

Head 278 - District Secretariat of Rathnapura

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the District Secretariat of Rathnapura 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 District Secretariat Rathnapura was issued to the Accounting Officer on 15 June 2021 in terms of Section 11 (1) of the National Audit Act No. 19 of 2018. The Annual Detailed Management Audit Report was issued to the Accounting Officer on 14 June 2021 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 paragraph 1.6 of this report, the financial statements give a true and fair view of the financial position of the District Secretariat of Rathnapura 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.

1.6 Comments on Financial Statements

1.6.1 Non-compliance of Financial Statements with Circular Provisions

Audit Observation	Comment of the Accounting Officer	Recommendation
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Contrary to paragraph 3.1 of Guideline No. 06 relating to the preparation of financial statements under paragraph 10.1 of the Public Finance Circular No. 02/2020 dated 28 August 2020, the total revenue of Rs. 8,278,629 mentioned in the Treasury books pertaining to the District Secretariat had been stated in less value in the statement of financial performance.	That will ensure that this does not happen in the future.	Action should be taken in accordance with paragraph 3.1 of Guideline No. 06 relating to the preparation of financial statements under paragraph 10.1 of Public Accounts Circular No. 02/2020 dated 28 August 2020.

1.6.2 Statement of Financial Performance

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) Although the value of other receipts for the year is Rs. 236,984,344 according to the consolidated trial balance at the end of	That will be corrected in the next financial year.	Action should be taken to compare the differences and

the year 2020, other receipts had been overstated by Rs. 34,712,324 due to account it as Rs. 271,696,668 in the statement of financial performance.

account for the correct value.

- (b) The expenditure on one expenditure code understated by Rs. 823,093 and expenditure on another expenditure code overstated by Rs. 8,471 in the Statement of financial performance.

That will ensure that this does not happen in the future.

Action should be taken in accordance with paragraph 3.1 in relevant guideline No.06 for the preparation of financial statements under paragraph 10.1 of the State Accounts Circular No.02/2020 dated 28 August 2020.

1.6.3 Statement of Financial Position.

----- Audit Observation -----	----- Comment of the Accounting Officer -----	----- Recommendation -----
<p>The difference of Rs.32,953,600 , Rs.38,953,502 and Rs.5,710,399 were observed respectively of the balances in the consolidated accounts summary of the cumulative non-financial assets statement in the Treasury, fixed assets ledger and Statements on Non-Financial Assets (ACA6) in individual financial statements submitted by the District Secretariat and Divisional Secretariats with compare the aggregate balances of working in progress, machinery, building and lands in statement of financial position as at 31 December 2020.</p>	<p>Noted to be corrected in the next financial year and to advise the Divisional Secretariats on such corrections.</p>	<p>Books and records should be properly maintained, and ensure accuracy by making comparisons so as to be able to prepare annual financial statements.</p>

1.6.4 Cash Flow Statement

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Although a cost of Rs. 544,543 had been removed by disposed of plants and machinery during the year under review, it was not included in the cash flow statement under cash flows generated from the investment activities by identifying the actual cash inflows generated by the sale of those assets.	That action will be taken accordingly by identifying the revenue in the next year.	The cash generated from the sale of assets should be stated as investment activities in the cash flow statement.
(b) A sum of Rs.108,030 received in cash during the year under review for the preceding year to be disclosed under deposits received in cash inflow generated from financial activities had been stated under the revenue collected for other Heads in cash generated from the operational activities. Further, the Declaration of Deposit Accounts (ACA4) as at 31 December 2020 had not been disclosed in the financial statements regarding this deposit balance which had been settled during the year under review.	That will be corrected in the next account year.	Deposit receive should be stated as financial activities in the cash flow statement. Further, the necessary disclosures must be made in the financial statements.

1.6.5 Imprest Adjustment Account

Audit Observation	Comment of the Accounting Officer	Recommendation
A difference of Rs. 1,324,439 in the items to be debited to the imprest adjustment account and a difference totalling Rs. 25,923,877 in the items to be credited were observed.	That will be corrected in the next financial year.	Action should be taken to compare the differences and account accurately.

1.6.6 Non-maintenance of Registers and Books

Audit Observation	Comment of the Accounting Officer	Recommendation
The liabilities amounting to Rs.3,076,466 could not be verified in audited as no Liability Register was maintained as per Financial Regulation 214.	That a Liability Register had been submitted to the audit.	A Liability Register must be maintained in accordance with Financial Regulation 214.

2. Financial Review

2.1 Imprest Management

Audit Observation	Comment of the Accounting Officer	Recommendation
According to the plan for Head - 278 during the year under review, the imprest had been received an amount of Rs.2,149,795,347 less than the requested amount. Accordingly, although 149 projects out of 150 with the contracted value of Rs.99.6 Mn had been completed under 03 programmes, a sum of Rs.88 Mn couldn't be paid during 2019 and 2020 due to lack of imprest.	That it couldn't be paid to these projects due to non-receivable of adequate imprest.	Action should be taken to proper management of imprest with a close relationship with the Treasury.

2.2 Incurring of Liabilities and Commitments

Audit Observation	Comment of the Accounting Officer	Recommendation
Although in terms of paragraph 2 (a) of Public Accounts Circular No. 255/2017 dated 27 April 2017, commitments should be identified within the annual budget for payments other than personal salaries and allowances, the commitments totalling Rs.2,183,376 had been engaged over the limit.	That the expenses are recorded as liabilities due to the identification of expenses after the end of the year.	Commitments must be identified within the annual budget limit in accordance with the Circular.

2.3 Utilization of Provisions made available by other Ministries and Departments

Audit Observation	Comment of the Accounting Officer	Recommendation
The provision amounting to Rs. 138 Mn had saved by end of the year under review out of provision amounting to Rs. 400.8 Mn given for 82 needs from 40 other Ministries/Departments to 16 Divisional Secretariats. Those savings ranged from 5 percent to 100 percent of the total allocation.	That the reasons such as inability to hold programmes and incur expenses due to Covid 19 pandemic, non-submission of bills, non-receipt of imprest and the savings after all bills were paid were affected	Steps should be taken to make maximum use of the funds allocated for projects by act closely contact with the relevant Line Ministry/Department and Treasury since the beginning of the year.

2.4 Certification to be done by the Accounting Officer

Audit Observation	Comment of the Accounting Officer	Recommendation
The Accounting Officer should ensure that an effective internal control system is in place for the financial control of the District Secretariat in accordance with the provisions of Section 38 of the National Audit Act No. 19 of 2018 and the efficiency of the system should be reviewed from time to time and necessary changes should be made to ensure that the system is running efficiently. Although those reviews should be done in writing and a copy should be submitted to the Auditor General, the statements that such reviews were done had not been submitted to the audit.	The current situation of the institution will be reviewed at the Audit and Management Committee meetings and a copy will be submitted to the Audit.	Action should be taken in accordance with the provisions of Section 38 of the National Audit Act No. 19 of 2018.

2.5 Non-compliance with Laws, Rules and Regulations

The following are the instances of non-compliance with the provisions of the laws, rules, and regulations observed during the sample audit tests.

Audit Observation		Comment of the Accounting Officer	Recommendation
Reference to Laws, Rules Regulations	Non-Compliance	-----	-----

(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka	Financial Regulation 571	The action had not been taken as per referred regulation regarding 83 deposits valued at Rs.38,304,767 over a period of 02 years relating to 12 Divisional Secretariats and District Secretariat.	The answers such as insufficient imprest, non-submission of bills, release of retention money after receipt of relevant reports, action to be taken to credit government revenue, payment to be made in future etc.

(b) Public Administration Circulars	Section 3.1 of the Public Administration Circular No. 30/2016 dated 29 December 2016	Fuel consumption had not been checked in accordance with the relevant provisions regarding 30 vehicles belonging to the District Secretariat and 11 Divisional Secretariats.	Action should be taken as per Paragraph 3.1 of the Circular.

- (ii) Paragraph 05 of Public Administration Circular No. 02/2018 dated 24 January 2018
- The seven Divisional Secretariats had not prepared a human resource development plan to deploy the organization's staff to achieve the desired objective of the organization's action plan and identify the skills gap and help to minimize that gap.
- That is advised to prepare a human resource development plan in the future
- Action should be taken as per paragraph 05 of the Circular.
- (c) Public Finance Circular No. 01/2012 dated 05 January 2012
- (i) Section 3.2
- Although construction, work and contracts can be assigned to community based organizations after verification of qualifications, contrary to those provisions, 04 contracts amounting to Rs.2,544,483 in two Divisional Secretariats had been awarded to community-based organizations that do not have an adequate financial capacity.
- With regard to Nivithigala Divisional Secretariat, it had submitted answers as that the project was being implemented on a loan basis and that the contract was awarded because there was no other active society, the financial viability of bank accounts pertaining to the Ayagama Divisional Secretariat is being checked.
- Action should be taken as per paragraph 3.2 of the Circular.
- (ii) Paragraph 3.2 (iv)
- Nine projects amounting to Rs. 4,840,393 related to Imbulpe Divisional Secretariat had been sub-contracted contrary to the circular.
- A statement had been obtained by confirming that no such subcontractors had been reported and the project had obtained a statement that it is unable to provide subcontracts.
- Action should be taken as per paragraph 3.2 (iv) of the Circular.

- (d) Section 3.4 of the Government Procurement Guidelines 2006. Although the Procurement Agency must select a suitable bidder by inviting quotations, three Divisional Secretariats had paid for vehicle services valued at Rs. 378,473 in 06 vehicles contrary to those provisions. It was replied as that vehicle services were done from the only service point in the area providing quality service and that services were done within the authority limit of Rs.25,000 of the Divisional Secretary without calling quotations. Action should be taken in accordance with Guidelines 3.4 of the Government Procurement Guidelines.
- (e) Paragraph 3 of the Ministry of Disaster Management Circular No. 01/2011 dated 10 February 2011. Although projects approving institutions in landslide affecting districts must obtain the relevant fitness certificate/ recommendation from the National Building Research Organization, two constructions amounting to Rs.34,913,401 pertaining to the Ratnapura Divisional Secretariat had not complied in accordance with those provisions. It was informed that the original construction works were done in the year 2016, at that time it was not necessary to obtain recommendations from the National Building Research Organization, that construction was carried out with the verbal consent of the National Building Research Organization, and that a copy of the relevant written agreement will be submitted to the audit in due course. Action should be taken in accordance with Section 3 of the Ministry of Disaster Management Circular No. 01/2011 dated 10 February 2011.
- (f) Paragraph 03 of the Pension Circular No. 19/2006 dated 15 December 2006. Although in case of death of any pensioner in his division, the GramaNiladhari of the Division should immediately inform the Divisional Secretary. It was informed that GramaNiladharis were informed about this, arrangements had been made to recover the overpaid amount and that such shortcomings will be. Action should be taken in accordance with paragraph 03 of the Circular.

Secretariat along with prevented in the the pension number future. within 7 days, failure to do so, pensions amounting to Rs. 1,258,277 paid to 33 deceased pensioners in respect of 05 Divisional Secretariats had to be recovered.

- (g) Paragraph 02 of the Internal Audit Advisory Letter of the Ratnapura District Secretary No. 02/2020 dated 21 December 2020. At least 25 per cent of the total projects must undergo a hammer test to check the concrete compaction status of the projects being implemented during the year and selection should be made including at least one project from each contractor. However 10 contractors without undergoing even one hammer test and there were 18 projects contracted with them. The values of those were Rs.10,479,208. The reasons such as having only one hammer machine for four Divisional Secretariats, the roads were wet due to heavy rains, etc. were affected. Action should be taken in accordance with paragraph 02 of the Internal Audit Instruction Letter.

2.6 Issuance and settlement of advances

Audit Observation	Comment of the Accounting Officer	Recommendation
As per instruction of the Public Finance Circular No. 05/2019 dated 27 June 2019 and Financial Regulations 113 (6) (b) in paragraph 3.1 of Part 1 of the Public Finance Circular No. 01/2020 dated 28 August 2020, arrangements	It was stated that the relevant officers had been informed in writing to pay and that it will be settled in the future.	Action should be taken on loan balances in accordance with the circular instructions.

should be made to recover loans or advances made through Government Officers' Advance "B" Account. However, the action had not been taken as per the Circular relating to an amount of Rs. 2,303,305 paid to 02 officers who were transferred, to the 07 officers who had retired before the loan is repaid, 03 officers who had left the service more than 5 months to 15 months ago, to an officer who had dead for 4 months ago, 05 suspended officers passed the period from 03 months to 12 years who had been charged the final installment, to an officer who does not report for duty due to illness which had been passed more than 2 years.

2.7 Deposit Balances

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
Although 06 months to 34 months had elapsed since the audited date on 02 February 2021 after the defect liability period had expired of retention money amounting to Rs.6,335,702 obtained from 109 industries pertaining to 04 Divisional Secretariats, those were kept in the Divisional Secretariats without being released.	It was stated that action would be taken to make payments in the future and that there would not be sufficient imprest to make payments.	Action should be taken to release the retention money which had expired defect liability period.

3. Operating Review

3.1 Activities contrary to Key Functions

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
In accordance with paragraph 04 of Development Circular No. 01/2019 dated 06 December 2019 of Secretary to the Ministry of Finance, Economic and Policy Development, special attention should be paid to projects that help create self-employment among young men and women, as well as development projects that help improve the	It was stated that programs such as agriculture and self-employment should be implemented with the development of infrastructure, that special	Special attention should be paid to the areas that should be given priority in the implementation of future development projects.

income streams of low-income people. However, it was observed that there was no significant contribution to the development of employment and livelihood opportunities of the rural community due to implementation of 2291 physical infrastructure development projects amounting to Rs. 1259.98 million in 575 Grama Niladhari Divisions in 17 Divisional Secretariat Divisions without any special attention.

programmes should be implemented for that. Although it was instructed that these areas should also be covered under public programmes, that it is happening in rural committees is that rural road proposals, which are the need of the majority, are put forward.

3.2 Non- performances of Functions

----- Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
<p>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 2020 due to failure to hold Land registries in 04 Divisional Secretariats, the number of land registries held in 07 Divisional secretariat ranged between a lesser number from 01 to 07, failure to identify lands for regularization out of the number of plots of land for regularization of unauthorized lands pertaining to 08 Divisional Secretariats, Another Divisional Secretariat has not identified the details of the number of government plots of land pertaining to the division and the number of plots of land to regularize from unauthorized lands. 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.</p>	<p>It was said that the issuance of licenses / grants for government lands was not done by the Divisional Secretary alone and there were delays due to the assistance received from other agencies involved.</p>	<p>Action should be taken to expedite the process of regularization of unauthorized lands.</p>

3.3 Non-achievement of expected Outcome

After receiving applications from 54,489 applicants for the new Samurdhi assistance program in the Ratnapura District, the applications were reviewed and 39,199 beneficiaries were selected in order of priority and accordingly, 24,715 beneficiaries were awarded title certificates as on 31 August 2019. The following observations were made in this connection.

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) Although the most suitable and leading candidates in the Division should be selected and given Samurdhi subsidy entitlements, Samurdhi benefits were granted to 6,949 beneficiaries who were at the end of the priority list by selecting beneficiaries in 17 Divisional Secretariat in the Ratnapura District which is 27 per cent and out of them 137 beneficiaries who were at the end of the priority list were granted Samurdhi benefits regardless of the priority in 07 Grama Niladhari Divisions. Further, the 101 instances were revealed in the sample audit test that the names mentioned in the first place of the list listed by the Rural Committee in order of poverty based on the criteria were not included in the list sent by the Ministry. The necessary action had not been taken in this regard even as at 31 March 2021.	It was stated that agreed with the observations made and that all the lists received from the Divisional Secretary in the order of priority were forwarded by the District Office to the Head Office of the Samurdhi Development and that the beneficiaries were selected by the Head Office out of it.	The Samurdhi assistance programme should be implemented by selecting beneficiaries in order of priority.
(b) None of the households in the division had received new subsidy entitlements and it was observed that there were four Grama Niladhari Divisions which peoples living in poverty without a clear logical reason for not selected. However, there were 57 divisions that were subsidized for all the recommended family units without paying attention to those divisions that should be given priority.	It was stated that agree with the observations made, all the lists received from the Divisional Secretary in the order of priority were forwarded by the District Office to the Head Office of the Samurdhi Development Department and the beneficiaries were selected by the Head Office.	The Samurdhi assistance program should be implemented by selecting beneficiaries in order of priority.

3.4 Projects abandoned without completing

Audit Observation	Comment of the Accounting Officer	Recommendation
The six projects estimated costs of Rs. 2,087,738 were abandoned without finished during the year under review in Ratnapura District Secretariat and 02 Divisional Secretariats.	The reasons such as heavy rains inconvenience in transporting goods, the Covid-19 pandemic and lack of time were given.	Plans should be prepared in a timely manner to enable projects to be completed within the stipulated time frame.

3.5 Delays in the Execution of Projects

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) The savings of the allocation was Rs.22.9 million or 30 per cent of two projects estimated cost of Rs.76.1 million planned to be completed in the previous year and the year under review for two Divisional Secretariats due to delays in the construction.	It was commented as landowners protest from time to time, heavy rains, Covid-19 pandemic, insufficient time to measure compaction strength, and some bills have now been paid.	Plans should be prepared in a timely manner to enable projects to be completed within the stipulated time frame.
(b) Although the number of families identified for providing alternative lands in the District pertaining to 16 Divisional Secretariat Divisions during the last 04 years and the year under review is 2037, the number of families provided with suitable land was 1151 or 57 per cent of the total by the end of the year under review.	The reasons for the delay that it took a long time to acquire the land, the lack of suitable land, the reluctance of the beneficiaries to settle in the acquired lands, the delay of the beneficiaries in finding suitable lands or lands with houses etc.	Survey reports of the lands currently acquired should be obtained expeditiously and steps should be taken to provide lands for a significant number of the remaining families.

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| <p>(c) The total number of houses damaged by floods and landslides in the Ratnapura District during the last 04 years and the year under review was 18240 and although total amount of compensation that should have been paid was Rs.1,095,644,890 , the outstanding amount as at 31 December 2020 was Rs.362,553,915.</p> | <p>The reasons were given as non-receipt of compensation paid to the National Insurance Trust Fund, assessment value carried out by the Assessment Committees of the Divisional Secretariats, failure to receive the full amount of compensation assessed or the amendments were made by the National Insurance Trust Fund.</p> | <p>Arrangements should be made in close collaboration with the Treasury and the relevant Line Ministry so that the relevant compensation can be paid expeditiously.</p> |
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3.6 Procurements

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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<p>(a) A sum of Rs. 13,578,524 had been paid for 736.49 cubic meters (m³) of concrete relating to 17 roads constructed with concrete mixture without following a formal technical procedure and verifying that the required compressive strength exists relating to 02 development programmes in 04 Divisional Secretariats.</p>	<p>Lack of machinery used to check the compaction strength of the road at the time of construction of the road.</p>	<p>It is important to make sure that the required compaction strength exists when paying for road construction.</p>
<p>(b) Out of 131 hammer inspections carried out at the Imbulpe Divisional Secretariat, the inspections on six roads with a contract value of Rs. 3,394,059 had failed and the action hadnot been taken to conduct a core cutter test for those roads and confirm the results until 01 February 2021. The audit also confirmed that five out of</p>	<p>Relevant societies had been informed to carry out a Core Cutter Test.</p>	<p>A Core Cutter Test should be carried out on those routes to confirm the results.</p>

the six projects that failed the Hummer Test were constructed by the same subcontractor.

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| (c) The transportation costs had been paid Rs.525,347 more for 51 industries where sample audits were conducted due to transportation from Balangoda town without paying attention to the nearest locations (shops/hardware) when transporting cement for construction projects by Imbulpe Divisional Secretariat in Ratnapura District. | This will be taken into consideration in preparing estimates for future development projects. | When the performance of government functions special attention should be paid to do economically. Action should be taken also according to Financial Regulation 156 (i). |
| (d) The road surfaces of 07 roads were damaged of the construction works totalling Rs. 8,485,620 done in three Divisional Secretariat without paying special attention to important factors such as the type of vehicles used on the road, the material being transported, the nature of the soil and the risk of flooding in the feasibility study and in the preparation of estimates. | The replies were furnished such as driving beyond the weight limit, flood effecting areas etc. | Special attention should be paid to the issues that need to be addressed in the feasibility study. |
| (e) Projects not exceeding Rs. 2 million (Rs. 2,000,000), clear instructions were issued on 02 alternative procurement schemes in accordance with Guide 3.9.2 of the Procurement Guidelines of the Democratic Socialist Republic of Sri Lanka, namely direct awarding of contracts to community based organizations and bidding from approved associations and other contractors registered by the District Secretary in accordance with Guideline 3.9.4. However, disregarding the economic benefits that the government could have gained from the competition by paying special attention | In rural development, the action should be taken in a way of maximizes the benefits to the rural community rather than saving money to the government through competitive bidding. | Contracts should be awarded in accordance with guidelines 3.9.2 and 3.9.4 of the Procurement Guidelines of the Democratic Socialist Republic of Sri Lanka in a manner that is most advantageous to the Government. |

to Guideline 3.9.4, 2299 projects not exceeding Rs. 02 million totalling Rs.1,279.51 million had been awarded directly to the Community Base Organizations under 02 development programmes in all 17 Divisional Secretariats.

3.7 Assets Management

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) Although the construction of the Sri Pada Pilgrimage Hall in Sri Palabaddala, Ratnapura was completed on 15 January 2019 and opened to the public on 03 April 2019 at a cost of Rs. 33,933,472 based on the allocations received from the Ministry of City Planning and Water Supply in relation to the Ratnapura Divisional Secretariat, it was remained idle even as at the audit date of the month of December 2020 without being used for the proposed purpose due to actions were not taken as to use for the accommodation of pilgrims.	That the building was not open to Sri Pada pilgrims due to the Corona pandemic.	Action should be taken to make proper use of the relevant property and formal arrangements should be made for the protection of public property.
(b) The attention had not been utilized for effective use of 44 Government Buildings in 11 Divisional Secretariat Divisions which had not been used since 1999 and 04 Government Buildings which had not been used for 2 years by the District Secretariat and it was observed that the buildings were in a dilapidated condition and were ruined due to weeds being overgrown etc. at the audited date of 04 February 2021.	It was furnished the replies as relevant institutions had been instructed to repair the buildings belonging to the Ratnapura Divisional Secretariat and use them for productive purposes, other Divisional Secretariats are working to make these buildings more productive in the future.	-do-

3.8 Security of Public Officers

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>-----</p> <p>The 18 officers who were required to deposit securities in the District Secretariat and 06 Divisional Secretariats had not deposited the relevant securities as per the provisions of the Financial Regulations 880 and paragraph 02 of the Circular No. 07/2019 dated 23 March 2019 of the Ministry of Internal and Home Affairs and Provincial Councils and Local Government.</p>	<p>-----</p> <p>That the relevant officers had been informed to deposit securities.</p>	<p>-----</p> <p>The securities should be made in accordance with Financial Regulations 880 and 881 (ii).</p>

3.9 Uneconomic Transactions

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>-----</p> <p>(a) The Thalawa Hena Madi Kiridigala road section in the Kiridigala Grama Niladhari Division of the Balangoda Divisional Secretariat was completed on 15 December 2017 with a length of 51.77 meters without a formal agreement with the Balangoda Urban Council and a proper feasibility study and it was observed that the cost incurred was idle due to the unauthorized filling of 1.2 m of soil on the first 16.14 m section constructed at a cost of Rs. 105,324 on this road.</p>	<p>-----</p> <p>The Urban Council had been instructed to take further action in this regard.</p>	<p>-----</p> <p>The development projects need to be done effectively.</p>

- (b) The development works of Katugasella Stadium were completed on 28 July 2019 at a cost of Rs. 961,872 by the Ratnapura Divisional Secretariat and during the field inspection conducted on 25 September 2020, it was not maintained by the institution entrusted for maintenance (Ratnapura Municipal Council) or by the sports clubs. After the development of the stadium, it was abandoned and not used for sports activities and the weeds had grown as unable to enter at present.
- That the Urban Council will be informed in writing to maintain works in a systematic manner.
- The utilization of funds should be used for effective development activities.
- (c) Although the Karandawela Lower Hakamuwa Stadium development project related to the Pelmadulla Divisional Secretariat had been completed on 18 June 2019 at a cost of Rs. 115,566, the entire stadium was muddy and unfit for use due to the substandard construction of the project. As a result, the objectives of the project were not achieved and it was also observed that this was due to the lack of proper supervision during the execution of the project.
- That it is agreed with the findings of the audit and informs the relevant sports club to carry out regular maintenance under the supervision of a technical officer.
- The relevant responsible parties should be consulted and action should be taken regarding them and steps should be taken to make the stadium suitable for use.

3.10 Unresolved Audit Paragraphs

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>A sum of Rs.12,952,497 spent during that period for the construction of five Cultural Centres had been idled due to unable to utilize it for its intended purpose until December 2015 though the construction commenced in 2010.</p>	<p>The comments had not been furnished.</p>	<p>The actions should be taken to complete the remaining works expeditiously and utilize the relevant centres.</p>

3.11 Management Weaknesses

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>The action had not been taken to formally acquire the lands of 33 GramaNiladhari Offices, an official residence and 02 SevaPiyasin government lands in 36 GramaNiladhari Divisions in 04 Divisional Secretariat Divisions.</p>	<p>That action will be taken in the future in this regard.</p>	<p>Action should be taken to formally take over the ownership of government lands.</p>

4. Good Governance

4.1 Rendering of Services to the Public

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>Although the services of the Citizens Clients Charter should be updated, follow-up, evaluated and improved in accordance with Guideline 1.4 of Public Administration Circular No. 05/2008 dated 06 February 2008, those steps had not been taken in 04 Divisional Secretariats after the year 2011.</p>	<p>That the necessary work is being done for this.</p>	<p>Action should be taken in accordance with Guidelines 1.4 of Public Administration Circular 05/2008 dated 06 February 2008.</p>

5. Human Resource Management

There were 167 vacancies and 02 excess in the Actual Cadre compared with the Approved Cadre in the Ratnapura District Secretariat and 17 Divisional Secretariats as at 31 December 2020 and the following observations are made in this connection.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) It was observed that failure to fill vacancies in 02 Divisional Secretary posts out of the 12 senior-level officers, 04 Assistant Divisional Secretary posts, 04 Assistant Director (Planning) posts, 02 Accountant posts, 06 posts of translators from other levels, 08 Administrative GramaNiladhari posts and 68 GramaNiladharis including 28 Development Officer posts were obstructed to the proper and efficient functioning of the divisional administration.	Recruitment to the relevant posts will be made at the Ministry level.	Necessary steps should be taken to fill the vacancies in the essential posts.
(b) It was observed that there was a disturbance to closely monitor and the timely completion of 2320 projects amounting to Rs.1398 million under 8 development programs during the year under review with proper standards due to failure to take necessary action to fill the vacancies of 18 Secondary Level Technical Officer posts, One Designer post and 18 Technical Assistant posts.	Recruitment to the relevant posts will be made at the Ministry level.	-do-
(c) Although the post of Secondary Level Development Assistant and the post of Development Officer (old) are being in excess, necessary action had not been taken to obtain the approval for the posts as per Financial Regulations 71.	That the actions are being taken to obtain the approval in accordance with Financial Regulation 71.	Necessary steps should be taken to obtain the relevant approval to the posts in accordance with Financial Regulations 71.