

Head 274 – Anuradhapura District Secretariat

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Anuradhapura District Secretariat for the year ended 31 December 2020 comprising the Statement of Financial Position as at 31 December 2020 and the Statement of Financial Performance and cash flow statement for the year then ended was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No.19 of 2018. The summary report containing my comments and observations on the financial statements of the Anuradhapura District Secretariat was issued to the Accounting Officer on 29 June 2021 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 19 July 2021 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. This report will be tabled in Parliament in pursuance of provisions in Article 154(6) of the Constitution 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 paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the Anuradhapura District Secretariat as at 31 December 2020, 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

My opinion is qualified based on the matters described in paragraph 1.6 of this report. I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibility for the financial statements is further described in the Auditor's Responsibilities Section. 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 Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or 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 the preparation of annual and periodic financial statements.

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 summary 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 and its materiality depends on the influence on economic decisions taken by users on the basis of these financial statements.

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

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit 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.
- An understanding of internal control relevant to the audit was obtained in order to design 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 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.
- Evaluate the overall presentation, structure and content of the financial statements including 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 Requirements

I express the following matters in terms of Section 6 (1) (d) of the National Audit Act, No. 19 of 2018.

- (a) The financial statements are consistent with the preceding year,
- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

2. Financial Review

2.1 Incurring Liabilities and Commitments

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) There was an incurring Rs. 10,131,504 obligation for the liabilities that exceeds the net provision of Rs. 99,541,000 for 04 Expenditure subjects due to failure to comply with the Financial Regulations 94 of the Financial Code of the Democratic Socialist Republic of Sri Lanka.	<ul style="list-style-type: none"> • This burden was incurred on having to pay overtime and holiday pay for essential duties under 274-1-1-0-1002. • Annual assessment was done and made by the Anuradhapura Municipal Council and this burden is mandatory as the assessment payment is mandatory under 274-1-1-0-1404. 	Should be followed Financial Regulations.

- These additional liabilities were incurred due to essential repairs made to the buildings and official quarters of the District Secretariat and Divisional Secretariats under 274-1-1-0-2001.
 - Agreements were reached under 274-1-1-0-2104 for the construction of two new buildings for the Divisional Secretariats and these obligations could not be settled by the provisions of the year 2020.
- (b) Rs. 10,176,691 had been paid in the year 2021 for 04 subjects which were not identified as liabilities of the year under review.
- 274-1-1-0-1001 This was due to the payment of salary in December 2020 and January 2021 due to the reporting of the Kekirawa Divisional Secretary to work after a foreign scholarship. Estimated liabilities for the expenses related for the year should be stated in the financial statements for the relevant year.
 - 274-1-1-0-1402 Liabilities could not be identified due to receipt of telephone bills for the month of December 2020 was done after obtaining information for the financial statements.
 - 274-1-1-0-1403 Liabilities could not be identified due to receipt of the electricity bill for the month of December 2020 was done after obtaining information for the financial statements.
 - 274-1-1-0-2104 These are the bills related to the construction of the Divisional secretariat building.

2.2 Utilization of Provisions made available by other Ministries and Departments

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) A total of Rs. 3,672 million was provided by 37 ministries and 23 departments for recurrent and capital expenditure amounting to Rs. 3,210 million and Rs. 462 million respectively. Out of the given provision Rs. 441 million or 13 percent provision had been saved due to a total of Rs. 3,231 million had been utilized at the end of the year under review. From 16 percent to 59 percent of the allocations made for expenditure during the year under review related to 08 ministries had not been utilized. From 19 percent to 29 percent of the allocations made for expenditure during the year under review for 04 departments had not been utilized.	<ul style="list-style-type: none">• These provisions are being saved as the bills were not submitted to settle the electricity bills as expected in the recirculating water systems paid under the Ministry of Health and Indigenous Medical Services.• Non expenditure under this Ministry due to that the Ministries of the Ministry of Higher Education, Technology and Innovation, Ministry of Information and Communication Technology, ministry of Finance , Economic and Policy Development, Ministry of Internal Security, Home affairs and Disaster Management and Ministry of Skills Development, Employment and Labor Relations after August 2020.	Expenditure planning should be done in accordance with Financial Regulations 03.

- Youth empowerment programmes could not be held as expected under the Ministry of Youth and Sports due to the Covid epidemic.
- The money allocated by the Department of Manpower and Employment could not be fully utilized.
- Funds allocated by the Department of Land Use Policy Planning could not be fully utilized due to the Covid epidemic.
- These savings are due to the expenditure management was done by the Department of Government Information and the non-emergence of the expected expenditure in the year.
- This is due to the savings of Rs. 210,000 in the procurement activities from the allocations of the Department of Development Finance.

2.3 Non-compliance with Laws, Rules and Regulations

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

	Observation		Comments of the Accounting Officer	Recommendation
	Reference to Laws, Rules and Regulations	Non-compliance		
(a)	Paragraph 2.2.2 of the Director General of Combined Services Circular No. 2/2009 dated 22 June 2009 and No. 03/2020 dated 31 August 2020.	07 Management Service Officers and 24 Development Officers of the Divisional Secretariat of the Eastern Nuwaragam Province who have been working in the same place for more than 5 years for a period of 6 to 12 years and 03 Management Service Officers of Kekirawa Divisional Secretariat for 07 to 10 years, 3 Management Service Officers for Tirappane Divisional Secretariat for 6 to 8 years, 04 Management Assistants and Technology Officer of Ipalogama Divisional Secretariat had been employed continuously for 10 to 13 years without being transferred.	Acceptable that the officers who have served in the same workplace for more than 5 years. Officers with more than 05 years of service could not be transferred due to the following reasons. i. Lack of suitable replacement officers requested for transfer. ii. Inability of some officers to be transferred due to humanitarian reasons of some officers even after more than 05 years of service. iii. They do not have convenient work places to transfer.	Should be complied with paragraph 2.2.2 of the Circular.

(b) Financial Regulations 104(4)	A cab belonging to the Thirappane Divisional Secretariat had been repaired after the accident at a cost of Rs. 431,712, but no investigation had been carried out to identify those responsible for the accident.	The case pertaining to this accident was adjourned to 21.04.2021 and the Officer In Charge of Thirappane police has been instructed to submit a report on the status of the case on 31.05.2021.	Should be followed Financial Regulations.
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3. Operating Review

3.1 Non- performances of Functions

Audit Observation	Comments of the Accounting Officer	Recommendation
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According to the letter No. NSE/DVE/04/02/03/11 dated 13 January 2020 addressed to all Divisional Secretaries by the National Secretariat for the Elders, an onetime payment of Rs. 30,000 self-employment assistance had been requested, but the project had not been implemented in 10 Divisional Secretariat Divisions.	<ul style="list-style-type: none"> • Due to lack of beneficiary orientation in Mihinthale Divisional Secretariat and non-submission of applications and the prevailing Corona epidemic situation, this project could not be implemented. • Horowpathana, Thalawa, Thirappane, Palagala, Mahawilachchiya and Kahatagasdigiliya Divisional Secretariats were unable to select suitable beneficiaries and implement the project in the prevailed Corona situation. • I acknowledge that the information was not sent by mistake to the Rambewa Divisional secretariat. 	Adequate efforts should be made to implement the programmes implemented by the National Secretariat for Elders in their divisions.

- Applications for the Kebithigollewa Divisional Secretariat have been submitted to the National Secretariat for Elders and the Divisional Secretary has reported that the programme could not be implemented as the relevant allocations were not received in the year 2020.
- Applicants from Ipalogama Divisional Secretariat have not completed the application form properly and submitted it to the office.

3.2 Non-achievement of Expected Outcome

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) It had not been able to obtain the expected benefits due to the non-completion of 14 projects which had been implemented under the approved allocation of Rs. 87,879,500 in 05 Divisional Secretariat Divisions as at 31 December of the year under review under the “Sapiri Gamak” People’s Participatory Rural Development Programme. The expenditure incurred for that was Rs. 7,505,919 as at 31 December of the year under review.</p>	<ul style="list-style-type: none"> • Kebathigollewa – Although these projects could not be completed within the stipulated time due to heavy rain in the area, steps have been taken to complete the two projects and reap the expected benefits. • Mahawilachchiya – The construction work of the Hendegama Fertilizer Stores was delayed due to the pressure exerted by the Local Political Authority on the project and the necessary steps have been taken to complete the construction of the project. 	<p>A procurement plan and schedule should be prepared as the projects can be completed within the relevant year and the projects should be implemented accordingly.</p>

- Thirappane – Due to the prevailing rain and the passage of the agricultural road going through the paddy lands, it was difficult to use the equipment and machinery to construct the road. Due to the presence of a paddy field across the road, it was not possible to activate the rest of the road with paddy fields.
- Nochchiyagama – Due to delays in obtaining legal gravel permits, the project was unable to complete the required quantity of gravel on time and due to heavy rain at the end of the year, 07 projects could not be completed.
- Nachchaduwa – Project No. 01 – work related to the project No. SG/C/22/264/RA/1846 amounting to Rs. 311,388.93 had not been completed. The Divisional Secretary reported that the contractor was unable to complete the work due to heavy rain.
Project No. 02 – SG/C/22/269/RA/325 at a cost of Rs. 607,600.68 had not been completed.

- (b) A self-employment training Center was constructed in the Palugaswewa farm Division in the Ipalogama Divisional Secretariat Division at a cost of Rs. 1,980,000 and the expected returns were not achieved until the end of the project. The total cost estimation for the project had not been prepared and the cost incurred had become an inactive expense as no provision had been made for the construction of this building in the coming years.
- This project has been implemented under the name “Building a self-employment training center in Palugaswewa farm division” under the “Sapiri Gamak” Programme. In addition, it was hoped to use the buildings for meetings and training programmes of various societies held in the village through the implementation of this project.
- There were no comments.

3.3 Non-achievement of Expected Outcome

Audit Observation	Comments of the Accounting Officer	Recommendation
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Although projects should be selected as to given benefits to the most beneficiaries in the implementation of development projects, a project implemented in the Eastern Nuwaragam Divisional Secretariat Division under the “Sapiri Gamak” Public Participation Development Programme has been implemented targeting two beneficiaries.	<p>Capturing blocks of stones and repairing 100m N.N.P. – PS 249 First Step First Lane</p> <p>Although it was pointed out that the project had a low number of beneficiaries in presenting its feasibility, the road could not be developed as it was used by a large number of indirect beneficiaries (Coming to seek services from the residents of the road).</p>	When implementing projects, more beneficiaries should be targeted and implemented.

3.4 Projects abandoned without completing

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>12 projects proposed to be implemented out of an allocation of Rs. 10,053,500 under the “Sapiri Gamak” Public Participation Rural Development Programme in 07 Divisional Secretariats were abandoned without implementation during the year under review.</p>	<ul style="list-style-type: none">• Mihinthale – Although a new project amendment was submitted for approval due to strong public protests during the implementation of this project, it was not approved.• Re- construction of Medawachchiya – Kelegama by road Avoidance of project by the contractor for this project. Reconstruction of Dambuwewa sluice and one sluice canal Increase in water level of the tank due to heavy rain in the area.• Rambewa – Rambewa Pradeshiya Sabha implemented 02 projects, but did not start work on those projects.• Kebithigollewa – Insufficient allocated funds.• Nochchiyagama – “Construction of a tube well for Pahamunegama village”. Although 60m is recommended for excavation, the excavation should not be carried out to that extent.• Padhawiya – Heavy rainfall and lack of gravel during the project implementation period.	<p>A procurement plan and schedule should be prepared so that the projects can be completed within the relevant year and the projects should be implemented accordingly.</p>

- Galenbindunuwewa – The above projects had to be abandoned due to inability to find the required tar for the project.

3.5 Procurements

Audit Observation	Comments of the Accounting Officer	Recommendation
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When purchasing solar water pump worth Rs. 2,057,000 for the sustainable commercial farm from cultivation field project, the water pump was purchased based on bids submitted by one supplier due to a lack of competitive bidding and procurement documentation.	The fact pointed out by the audit is true. However, the specifications related to this procurement were obtained from the Department of Agriculture and the relevant procurement was done. An error occurred while calling for bids for both of these functions. However, in the technical evaluation, a separate evaluation has been made for the supply of water pump.	Suppliers should be selected on a competitive basis as per the procurement guidelines.

3.6 Assets Management

Audit Observation	Comments of the Accounting Officer	Recommendation
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02 vehicles currently in the custody of Divisional Secretaries registered under various Ministries and Departments had been taken out of use, but they had not been disposed in accordance with Public Finance Circular 02/2015 dated 10 July 2015.	Information regarding these vehicles has been obtained from the relevant Divisional Secretariats and action will be taken to dispose them in future.	Should be act in accordance with the Ministry of Finance Circular.

3.7 Management Inefficiencies

The following observations are made.

Audit Observation	Comments of the Accounting Officer	Recommendation
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(a) It was informed in according to Sections 196.1 (vi) and 215 (6) of the State Land Ordinance, L.C. 78 license should be issued when giving outsourced commercial activities such as quarrying government land and 4 percent of the present market value of the land is to be leased as rent on that license. However, L.C. 63 licenses for land use had not been issued to 63 quarry license holders in 09 Divisional Secretariat Divisions in the Anuradhapura District and the tax payable on the present market value of the land had not been levied on the occupiers of the land for a period of 01 to 14 years.	When the land use for excavation of granite from government lands, all Divisional Secretaries has been informed by the District Secretary No.ANU/DIST/3/4/8/B/3 and letter dated 22.04.2021 to issue an annual L.C. 78 permit and levy annual taxes.	Should be act in accordance with the State Land Ordinance.
(b) Government charges were to be levied to the extent specified in the Gazette for the collection and acquisition of minerals in lands under the control of Divisional Secretaries in according to the Extraordinary Gazette notification No. 1600/18 dated 06 May 2009 of the Democratic Socialist Republic of Sri Lanka in accordance with the powers vested in the Minister in charge of Land under the Section 8(2) of the Forest conservation Ordinance No. 16 of 1907. However, due to the underestimation of the number of granite cubes mentioned in the quarry permits issued by the	All divisional Secretaries were informed to suspend the collection of government charges as per the Extraordinary Gazette notification No .1600/18 dated 06/05/2009 until the specific instructions are given after studying the charges to be charged. After studying this, it was decided to issue L.C.78 annual permits for land use and levy annual taxes and the Divisional Secretaries were informed about it. Divisional Secretaries have been instructed not to charge the	Charges are to be made in accordance with the Extraordinary Gazette Notification No. 1600/18.

Geological Survey and Mines Bureau in 55 granite sites operating in 08 Divisional Secretariat Divisions in the Anuradhapura District, the revenue from government charges of Rs. 295 million during the period from 2012 to 2019 had not been recovered. All Divisional Secretariats in the Anuradhapura District had completely waived the aforesaid government charges from February 2020.

government charges for levying the annual tax under the L.C. 78 license and to charge the government charges only if the issuance of the L.C. 78 license is delayed in any way.

- (c) Out of the loans issued under the Women's Bureau loan programmes implemented in 21 Divisional Secretariats in the district, the total non-performing loans for more than one year was Rs. 5,530,631. Out of the funds received for the implementation of the loan programme, Rs. 12,560,764 was idle in the bank accounts of 18 Divisional Secretariats without being used for the loan programme.
- Many of these defaults are due to economic problems, while others remain unpaid due to evacuation or death. Due to the announcement of an election at the beginning of 2020 and the Covid epidemic in the year, our council meetings did not gathering. Also engaged in debt recovery through Mediation Boards.
- The project should be implemented in a manner that achieves the intended objectives of the loan scheme.
- (d) Although Rs. 1,980,000 had been spent in the year under review to construct the side wall of the Mahanelumbewa sluice in the Nachchaduwa Divisional Secretariat Division under the "Sapiri Gamak" Rural Development Programme, the construction work had been carried out contrary to the plan and engineering instructions given by the Department of Irrigation. Due to that, less than 06 months after its construction, the entire wall had collapsed into a canal and idle the entire cost of the canal
- This project is owned by the Department of Irrigation. This project was implemented by the Divisional Secretariat as per the hard request of the villagers according to the letter No. DE1/NA/W/544 dated 07.02.2020 and the plan sent by the Divisional Irrigation Engineer and I would like to further inform that the relevant project has been carried out as per the plan given by the Department of Irrigation to the Divisional Secretariat.
- Disciplinary action should be taken against officers who acted against to engineering instructions.

- (e) According to a sample test conducted in the Nuwaragam East Divisional Secretariat on the awarding of new Samurdhi entitlements, 46 out of 84 beneficiaries or 55 percent were found to be ineligible for entitlement. It was further observed that in many cases, these benefits were given to the few in the last, avoiding those at the top of the priority list. Details are given below.
- The list of the eligible beneficiaries was prepared according to the priority of the beneficiaries according to the survey conducted by this office. Approved document by the Divisional Secretary was forwarded to the head office by the District Director. Out of these, the title deeds were handed over to this office only for the beneficiaries selected by the head office and then the relevant beneficiaries were given the title deeds. Accordingly, the Divisional Secretariat did not have the power to amend it.
- Priority should be given to those who are eligible according to the survey.

4. Good Governance

4.1 Rendering of Services to the Public

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>A plot of land of 01 acre, 02 rude belonging to a resident of Katukeliyawa Grama Niladhari Division , No. 302, Central Nuwaragam Province Divisional Secretariat Division had been forged on 03 September 1997 by forging a document to her son without the consent of the aforesaid grantee. As a result, a land dispute had arisen and the Commissioner General of Land had inquired to the matter and had informed the Divisional Secretary of the Central Nuwaragam Province on 09 August 2017 to rectify the error stating that the transfer was not lawful, but it had not yet been resolved.</p>	<p>J.M.G.S. Karunarathna agreed to handover 50 perches of the land to his mother Dissanayake Mudiyansele Bisomenike to resolve the issue and accordingly, Mr. J.M.G.S. Karunarathna has been instructed to submit the relevant documents to the Divisional Secretary. It is expected that the necessary steps will be taken after the submission of the relevant documents and it will be the best course of action to resolve this issue.</p>	<p>Should be followed the instructions of the Land Commissioner General.</p>

5. Human Resource Management

Audit Observation	Comments of the Accounting Officer	Recommendation
There were 03 vacancies for Divisional Secretaries, 04 Vacancies for Assistant Divisional Secretaries, 13 vacancies for Assistant Director (Planning) and 15 vacancies for Administrative Officers in Divisional Secretariats as at 31 December of the year under review.	I acknowledge that there are relevant vacancies. The appointing authority for these vacant posts is the Director General of the Public Service Commission or the Director General of Combined Services. Relevant vacancies are reported monthly through the MISCO database and on the website of the Ministry of Home Affairs. Requests are also made from time to time to fill the relevant vacancies. But, a programme has been implemented to cover the functions of the relevant vacancies from the appropriate officers.	Action should be taken to complete the essential staff.