommendations from the Building Research Organization.
(e).Paragraph 2.8 of the CircularNo. MNPEA 01 / 2019, dated 10 January 2019 of the Decentralized Budget Program	416,487	Government projects should be implemented for general purposes. Although it is stated that direct grants should not be given to individuals or private purposes, provisions were made by the Rathnapura Divisional Secretariat for the construction of a part of an access road and a part of a retaining wall for two private bare lands.	Comply with paragraph 2.8 of the Decentralized Budget Program circular No. MNPEA01 / 2019 dated 10 January 2019.	Development work on those lands could not be done since there was no proper access road to the lands.

2. Financial Review

2.1 Imprest Management

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>Even though the imprest that should have been requested according to the Plan for the Head 278 in the year under review amounted to Rs. 1,096,996,000, there was a difference of Rs. 1,176,489,000 since the requested imprest being a sum of Rs. 2,273,485,000 and a difference of Rs. 1,137,375,000 between the imprest received and requested amounting to Rs. 1,136,110,000 imprest. Accordingly, a difference of Rs.39,114,000 was observed between the imprests planned and received. Therefore, It was observed in audit that planning imprest requirement and the imprest control were not properly done.</p>	<p>Imprest management should be done properly in close relationship with the Treasury.</p>	<p>Agree with the observation and annual imprest requirement is prepared based on the provisions made by the Annual Appropriation Act.</p>

2.2 Expenditure Management

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>Due to improper preparation of estimates, 19 expenditure objects, 25 per cent were suppressed. In addition, savings ranging from 9 per cent to 62 per cent of the net provisions further existed. As such, the total savings of the provisions amounted to Rs.39,035,238. Even though a provision of Rs. 2,700,000 had been made for the Establishment of Community Based Green Clubs within the Imbulpe and Ayagama Divisional Secretariats by Supplementary Estimates under the Object Code 278-1-1-0-2509 only a sum of Rs. 344,000 had been spent.</p>	<p>Estimates should be properly prepared in accordance with Financial Regulation 50.</p>	<p>Lack of imprest, proper management of expenses, non-submission of bills, making compulsory savings of 25 per cent etc. were the reasons for such savings.</p>

2.3 Commitments to Liabilities and Obligations

Audit Observation	Recommendation	comment of the accounting officer
<p>Although liabilities within the annual budget limit for payments other than personal emoluments and allowances should be recognised in terms of paragraph 2 (a) of the State Accounts Circular No. 255/2017 dated 27 April 2017, on the contrary, obligations had been committed for the total value of Rs.943,209.</p>	<p>Act in terms of Paragraph 2 (a) of the State Accounts Circular No. 255/2017 dated 27 April 2017.</p>	<p>Non- rendition of relevant bills in the same year it self.</p>

2.4 Utilization of provisions given by other Ministries and Departments

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>Out of the provision of Rs. 3,354 million given to 17 Divisional Secretariats for 73 requirements by 28 other Ministries / Departments provisions of Rs.959.9 million had been saved at the end of the year under review. Such savings had ranged from 5 per cent to 100 per cent, in addition to the 25 per cent suppressed from provisions received from each Ministry and Department.</p>	<p>Steps should be taken the maximum utilisation of funds provided for projects in continuous connection with the relevant Line Ministries/Departments and the Treasury since the beginning of the year, as well .</p>	<p>The main reason for the savings of provision is the lack of sufficient funds.</p>

2.5 Release and Settlement of Advances

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>Necessary action had not been taken to recover and settle 09 loan balances amounting to Rs.1,548,793, as per the instructions of Public Finance Circular No. 05/2019 and 27 June 2019 relating to officers transfer in / out under advances Public Officers, Account "B" the officers retired before settling loans and officers retired before the repayment of loan and interdicted for more than one year after recovering the final instalments.</p>	<p>Loan balances should be recovered and settled in accordance with the Public Finance Circular Instructions No. 05/2019 and dated 27 June 2019.</p>	<p>Necessary steps have been taken to recover the loan balances.</p>

2.6 Deposit Balances

Audit Observation	Recommendation	Comment of the Accounting Officer
Even though 2 months to 34 months had lapsed after the expiry of warranty period by the date of audit on 23 January 2020, relating to the retention money amounting to Rs.12,670,727 obtained from 179 construction works in respect of 08 Divisional Secretariats they had been returned in the divisional secretariat without been released.	Action should be taken to release the retention money of which the warranty period had elapsed.	There was no sufficient imprest to release the deposits and the retention money will be released after the technical officer inspects the work.

3. Operational Review

3.1 Non-performance of Duties

Audit Observation	Recommendation	Comment of the Accounting Officer
Although the Presidential Secretariat had given the provision of Rs.6,906,562 to 03 Divisional Secretariats for 04 projects, those funds were returned back to the presidential secretariat since no necessary action had been taken to perform such projects.	Ensure that provisions received from other Ministries and Departments are properly utilized for the relevant purpose.	Reasons for this include, adverse weather conditions, delays of provisions, technical reasons, non-receipt of estimates on due dates, existence of disputes respect of project implementation.

3.2 Failure to Obtain Desired Output Level

 The following observations are made.

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
(a) In the examination of the action plan and its progress in the years 2018 and 2019 in respect of 03 Divisional Secretariats, the percentage of non achieving the intended targets ranged from 25 per cent to 100 per cent in 52 activities of 15 sectors.	Plans should be formulated so that the targets can be achieved and the necessary action should be taken to achieve those targets.	Certain targets could not be reached due to factors uncontrollable to officers.
(b)The process of regularization of unauthorized lands in the Rathnapura District had slowed down in issuing licenses/ grants slip for government lands as at 31 December 2019 due to the number of land kachcheris held in 08 Divisional secretariat ranged between a lesser number from 01 to 09 and the extent of land identified for regularisation was less than 06 per cent to 48 per cent , and one Divisional Secretariat did not identified the extent of land to be regularized, while another divisional secretariat had not accurately identified specifically the information on the number of plots of government land in the Division and the number of unauthorized lands to be regularized. As Such, the process of regularization of unauthorized lands in the	Action should be taken to expedite the process of finalizing the regularization of encroached better lands.	Issuance of licenses / Grants Slip for government lands is not a function of the Divisional Secretary alone and delays are due to feedback / support from other institutions involved.

Rathnapura District had slowed down. It was also observed that the provisions stated in the Circular No. 2008/04 dated 20 August 2008 of the Commissioner General of Lands in this regard had not been followed.

3.3 Abandonment of Projects without being Finished

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>Hundred and twenty seven projects the estimated the cost of which amounts to Rs. 39.8 million expected to be completed in 04 Divisional Secretariats during the year under review, had been abandoned without being completed.</p>	<p>Plans should be prepared in a timely manner so that projects can be completed within the stipulated time frame.</p>	<p>Agree with the observation and such matters are beyond the control of the District Secretariat.</p>

3.4 Delays in the performance of projects

The following observations are made.

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
(a) Due to delays in the construction of 122 projects, the estimated cost of which amounted to Rs.48.4 million, planned to be completed during the year under review in 06 Divisional Secretariats, the savings from the provision amounted to Rs.21.2 million or 44 per cent.	Plans should be prepared in a systematic manner so that projects can be completed within the stipulated time frame.	Insufficient receipt of imprest, delays in disbursement of imprest, heavy rains and adverse weather conditions during the implementation period of the projects.
(b) Although the 2456 number of families were identified for the provision of alternative lands in the district in respect of 16 Divisional Secretariat Divisions relating to the years 2016, 2017, 2018 and 2019, only 1027 families had been provided with suitable lands by the end of the year under review.	Survey reports on the lands currently acquired should be obtained expeditiously and steps should be taken to provide lands even for a significant number of remaining families.	It took a long time to acquire lands, the reluctance to settle the beneficiaries in the acquired lands and lack of suitable lands.
(c) The total number of houses damaged by floods and landslides in the Rathnapura District amounted to 15082 in the years 2016, 2017, 2018 and 2019 and the total amount of compensation that should have been paid was Rs. 943,862,379 further amount due to be paid is Rs.363,874,761 as at 31 December 2019.	Arrangements should be made in close relationship with the Treasury and the relevant Line Ministry enabling to pay the balance compensation expeditiously.	Non-receipt of compensation referred to the National Insurance Trust Fund so far, revision of assessed values of the Assessment Committees of the Divisional Secretariats by the National Insurance Trust Fund or non-receipt of the total amount of compensation had requested.

3.5 Procurements

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) In the sample examination of construction contracts carried out in respect of 04 Divisional Secretariats, it was observed that even though a sum of Rs.2,727,033 had been paid under Special Schedule Rates (SSR) for 39 work items in 14 construction contracts, it had not been approved either by the Engineer of the District Secretariat or by an Officer with high technological knowledge.	Special Schedules of Rates (SSR) should be approved by the Engineer of the District Secretariat or an officer with high technological knowledge.	Act as instructed in future projects.
(b) Without following a formal technological methodology and ensuring whether the required compact strengths exist relating to Six projects in 09 Divisional Secretariats payment of Rs.46,347,863 had been recommended for 1774.45 cubic meters (m ³) of concrete for 73 roads constructed being spread with concrete mix.	When paying for road construction, it should be ensured that the required cohesiveness exists.	The reply included that the road was being repaired, not instructed that provision for such an inspection should be included in the estimate, the institution does not have required facilities to do so, facilities are provided to carry out such inspections if necessary and will get necessary recommendations, no special occasion or problem arisen to do such an inspection, the compaction strength was checked and the contractor was instructed to rectify the defects etc.

(c) Subcontracts were also awarded on basis of obtaining 5 per cent of the Agreement to the Farmers' Organization in contrary to section 15 of the agreement and paragraph 3.2 (iv) of the Public Finance Circular No 01/2012 dated 05 January 2012 relating to 5 works contracted for Rs.9,842,506 under 04 Ministries / Departments in 05 Divisional Secretariats.

Paragraph 3.2 (iv) of the Public Finance Circular No. 01/2012 dated 05 January 2012 and section 15 of the agreement signed, should be complied with.

It has not been established that such a sub-contract has been awarded and the Contracting Society has obtained and filed a letter stating that the sub-contract would not be awarded.

(d).As per Section 5.4.4 (i) of the Government Procurement Guidelines, up to a maximum of 20 per cent of the contract amount could have been paid in advance on the provision of an acceptable advance bond in respect of 02 construction projects contracted for Rs.4,000,000 belonging to the Pelmadulla Divisional Secretariat. But contrary to that, an advanced of Rs 800,000 had been paid and a detailed agreed bill of quantity stating the part of the work by the contractor separately and community contribution.

Action Should be taken in accordance with Section 5.4.4 (i) of the Government Procurement Guidelines.

Agreed with the observation and instructed the officers concerned to follow the guidelines in the future payment of 20 per cent in advance.

(e) In the preparation of final bills and the bill of quantity with combined measurements of to completed works value at Rs. 5,804,767 relating to the palmadulla divisional secretariat the works valued at

Recommendation, certification and approval should be correctly done .

Agreed with the observation and referred it for an inquiry in this regard.

Rs.1,822,454 done by community contribution had been considered as work done by the contractor and such bills had been recommended, certified and paid.

(f) In the physical verification carried out in audit observed that 09 contracted works at a cost of Rs. 7,554,668 under 03 Ministries / Departments pertaining to 03 Divisional Secretariats, the compact strength had been tested by the hammer and the compact strength of those roads had been less than the value of normal level to be existed by 20 N / mm².

(g) When mixing concrete in accordance with Highway Schedule of Rates (HSR) Code No. ST1-047, concrete should be mixed by using a concrete mixture and cover the road but truck mixer users for transporting concrete had been used for 03 construction works valued at Rs. 2,030,486 in respect of 02 Divisional Secretariats.

When paying for road construction, the existence of the required cohesiveness needs to be ensured.

Concrete should be mixed with the specific standard.

Since relevant payments have not been made, action will be taken to obtain engineering advice and corrections will be made in the due course.

We will ensure that there will be no such shortcomings in future.

3.6 Assets Management

The following observations are made.

Audit Observation -----	Recommendation -----	Comment of the Accounting Officer -----
(a) It was observed that attention had not been paid for the use of 21 unused government buildings located in 20 Grama Niladhari Divisions belonging to 06 Divisional Secretariats for a useful purpose and the land had been subjected to encroachments, buildings being dilapidated and closed etc. Even by the date of audit on 27 January 2020.	Action should be taken to make proper use of the relevant property and a proper procedure should be implemented for the protection of government properties.	If there is a need to use it for public purposes in future, it will be used therefore.
(b). Opanayaka Divisional Secretariat in relation to the implementation of Grama shakthi campaign project launched with the objective of combating poverty in Sri Lanka by the Presidential Secretariat provision of Rs.3,178,000 had been released under Head 001-2-6-6-2509. For the “Grama Shakthi” Community Based Organization established in each division, sum of Rs. 2,959,650 at Rs.986,550 each had been disbursed to each Division for livelihood development, capacity development and infrastructure development on 29 December 2018. By 31 December 2019, only 20 per cent of the expenditure required for the development of infrastructure in the three selected divisions had been utilized and the balance money had been dormant in the Bank Accounts.	Provisions allocated for projects should be properly utilized.	Action is being taken in accordance with the instructions given.

3.7 Officers Required to Give Security

Audit Observation	Recommendation	Comment of the Accounting Officer
Sixty-one officers who are required to give securities in District Secretariat and 12 Divisional Secretariats have not deposited securities in terms of provisions in Financial Regulation 880. Relevant Heads of Institution had not ensured that subordinates who are required to give security do so in accordance with the provisions of Financial Regulation 881 (ii) within the prescribed time.	Security deposit should be made in accordance with Financial Regulations 880 and 881 (ii).	Officers who have not deposited securities are being dealt with.

3.8 Uneconomic Transactions

Audit Observation	Recommendation	Comment of the Accounting Officer
In terms of the 4th instruction under Building Construction in the Letter No. 22/2014 dated 18 August 2014 of the District Secretary instead of new construction, inquiries should be made to see whether there are other usable government buildings available in the area. Despite there was a closed school building, 1180 sq.ft in extent in the premises of Rathnapura Berankatiya School which could be used	The 4th instructions under Building Construction in the letter of the District Secretary stated in the Internal Audit Instruction No. 22/2014 dated 18 August 2014 has to be complied with.	This audit query has been referred to an inquiry

the Gallinna Nila Sewana Office 729 sq. ft. in extent was built with the community contribution for Rs.961,261 with the Government Contribution of Rs. 2,000,000. As a result, was seen that the government money had been spend without making sufficient consideration since the opportunity to construct this Nila Sewana office in a Grama Niladhari Division had been deprived where there are no government buildings in the Pelmadulla Divisional Secretariat area.

3.9 Management Inefficiencies

 The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
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(a) Action had not been, formally taken to hand over 16 roads of which their period of maintenance being expired and work had been completed being paid a sum of Rs. 13,225,131 relating to 03 Divisional Secretariats to the relevant Pradeshiya Sabhas. Furthermore,13 projects belong to the Eheliyagoda Divisional Secretariat had also included 04 Constructions costing Rs. 4,522,000 belong to other institutions not maintained by the Pradeshiya Sabha.	Arrangements should be made to hand over the completed roads exceeding maintenance periods, to the relevant Pradeshiya Sabhas.	Steps have been taken to hand over the completed roads to the relevant Pradeshiya Sabha and the inclusion of 04 other constructions will be rectified.

(b) Any action what so ever had not been taken to recover the over payment of Rs. 1,909,633 comprising Rs. 1,772,635 made to 12 pensioners relating to 03 Divisional Secretariats and a sum of Rs. 136,998 to a W&OP pensioner of the Ayagama Divisional Secretariat even up to 23 January 2020, the date of audit.

Action should be taken to recover overpayments

The payment of pensions relating to the Ayagama Divisional Secretariat has been stopped from January 2020 and the relevant parties have been informed in this regard

(c) Even though the buildings works of 04 projects had been completed related to 03 Divisional Secretariats, being paid a sum of Rs.5,353,164 and handed over for the use of public in December 2017, action had not been taken to obtain water and electricity facilities required for the building even by December 2019, the date of audit.

Facilities should be provided since electricity and water are essential factors.

Requests have been made with estimates but no provisions have been received so far and the relevant inquiries have been made.

3.10 Unresolved Audit paragraphs

 The following are the reference to the paragraphs which had not been rectified by the District Secretariat regarding the deficiencies pointed out in the audit paragraphs contained in the Auditor General's Reports relating to the District Secretariat.

Reference to the Auditor General's Report		Subject to reference	Recommendation	Comments of the Accounting Officer
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Year	Paragraph No			
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2013	1.7 (a) (i)	Although Rs. 214,346 had been paid for the renovation of the old roof of the Kuruwita Divisional Secretary's official residence	Action should be taken against the parties responsible for these payments.	At present disciplinary action is being taken against the officer.

using a wooden frame, timber and rafters from the old roof had been used for that purpose.

2015	3.12 (c)(iv)	Construction commenced in the year 2010 but due to the failure to complete the work by December 2015, the expenditure incurred on the construction of 05 Cultural Centers during that period amounting to Rs.12,952,497 had become fruitless.	The remaining work should be completed expeditiously and steps should be taken to utilize the relevant centre.	Two centres have reached the final stage by now, estimates of 02 centres are being prepared and work has not been completed in one centre etc are given as reply .
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4. Sustainable Development

4.1 Achieving Sustainable Development Goals

Audit Observation	Recommendation	Comment of the Accounting Officer
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<p>Since no internal circulars have been issued or directed to identify and implement the targets and Goals of the District Secretariat in accordance with the United Nations “Sustainable Development Agenda 2030” Sustainable Development target and goals were not included in the action plan prepared by three divisional secretariat for the year 2019.</p>	<p>Circulars and guidelines should be used for effective awareness of the relevant goals and targets and to identify and include sustainable development goals and target related to the organization in the action plan.</p>	<p>Any advice has not been given by the Ministry or the Sustainable Development Council regarding the issuance of internal circulars in this regard. However, Divisional Secretaries and relevant officials have been informed about the implementation of such programs that can be implemented in this regard.</p>

5. Good Governance

5.1 Providing services to the public

Audit Observation	Recommendation	Comment of the Accounting Officer
<p>This program was introduced by the Public Administration Circular No. 05/2008 dated 06 February 2008 with the objective of establishing a Citizen Client Charter in every public institution to ensure in writing that the public service needs of the public are met expeditiously, efficiently, qualitatively and continuously. Following are the observations made in 06 Divisional Secretariats to achieve this objective.</p>	<p>Public Administration Circulars No. 05/2008 dated 06 February 2008 and No. 05/2008 (i) dated 24 January 2018.should be complied with.</p>	<p>Action will be taken to complete this work expeditiously.</p>
<ul style="list-style-type: none">It was observed that although studies, analysis and planning should be continued on a regular basis in initiating and implementing the Citizens' Charter as per the guidelines mentioned in the above circular, no other guidelines have been implemented other than the draft prepared before 5-10 years ago.	<p>-do-</p>	<p>do-</p>

- Regarding the implementation of this charter, although a supervising process should be implemented to ensure that the preparation and implementation of the Citizens' Charter as planned by the relevant institution in accordance with paragraph 2.3 of this Circular and that the provision of such services is more effective and quality. It was revealed that the implementation of this Charter had not been supervised by a staff officer.

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- In terms of paragraph 03 of Public Administration Circular No. 05/2008 (I) dated 24 January 2018, the Heads of Institutions have been directed to pay their personal attention and implement the relevant instructions in the Institute to introduce the Citizen / Client Charter in a more meaningful manner, but no attention had been paid in this regards.

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