

Head - 259 District Secretariat of Matale

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the District Secretariat of Matale 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 including my comments and observations about financial statements of the Mathale District Secretariat was issued to the Accounting officer on 21 May 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 21 May 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 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 Matale 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 are 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 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 skepticism 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 Statement of Financial Position

Following observations are made.

Audit observation	Comments of the Accounting Officer	Recommendation
(i) Although Property, Plant and Equipment value according to the Statement of Financial Position was Rs.2,387,914,441 according to the treasury printouts since it was Rs.2,406,625,548 a difference of Rs. 18,711,107 was observed.	It had been requested to correct this difference by the letter dated 09 February 2021.	Action should be taken to identify the reasons for differences.
(ii) The total disposed value in the current year was Rs.3,261,617 representing Rs.1,771,919 of office equipment and Rs.1,489,698 of furniture in the statement of non-financial assets, it was seen as Rs.16,029,699 in the treasury printout and hence a difference of Rs.12,768,082 was observed.	Accepted.	Action should be taken to identify the reasons for differences.

1.6.2 Imprest Balance

Audit observation	Comments of the Accounting Officer	Recommendation
A difference of Rs. 329,280,492 was shown between the total receipts of Rs. 5,649,167,502 in cash flow statement and Rs. 5,319,887,010 in the imprest account, but information was not present to audit to identify the difference.	Cash flow statement had been prepared in accordance with ACA 01 to 06 Formats in the 10.1 of paragraph 3.6 in public finance circular number 02/2020.	Reasons for difference should be identified and actions should be taken to correct.

1.6.3 Non-Maintenance of Books and Records

At the audit test check it was observed that the leave register had not been properly maintained and updated by the Matale District Secretariat.

Audit observation	Comments of the Accounting Officer	Recommendation
----- Prior years leaves of the field officers had not been entered to the leave register in the Naula Divisional Secretariat.	----- Leave particulars of the two officers were requested but they have not been received. Driver's leave already have been entered.	----- Action should be taken as per clause 1.7 of chapter XII of the Establishment Code.

1.6.4 Lack of Evidence for Audit

Following observations are made.

Audit observation	Comments of the Accounting Officer	Recommendation
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(i) Measurements had not been mentioned in the quantity sheet although Rs. 65,000 had been paid for the item 9 in the bill relating to the development of the road to Mottuwela Amuna at Yatawatta Divisional Secretariat area.	It was missed to attached the measurements in the measurement sheet regarding relevant item and measurements taken by the technical officer at field visits are mentioned in the field note book.	Measurements should be mentioned in the quantity sheet relevant to the bill.
(ii) Scheduled evidences for the confirmation of other sources of income of Rs. 950,204,213 relevant to the imprest account number 306/20 in the ACA – 03 format in the financial statement, were not presented to the audit.	Those collected sources of income are shown as the imprest debit at the preparation of monthly summary accounts.	Scheduled evidences should be presented to the audit for the confirmation of the source.

(iii) Schedule for the Rs. 949,640 in the imprest adjustment account payable to the Sri Lanka railway were not presented to the audit. Already it has been informed to the Sri Lanka Railway and it will report to the audit after receiving the Debit notice. Schedules should be presented to the audit.

(iv) Confirmation on the attendance of the cleaning service employees had not been obtained by the Divisional Secretariat, although Rs.978,000 had been paid for the year 2020 in 12 occasions to a private institution by the Matale Divisional Secretariat. Administration of the cleaning service officers are done by relevant supplier and service had been received to the Divisional secretary as agreed. Payment should be made after getting confirmation of attendance.

2. Financial Review

2.1 Utilization of provisions given by other Ministries and Departments

Audit observation	Comments of the Accounting Officer	Recommendation
Out of the provisions totaling to the Rs. 10,663,878,000 given by 23 other ministries and departments, Rs.233,753,000 had only been utilized. It was a range from 0.02 to 91.2 as a percentage to the provision.	Allocations have been saved due to insufficient time arisen by releasing provisions in the end of the year and difficulty of getting imprest.	Provisions given should be effectively utilized.

2.2 Reconciliation Statement of the Advance to Public Officers Account

Audit observation	Comments of the Accounting Officer	Recommendation
A loan balance of Rs. 198,021 due from an officer of Laggala Divisional Secretariat had not been recovered.	Actions will be taken to recover the loan balance.	Action Should be taken to recover loan balances.

2.3 Non – compliance with Laws, Rules and regulations

Instances of non-compliances with Laws rules and regulations observed at audit test checks are analyzed below.

Audit observation	Comments of the Accounting Officer	Recommendation
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Reference to Laws, Rules and Regulations	Non – compliance
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(a) Public Administration Circulars

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| (i) | Consolidated service circular No 01/2002 dated 19 June 2002 and extra ordinary gazette No 1589/36 dated 20 February 2009 issued by the public service commission of Democratic Socialist Republic of Sri Lanka. | Actions had not been taken to transfer officers who have served more than 05 years in same place at 05 Divisional Secretariats. | Although transfers had been applied, but not received. | Transfers should be done in accordance with the circular. |
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- (ii) Paragraph 02 (I) of the circular no 09/2009 dated 16 April 2009. It was observed that there were some occasions of not confirming the attendance using finger print at District planning Secretariat and Divisional Secretariats of Rattota and Galewela. Finger print machine of the District Secretariat does not work at some occasions. Advices has been given to Galewela Divisional Secretariat to confirm attendance by finger print machine. As the head of institution in the Rattota division, it is signed in the attendance register in office day. Attendance should be confirmed by officers keeping finger print as per circulars.
- (iii) Letter no HAF -3-ADMIN-02-002 dated 05 July 2013 of the secretary of ministry of Public Administration Details about unauthorized seizures and constructions should be presented to the Divisional secretary as per instructions in the letter. Grama Niladari of Matale and Galewela Divisional Secretariats had not update and presented the reports about unauthorized seizures although it should be presented once every two weeks. Officers have been informed to present report once for every two weeks. Information should be taken about unauthorized seizures and constructions as per instruction of the letter.
- (iv) Letter no HAF/01/01 and dated 12 June 2015 of the secretary of ministry of Public Administration Although monthly advance program before 25th of preceding month and work done reports before 5th of next month should be presented and approved, Deputy Director of the District planning Secretariat and 40 officers in the Matale Divisional Secretariat had not made actions complied to that. Accepted. Instructions were given by district Secretariat and audit observation was accepted by Matale Divisional Secretariat. Advance programs should be presented in due date.

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| (b) Paragraph 3.2.6 of the Public Finance circular no 08/2016 dated 31 march 2016 | Board of survey of the Grama Niladari offices in the Matale Divisional Secretariat area had not been conducted for a 10 years. | Actions had been taken to conduct the survey. | Board of survey should be done in accordance with the circulars. |
| (c) Paragraph 02 of the letter no BD/GSP/130/9/14/MC – 11 dated 07 July 2015 of the Director General of the ministryof Finance. | Although two officers who have taken motor bikes have been released to the position for which motor bikes are not entitled, Rs.197,000 had not been recovered although it had lapsed 29 months in Rattota Divisional Secretariat. | Legal actions will be taken if not paid. | Action should be taken to charge arrears. |
| (d) Circular No 03/2018 dated 18 July 2018 of Director General of Department of Management Service. | Without approval for the Excess staff, Rs.1,870,300 had been paid for 19 officers for the 10 months from January 2020 in district Secretariat and 06 Divisional Secretariats for the 7 posts although salary could not be paid to excess staff according to the circular. | Not replied. | Excess staff should be approved or transferred. |

2.4 Recovery of Taxes on contract

Audit observation	Comments of the Accounting officer	Recommendation
Actions had not been taken to charge Rs. 117,600 of late charges from the construction project of Ma-ussagolla Laksha village common facility center at Rattota Divisional Secretariat.	Late charges will be deducted from the retention money, if the matter is arisen.	It should be motivated to complete the projects within the due time period by charging late charges.

2.5 Irregular Transactions

Audit observation	Comments of the Accounting Officer	Recommendation
According to the financial regulation 138, although authorized person should certify the payment voucher, payment vouchers valued to Rs. 1,043,811 in Ukuwela and Rattota Divisional Secretariats had been paid without certification.	It had been happened due to large number of vouchers and busy work period at the year end.	Payment for voucher should be done after certification as per financial regulation.

2.6 Transactions in the Nature of Financial Frauds

Transactions in fraudulent nature observed in sample audit test are appeared below.

Audit observation	Comments of the Accounting Officer	Recommendation
(a) A value of Rs. 31,266 had been overpaid for the project of constructing the drain near the Batagolla road and community hall in oyapahala under the sapirigamak project at Matale Divisional Secretariat area.	Actions will be taken to deduct from retention money.	Payment should be made on work done items.

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| (b) Although it should be used 4.6mm thickness glasses for the item-21 for which cost was Rs.170,106 in developing maternity clinic center in Medagama, Millawana at Pallepola Divisional Secretariat, but it had used 2 mm thickness glasses. | It is in due standard according to the inspection done by technical officer. | Projects should be implemented according to the measurements given in the agreement. |
| (c) A value of Rs. 29,538 had been overly paid for the construction of the project of water supply for 15 families valued to Rs. 500,000 in DorakaburaUhanagodalla in Matale Divisional Secretariat. | Future activities are done after receiving the files. | Actual work done report should be correctly prepared. |
| (d) Four officers in Rattota Divisional Secretariats had been paid Rs.15,606 as holiday payment although they have been paid overtime for the same period. | Prior approval has been taken. | Both type of payment should not be paid for the same period and overpayment should be recovered. |

2.7 Deposit balances

Audit observation

Comments of the Accounting Officer

Recommendation

A sum of Rs.300,000 received for the taking certificate of fitness for the houses constructed under the resettlement of people affected to landslip in Rattota Divisional Secretariat, had been kept in general deposit account due to delay from 07 months to 1 year.

Actions will be taken to release the deposits after receiving the certificate of fitness from National Building Research Organization.

certificate of fitness should be quickly taken.

3. Operating review

3.1 Vision and Mission

Audit observation	Comments of the Accounting Officer	Recommendation
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Action plan and progress reports were not complied with the intended purposes of the skill development officer, indigenous medicine, science and technology, social service Buddha sasana and cultural officer.	Advices have been given for the relevant officers to take actions in year 2022.	Action plan and progress reports should comply with the intended purposes of all officers.

3.2 Planning

Audit observation	Comments of the Accounting officer	Recommendation
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Under the “Sapirigamak” project in Ukuwela Divisional Secretariat , agreement with the contractor for 152 projects out of 211 had been made in the last two months in the year. Therefore it was shown that there had not been proper time frame to implement projects.	More projects had to be implemented in the last quarter due to receiving the provisions at last quarter.	Arrangements should be done to make agreements in the 1 st half of the year.

3.3 Non- Performance of Functions

Audit observation	Comments of the Accounting officer	Recommendation
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It had been unable to implement proposed 27 projects valued to Rs. 26,500,000 out of 177 projects in year 2020 at Matale Divisional Secretariats and instead of those, other projects had been implemented. Due to this, projects identified by rural	Priority has been given for the proposals in the paragraph No 08 of the circular. Proposals with no priorities had not been implemented and next proposal was approved and implemented. Due to the technical matters, proposals	Concentration should be given to implement the proposed projects.

representatives based on the requirements of General public had not been implemented. were not been able to be implemented.

3.4 Non -achievement of expected output levels

Following observations are made.

Audit observation	Comments of the Accounting Officer	Recommendation
<p>Payments had been certified without considering the non-fixing of beadings for the aluminum doors and windows and concreting the Gali cover which are unable to open in the project of common facility center at Maussagolla laksha village in Rattota.</p>	<p>Accepted. Quality report has been called.</p>	<p>Payments Should be certified after completing all the parts in the project.</p>
<p>(c) The actual training amount for developing the computer literacy was 216 with compared to the expected amount of 1846 in District training unit by the 30 September 2020 regarding the action plan of 2020</p>	<p>Lack of provisions and Covid – 19 pandemic were affected</p>	<p>Expected outcome should be reached</p>
<p>(c) According to the plan of the bridge, although width and length of right part were 16' and 26' respectively, actual quantity was 13' 8" and 22' 8"of the Aswedduma entrance road in Matale Divisional Secretariat, according to the physical inspection. Further it had not been constructed 9.8 m in left side and 17.8 m in right side of handrail.</p>	<p>Although it was unable to complete in the relevant year, handrail had been fixed and project has been completed in 2020. Marked for further check.</p>	<p>Project should be constructed as planned.</p>

3.5 Projects abandoned without completing

Audit observation	Comments of the Accounting Officer	Recommendation
Rural data management system had not been updated after the month of October in the year under review by the Smart Sri Lanka Divisional unit in Ukuwela Divisional Secretariat.	It was not updated since Provisions was not received for the payment of internet bill in 2020.	Project should be implemented until the expected results are gained.

3.6 Delays in the Execution of projects

Following observations are made.

Audit observation	Comments of the Accounting Officer	Recommendation
(a) Although time period had been extended from 15 November 2019 to 15 December 2019, remaining works had not been completed by 11 February 2020 in constructing of the common facility center for which agreement was signed in 2019 in Maussagala Laksha village in Rattota Divisional Secretariat area.	Not replied.	Action should be taken to finish works in agreed time period.
(b) It had only awarded the contracts for the 05 projects valued to Rs. 3,000,000 under the Sapirigamak development projects in Rattota Divisional secretary division.	Not replied.	Contracts should be completed in agreed time period.

(c).Land registration activities had not been completed although it had compensated for land acquisition for the Pallepola city development and water tank under the greater Matale water project by Pallepola Divisional Secretariat.

Land registration should be quickly done.

3.7 Projects without Progress despite the release of Money

 Following observations are made.

Audit observation	Comments of the Accounting Officer	Recommendation
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(a) A sum of Rs. 666,935 which is given in 2018 and 2019, was in idle as at 31 December 2020, for the strengthen of Gramasakthi project at Yatawatta Divisional Secretariat.	Fund was released with the compliance of general assembly for the existance of the Gramasakthi project. Training program were not conducted due to Covid 19 situation in 2020. Capacity development fund in main account has been increased due to interests.	Provisions should be utilized for the fruitful projects.
(b) Roofing sheets and instruments valued to Rs.26,642,202 purchased under the Gamperaliya project in 2019 in Ukuwela and Rattota Divisional Secretariats were in idle.	Ukuwela project had not been implemented due to the difficulty of obtaining timber and labour and necessary instruments had been requested. Although provisions had been allocated, due to the delay of receiving imprest, necessary instruments had been requested but not received, in Rattota Divisional Secretariat.	Action should be taken to distribute the received roofing sheets.

3.8 Other Observations

Audit observation	Comments of the Accounting Officer	Recommendation
<p>(a) Huts had not been properly constructed in the project of distributing goats to low income people in Matale Divisional Secretariat. By 07 July 2020, 04 goats had died and Rs.52,500 had been lost to the government due to re-purchase of three goats.</p>	<p>Training had been given regarding the constructing the goat huts and action will be taken to construct the Huts.</p>	<p>Feedback should be done regarding the project.</p>

3.9 Procurements

Following Observations are made.

Audit observation	Comments of the Accounting Officer	Recommendation
<p>(a) contract had been offered to an unregistered contractor for the construction of common facility center at Laksha village at Rattota - Maussagolla using Limited/Restrictive bidding although it could be used the National Competitive Bidding.</p>	<p>Quotation was called from a CIDA registered contractor occupied in the district and project completed successfully under the shopping method due to limited time.</p>	<p>Action should be taken to offer contract in compliance with procurement guideline.</p>
<p>(b) Remaining works from the allocation of Rs. 3.5 million for the construction of common facility center at Rattota Maussagolla Laksha village had been awarded to the same contractor although he had been unable to complete the project in due time and according to the specifications as per agreement and cost estimate.</p>	<p>An enough time had not been available for the bidding and contract had been awarded since contractor agreed to implement the project as per estimate.</p>	<p>Action should be taken according to procurement guideline.</p>

(c) contract had been awarded to a contractor who had not met the conditions of procurement notice of completing 03 projects valued over 5 million for the year 2016,2017,2018 and minimum annual capacity of projects operated in past three years was Rs.15 million for the construction of Aherenda tank under the Rural infrastructure development program in 2019.

Due to the limited time period, It was unable to satisfy all the procurement conditions and contract was awarded to the lowest bidder who had technical and financial capability.

Experienced and qualified contractor should be selected.

(d) Contract had been awarded for the reconstruction of Aherendawewa without satisfying the paragraph 5 of the procurement notice regarding obtaining work completion report from the Employers for the projects over 5 million in the last three years.

It was unable to satisfy all the procurement conditions.

Work completion report should be taken before awarding the contract.

3.10 Management weaknesses

Following observations are made.

Audit observation	Comments of the Accounting Officer	Recommendation
(a) Asum of Rs. 995,180 due from 08 officers who have released to the teaching service in Galewela Divisional Secretariat had not been received although it had lapsed 03 to 06 years by 25 February 2021.	It had been informed to relevant institutions to recover monthly installments.	Action should be taken to recover by informing to Education office.
(b) Identity card numbers of the 03 pensioners had not been entered to the data base in Pallepola Divisional Secretariat by 23 February 2021.	Actions had been taken to make Identity cards.	Files of pensioners should be quickly updated.

- (c) It was not confirmed the correctness of the order of name list due to non-entering the presented date of loan application to the waiting list in the planning branch in District Secretariat. Actions had been taken to enter the date. Date of application should be kept by date stamp.

4. Achievement of Sustainable Development Goals

Following observations are made.

Audit observation	Comments of the Accounting Officer	Recommendation
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(a) It had not implemented 08 programs included in the action plan in year 2020.	Unavailability of provisions due to corona pandemic was affected.	Programs in the action plan should be implemented.
(b)It was not shown any progress relating to 05 projects and progress below 50 percent was shown regarding 08 projects according to the 2020 Progress report.	Projects were not implemented due to corona pandemic.	Action should be taken to achieve expected progress.
(c) Although action plan has been prepared relating to 21 divisions in District Secretariat, only 11 divisions had been included to progress report in 2020.	All divisions will be included in future.	Progress of the every division should be included.

5. Good Governance

5.1 Rendering of services to General public

Following observations are made.

Audit observation	Comments of the Accounting Officer	Recommendation
(a) It has not been solved 12 issues regarding environmental activities in the Yatawatta Divisional Secretariat area.	It had been solved 2 issues out of 14.	Issues regarding environmental activities should be solved.
(b) Nutrition Bags Valued to Rs. 232,000 regarding 116 occasions had been lost to mothers due to not having a feedback by the officers in Galewela and Naula Divisional Secretariats.	Benefits have not been taken due to missing of the vouchers and going out from the division.	Feedback should be done regarding obtaining the Nutrition bags.

6. Human Resources Management

Following observations are made.

Audit observation	Comments of the Accounting Officer	Recommendation
(a) It was existed 239 vacancies and 18 surpluses from the approved cadre of 1867 in District Secretariat and 11 Divisional Secretariats as at 31 December 2020.	Information regarding shortages and excesses presents to the ministry of Home Affairs.	Action should be taken to fulfill the shortages and to approve or transfer the excesses.
(b) Although a post of Assistant planning director (super numery) had been approved, it has been held an extra post of Assistant planning director and Rs.1,872,083 had been paid as salary and allowances from January 2019 to December 2020.	Information regarding shortages and excesses presents to the ministry of Home Affairs.	Excess officers should be transferred to vacant places.