

Head - 279, Kegalle District Secretariat

1. Financial Statement

1.1 Qualified Opinion

The audit of the financial statements of the District Secretariat Kegalle 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 Kegalle 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 09 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 Kegalle 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 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 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 skepticism 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.

- The financial statements presented for the year under review were in consistent with the preceding year.
- The recommendations on financial statements made by me in respect of the preceding year had been implemented.

1.6 Comments on Financial Statement

1.6.1 Statement of Financial Performance

Audit Observation	Recommendation	Comments of the Accounting Officer
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The net assets as stated in the Statement of Financial Position had been over stated by Rs.4,980,598 due to non-disclosure of this receivable amount from the Election Commission as at 31 December 2019, under cash and cash equivalents.	Financial statements should be prepared in accordance with the instructions of the Circular No. 271/2019 dated 03 December 2019.	Accepted and steps will be taken to prevent such omissions in future.

1.6.2 Assurance to be made by the Accounting Officer

Audit Observation

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 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 has been carried out was not made available to audit.

Recommendation

Provisions in Section 38 of the National Audit Act No. 19 of 2018, should be complied with.

Comments of the Accounting Officer

Copies of the instructions and guidelines issued on internal control were not submitted to the Auditor General.

1.6.3 Non-compliance with Laws, Rules and Regulations

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

Observation -----	Recommendation	Comment of the Accounting Officer
Reference to laws, rules and regulations -----	Non-compliance -----	-----
<p>(a) Public Administration Circulars ----- Circular No. 30/2016 dated 29 December 2016</p>	<p>(i) Paragraph 3.1</p>	<p>Fuel consumption of 02 vehicles of the District Secretariat had not been tested.</p>
	<p>Action Should be taken in accordance with the relevant circular.</p>	<p>Fuel consumption has been tested and instructions have been given in respect of vehicles not tested.</p>
<p>(ii) Paragraph 3.3</p>	<p>The transport service records for each month of the year under review in respect of 32 vehicles belonging to the District Secretariat and 11 Divisional Secretariats had not been maintained separately.</p>	<p>Instructions have been given to proceed in accordance with the circular.</p>

- (b) Paragraph 3.2 (iv) of the Circular No. 01/2012 dated 05 January 2012 of the Public Finance Circular
- An agreement had been entered in to with an Elders' society for a sum of Rs.485,000 to concrete the 45 Housing Road under the Gamperaliya program, and that project had been executed being given sub-contract by that society.
- Comply with Dehiowita Section 3.2 (iv) of Circular No. 01/2012 dated 05 January 2012. Divisional Secretary has accepted the facts of the query and the relevant society has been black listed.

2. Financial Review

2.1 Imprest Management

The following observations are made.

Audit Observation	Recommendation	Comment of the Accounting Officer
(a) From January to December of the year under review, the imprest amount received was less than the imprest amount requested by the District Secretariat, ranging from Rs.45, 957 to Rs.946, 676.	Action should be taken to carry out better management of imprest with close relationship with the Treasury.	Accepted.
(b) Due to non-consideration of provisions to be received from other Ministries and Departments in the preparation of imprest estimates, differences ranging from Rs.166,875 to Rs.1,008,075 were observed between the planned and the requested imprest.	Provision for the activities of other Ministries and Departments should be obtained at the beginning of the year and action should be taken to prepare the imprest estimates.	Accepted. In planning imprests, only the amount of recurrent provisions received from other Departments and Ministries are included in the plan.

- (c) An amount of Rs.1,003,558,854 was payable as at 31 December 2019 due to non-receipt of imprest for development projects carried out under Other Expenditure Heads in 2019 and a balance of Rs.347,519,884 had to be settled by 28 May 2020. Action needs to be taken to obtain imprests as further requirement. Arrangements have been made to settle as received imprests from the Department of Treasury Operations.

2.2 Expenditure Management

The following observations are made.

	Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
(a)	Out of the provision of Rs. 137,900,000 made for 10 objects, a provision of Rs.58,408,338 was saved, ranging from 12.54 per cent to 100 per cent of the provisions made.	Preparation of estimates in accordance with Financial Regulations 50.	Limitation of the payment of overtime and holiday pay, limit of expenses, non-implementation of remaining projects as per the letter dated 20 November 2019, of the Secretary for the Treasury, no requests for repair, temporary suspension of contracted work, and payment of overtime and holiday pay from administrative expenses, not calling for quotations are stated as reasons.
(b)	A provision of Rs. 4,050,000 had been made to Kegalle District under the Supplementary Grant No. 391 dated 27 August 2019 for the implementation of	Arrangements should be made to utilize the provisions made under the supplementary grant for the relevant activity.	Insufficient time to implement the relevant programmes due to calling for the Presidential Election, and the circular instructions issued after

Community Based Green Social Activities Programme in 3 Divisional Secretariat Divisions of Rambukkana, Mawanella and Yatiyantota. Although the Department of National Budget had informed to revise and implement the proposals submitted by the Yatiyantota and Mawanella Divisional Secretariats, no such action had been taken. Although a sum of Rs. 1,350,000 had been provided for the implementation of proposals submitted by Rambukkana Divisional Secretariat, supplementary provisions had not been utilized, since they had not engaged in the relevant work.

the election and non-receipt of imprest and as such programmes had not been implemented.

2.3 Release and Settlement of Advances

 The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
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(a) According to section 1.6 of Chapter XXIV of the Establishments Code, when an officer is transferred, it should be informed in writing to the transferred department immediately and to take action to	Action should be taken in accordance with section 1.6 of Chapter XXIV of the Establishments Code.	Accepted. Loan will be repaid in installments.

recover the outstanding loans from that officer, but a loan balance of Rs. 93,457 due from a transferred officer for a period of nearly 2 years, and a loan balance of Rs.117, 569 due from an officer who had been transferred nearly 12 months ago had not been recovered.

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| (b) | In cases where the amount due to the Government as per Sections 4.5 and 4.6 of Chapter XXIV of the Establishments Code cannot be recovered from the principal debtor, the said amount should be recovered from his surety but loan balances amounting Rs.116,397 had not been recovered, since a period of 3 to 5 years from an interdicted officer. | Needs to comply with Sections 4.5 and 4.6 of Chapter XXIV of the Establishments Code. | Accepted. Action will be taken to recover loan installments from the surety of one officer and the remaining two officers will repay the loan balances by installments from time to time. |
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2. 4 Deposit Balances

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>Although actions has to be taken to credit all deposits which have lapsed as per Financial Regulations 571 to the Government Revenue, no such action had been taken relating to the District</p>	<p>Action should be taken in accordance with Financial Regulations 571 regarding lapsed deposits.</p>	<p>A committee had been appointed for obtaining recommendations regarding the settlement and actions will be taken to settle vouchers presented for payments, after being received imprests.</p>

Secretariat with respect to deposit of Rs.4,927,612 of over 2 year and action had not been taken in so in respect of deposits totaling Rs.68,459,898 lapsed for over 5 years.

3. Operational Review

3.1 Non Performance of Duties

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>(a) Even though 09 activities of the man power and employment division were planned to be implemented during the year under review, only 05 of them were implemented. Out of these 05 activities, 207 programs were planned to be implemented but only 184 programs were completed and 23 programs could not be completed during the year.</p>	<p>Action should be taken to implement the relevant Programmes as planned.</p>	<p>Provision for the year 2019 was insufficient and the programmes conducted were not included in the Annual Progress Plan.</p>
<p>(b) A satisfactory audit could not be performed since the performance of the Social Services Division- Elders, Buddha Sasana Division, Disaster Management Division and Small Enterprises Division had not been prepared in accordance with the Action Plan.</p>	<p>Progress should be shown in accordance with the action plan.</p>	<p>Certain programmes designed according to the action plan could not be implemented as planned.</p>

3.2 Failure to Obtain Desired Output Level

The following observations are made.

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
(a) In the examination of the progress of the projects proposed to be implemented by the Dehiowita Divisional Secretariat during the year 2019, up to date of 31 December 2019, out of 476 approved projects valued at Rs. 223,437,680 under the 04 programmes, Special Infrastructure Improvement Program, Gamperaliya Program, Gamperaliya Housing Program and Line Ministry Projects, 91 projects valued at Rs. 68,939,183 or 31 per cent had not been performed.	Plans should be prepared enabling to achieve the targets and necessary action should be taken to fulfill the targets.	Delays due to non-receipt of imprests for completed projects, acceptance of projects were slowdown since the contract societies are reluctant to disburse their membership funds.
(b) In the examination of the progress of the projects proposed to be implemented by the Warakapola Divisional Secretariat for the year 2019 up to 31 December 2019, out of 814 approved projects valued at Rs.297,000,000, number of 107 projects valued at Rs. 38,175,000 had not been fulfilled under the Gamperaliya and Gamperaliya Accelerated Rural Development Programme. Among the projects not fulfilled, there were 40 projects which had not been estimated, 46 projects which had been estimated but not implemented and 21 projects which had been awarded contracts.	Necessary action should be taken to achieve the target without delay as planned.	According to the letter No. BD / GPS / 155/09/01 / HA / 2019 issued by the Secretary to the Treasury dated 20.11.2019, it was informed that the Implementation of projects not signed agreements and projects not commenced the work by that time had to be suspended.

3.3 Failure to Obtain Desired Outcome

Audit Observation

Water pipes had been laid by spending a sum of Rs.958,497 for the development of the water source under the Gamperaliya Project in Jenford Estate Water Supply Scheme in Deraniyagala Divisional Secretariat. Since the use of a tank built few years ago, for this purpose, the water supplied does not retain in the tank and severely leaking and as there was no proper plan to get water, the purpose of implementing this project had not been fulfilled.

Recommendation

Action should be taken to prepare plans and implement project in accordance with the objectives of the provisions made for development projects.

Comments of the Accounting Officer

The Chairman of the Deraniyagala Pradeshiya Sabha has informed that no funds have been allocated for the repair of the water tank and the water distributed under this scheme is used by the residents of the area.

3.4 Abandonment of Projects without being Finished

Audit Observation

During the year under review, 89 projects valued at Rs. 49,678,521 under 11 programmes were planned to be implemented from local funds through the District Secretariat and 05 Divisional Secretariat Divisions in the Kegalle District, even though contracted, but non-implementation of projects non-signing the agreements, non-fulfillment of instructions and provisions, by the beneficiaries, non-implementation of projects by the Pradeshiya Sabha, inability to execute projects as per the investigations carried out, non-preparation of estimates, inadequate provisions, not sufficient of time and the beneficiary not presented and laps of period had been the constrain reasons for non-performance.

Recommendation

Plans should be properly prepared in a timely manner enabling to complete projects within the stipulated time frame.

Comments of the Accounting Officer

Accepted.

3.5 Projects without Progress Despite the Money was Released

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>The total sum of Rs. 5,605,087 had been released to the National Water Supply and Drainage Board for the implementation of 08 water projects from 03 Divisional Secretariats during the period from 20 April 2018 to 14 November 2019. However, due to non-awarding of bids, delay in bidding and not drained the projects had not been completed even by 30 May 2020.</p>	<p>Being followed up the progress of projects after releasing money, the project needs to be fulfilled.</p>	<p>Divisional Secretaries have been instructed to discuss with the National Water Supply and Drainage Board and to rectify and report on the shortcomings of the projects without delay.</p>

3.6 Assets Management

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>(a) An amount of Rs. 9,387,887 had been paid for the Bulathkohupitiya weekly fair, constructed under the Deyata Kirula Development Programme, 2014 within the Bulathkohupitiya Divisional Secretariat Division and this was handed over to the Bulathkohupitiya Pradeshiya Sabha on 16 June 2019. However, the weekly fair remained inactive due to non-performance of the toilet system and open parts for washing vegetables as planned even by 30 May 2020.</p>	<p>Steps should be taken to utilize the construction properly under development projects and to ensure that the construction is carried out as planned.</p>	<p>As the Bulathkohupitiya weekly fair has been handed over to the Bulathkohupitiya Pradeshiya Sabha on 16 June 2019, it is appropriate to refer this query to the Sabaragamuwa Provincial Council.</p>

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| <p>(b) Despite the Kandawa Maternity Clinic in Bulathkohupitiya Divisional Secretariat constructed under the Deyata Kirula Development Programme 2014 by using the provision of Rs.7,673,289 had been completed and handed over by 11 October 2017, due to lack of water sources which is an essential factor, and since the inability to open it by 30 May 2020, the cost incurred was in vain.</p> | <p>A feasibility study should be conducted before being constructed development projects and steps should be taken to utilize the assets.</p> | <p>Since the Kandawa Maternity Clinic Centre had been completed and handed over on 11 October 2017, it is appropriate to refer this query to the Sabaragamuwa Provincial Director of Health Services.</p> |
| <p>(c). Two centers of Kalugala Maternity Clinic and Galbokka Maternity Clinic constructed parallel to the Dayata Kirula National Program in the Aranayake Divisional Secretariat Division, at a total contract sum of Rs.17, 579,192 was fully completed by 12 February 2019 and handed over to the relevant maintenance institution. However, due to non-availability of water sources at the location of the maternity clinic, the buildings remained idle until May 2020 without being used for the intended purpose.</p> | <p>Construction work should be carried out after conducting a feasibility study on water resources and the site should be selected in such a way that pregnant mothers can easily access to the premises.</p> | <p>Kalugala Maternity Clinic on 12 February 2019 and the Galbokka Maternity Clinic in February were handed over to the District Director of Health Services. Copies of them are attached herewith. The Provincial Director of Health Services is responsible for its maintenance.</p> |

3. 7 Officers Required to Give Security

Audit Observation

Twenty Eight officers, require to give securities in District Secretariat and 08 Divisional Secretariats have not deposited securities in terms of provisions in Financial Regulation 880. Relevant Heads of Institution had not ensured that their subordinates, require to give security had not done so in accordance with Financial Regulation 881 (ii) within the prescribed time.

Recommendation

Security deposit should be made in accordance with Financial Regulations 880 and 881 (ii).

Comments of the Accounting Officer

Securities of all the Officers are being obtained these days and action will be taken to inform the audit after the completion.

3. 8 Losses and Damages

The following observations are made.

Audit Observation

Recommendation

Comments of the Accounting Officer

(a) The vehicle bearing No. PD-2964 belonging to the Warakapola Divisional Secretariat had met with an accident on 28 May 2018 and the preliminary report was submitted after 1 year delay as per the Financial Regulation 104 (2) and the full report was submitted after 01 year and 05 months delay in terms of Financial Regulation 104 (4). The amount of Rs. 44,000 not reimbursed by the insurance company had been rejected by the repairing company and action had not been taken to write off the amount in accordance with Financial Regulation 109.

Action should be taken in terms of Financial Regulations regarding losses and damages and documents should be accurately updated.

Accepted. Officers have been instructed to take corrective action in future.

(b) An iron crusher and related equipment valued at Rs.1,005,930 provided to the Epalawatta Division of the Aranayake Divisional Secretariat under the provisions of the Ministry of Primary Industries and Social Empowerment with a view to improve the living standards of blacksmiths. Since the machine was installed in a building which was not handed properly over, goods valued at Rs. 92,500 had misplaced. No action had been taken in this regard in accordance with Financial Regulation 104.

Comply with Financial Regulations and take action against responsible officers.

Since the equipment installed in a building constructed using funds obtained from another Ministry had been misplaced, it was not recorded in the register of losses belong to the District Secretariat .

3.9 Uneconomic Transactions

The following observations are made.

Audit Observation -----	Recommendation -----	Comments of the Accounting Officer -----
(a) An amount of Rs. 25 million had been provided by the Presidential Secretariat for the construction of a trade park with stalls (Grama Shakthi Avadhi Nagaraya - 2018), at Arandara area in Galigamuwa. Under the first phase, a sum of Rs. 1,911,146 had been paid for concreting of Thoranagahapitiya access road drainage system and the construction of the side walls, but side wall was collapsed. Further, no action had been taken to take over the proposed land and due to suspension of balance work on this project, the amount of Rs. 2,068,689 had incurred up to now had become fruitless expenditure.	In the selection and implementation of a Project, proper study should be conducted thereon and action should be taken to implement it efficiently.	Accepted issues. The Pradeshiya Sabha has been informed to repair the damaged parts and the constructed road is used by the villagers in two Grama Niladhari Divisions.
(b) A provision of Rs.1,985,000 had been made to put up a culvert at Udugoda Lelwala in the Bulathkohupitiya Divisional Secretariat division under the Grama Shakthi Janatha Movement during the year under review. However, a sum of Rs. 1,945,000 was paid for the construction of two side walls without a concrete layer in the middle to build a bridge instead of a culverts. As a result, the money spent had become un-economic. Furthermore, there was a difference of Rs.33,736 between rates applied in the preparation of estimates and the standard rates of three items.	Provisions made under development projects should be utilized efficiently and effectively for construction activities.	The audit query was not answered.

3. 10 Management Inefficiencies

The following observations are made.

Audit Observation	Recommendation	Comments of the Accounting Officer
<p>(a) Provisions of Rs. 35,615,876 had been made to District Secretariat for the implementation of Kitulgala Town Development Project in the year 2019 under the Rural Infrastructure Development Programme of the Ministry of National Policies, Economic Affairs, Resettlement and Rehabilitation, Northern Province Development and Youth Affairs. Under this, an agreement was entered into, for a sum of Rs. 25,698,900 to widen both sides of the 0.8 km long Kitulgala town center road and construct side drains. Construction was halted on 29 November 2019 on the influence of an outside party while being performed this construction work.</p>	<p>Development projects should be carried out efficiently and effectively and remedial action should be taken in case of problems.</p>	<p>Accepted. The interruption of this construction project had been informed the Ministry of National Policy and Economic Affairs.</p>
<p>(b) In the event of a field officer obtained a motor cycle is transferred to a post ,not entitled to a motor cycle ,leaving the service and suspension of service ,the market value of the motor cycle had to be paid. However, 11 officers of two Divisional Secretariats who have been provided motor cycles through the Kegalle District Secretariat had left the service to join the teachers service during the period from March 2015 to February 2016, but it was failed to recover their market value of Rs. 1,529,920.</p>	<p>Action should be taken to recover from the relevant officers after being informed the relevant institution.</p>	<p>Development officers who have obtained motor cycles for field officers under the 2014/2015 budget proposal scheme have been informed and the Director General of Combined Services has also been informed about this.</p>

- (c) Seventy Four School Lands, 117 acres 3 roods 1.6 Perches, in extent located within 10 Divisional Secretariats belonging to the Sabaragamuwa Provincial Council were closed during the period from 1994 to 2018. Of these, only the resources of 33 schools had been used for other purposes and the remaining 52.5 acres, 2 rood 36 perches belong to the balanced 41 schools had not been utilized for any useful purpose. No action had been taken to hand over the possession of 6 of the 74 schools that were closed from 2008 to 2017 to the Divisional Secretary.
- Steps should be taken to make proper use of government property and to implement a proper system for its protection.
- It has been instructed to use the relevant lands for a useful purpose and to hand over the possession of 06 closed schools to the Divisional Secretaries.

3. 11 Unresolved Audit Paragraphs

Following is the reference to the unresolved paragraphs which were included in the report of the Auditor General pertaining to the District Secretariat.

Audit Observation		Recommendation	Comments of the Accounting Officer	
Reference to the Auditor General's Report	Reference subject			
Year	Paragraph			
2012	1.9 (b) 1	Arrangement valued at Rs. 294,982,342 had been entered into for the construction of new District Secretariat building in the year 2012. A sum of Rs.72,119,833 had been spent for this building and the contract was cancelled on 10 November 2013.	Construction work should be done expeditiously.	The State Engineering Corporation is due to enter into an agreement to carry out the remaining work and a draft of the agreement has been sent to the District Secretariat on 17 June 2020.

Approval had been granted by the decision of the Cabinet of Ministers dated 12 November 2019 to continue the balance work of this building which had been halted the work. Accordingly, it was decided to award the contract to the State Engineering Corporation at an estimated sum of Rs.198,832,312, but no any work what so ever had been done even by May 2020.

2013	1.10	Non recovery of Rs.16,765,760 obtained by pension fraud at Kegalle, Warakapola Divisional Secretariats and Kegalle District Secretariat.	Needs to take action as mentioned in the Establishments Code.	Formal disciplinary inquiries has been initiated against the relevant parties in this regard.
2014	3.9 (d) iii	Construction of two storied Tuttiripitiya bus stand had been handed over to the State Engineering Corporation at an estimated cost of Rs. 23,570,905 on 19 February 2014. Construction of this project had been interrupted after being incurred an expenditure of Rs.3,988,900 to execute the project.	Arrangements should be made to hand over the land to the Pradeshiya Sabha and it should take action to do the remaining construction work.	The Aranayake Pradeshiya Sabha has agreed to complete this work having being provided funds. Accordingly, advice has been sought from the Assistant Provincial Land Commissioner for further action but it has not been received.

Since this land belongs to the government, the Provincial Land Commissioner had been informed in 2013 and 2019 to take necessary steps to hand over the land to the Aranayake Pradeshiya Sabha, but the work had not been completed even by 30 May 2020.

4. Reaching Sustainable Development Goals

Audit observation	Recommendation	Comments of the Accounting Officer
<p>For Grama Shakthi Janatha movement launched in 2017 by the Sustainable Development Division of the Presidential Secretariat with the objective of alleviating poverty in Sri Lanka by using Community Controlled methods, a provision of Rs. 69,575,200 had been credited to the bank accounts of 43 people's societies established under the Grama Shakthi Janatha Movement in 11 Divisional Secretariat Divisions in Kegalle District in the year 2019. Out of the total provision given, a sum of Rs.58,145,376 or 83.6 per cent remained idle in the bank accounts without being utilized for the intended purpose.</p>	<p>Funds provided for the implementation of projects should be utilized efficiently.</p>	<p>The relevant Ministry has informed that the audit will make aware in future after obtaining the necessary information to take policy decisions regarding future action..</p>

5. Human Resource Management

Audit observation

The approved cadre and the actual cadre of the District Secretariat as at 31 December 2019 amounted to 1959 and 1856 respectively and the number of vacancies was 103.

Recommendation

Action should be taken to fill the essential staff vacancies.

**Comments of the
Accounting Officer**

The relevant authority had been informed to fill the approved vacancies of the District Secretariat and the Divisional Secretariats.