

Head 261 – Galle District Secretariat

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Galle District Secretariat for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 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 Galle District Secretariat was issued to the Accounting Officer on 30 May 2022 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 30 May 2022 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 Galle District Secretariat as at 31 December 2021, 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) and Section 38 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 Statement on the Financial Statements

1.6.1 Accounting Deficiencies

(a) Recurrent Expenditure

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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(i) The value of commitments and liabilities had been understated by Rs. 221,504 in the financial statements.	Although the liabilities stated in the paragraph were entered in the Cigaz computer programme, it has not been shown in the computer printouts, and as expenses have arisen without being identified, it has been included in the financial statements.	Action should be taken to include correct information in financial statements.

(b) Property, Plant and Equipment

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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(i) A difference of Rs. 33.969 million in the opening balance and a difference of Rs. 2.438 million in the purchase of	The addition of Several values of buildings and machinery included as opening balances of this year by 5 Divisional	Financial statements should be prepared by comparing departmental books and Treasury books.

- non-financial asset items of buildings and motor vehicles and machinery were observed according to the departmental books and the Form SA 82 of the General Treasury.
- Secretariats in the opening balance column has given rise to this difference.
- This has not been rectified up to the preparation of final accounts and the instructions given by the Ministry of Finance will be followed.
- (ii) According to the register of fixed assets, no action had been taken to assess and account for the Piyadigama student battalion building belonging to the Kadawath Sathara Divisional Secretariat and the buildings of the Madampagama new Divisional Secretariat.
- This matter has been referred to the Department of Valuation on 19 April 2022 to assess the relevant building and action will be taken to account once that report is received.
- All the assets owned by the Divisional Secretariats should be assessed and brought to account.
- (iii) The value of Rs. 41.985 million of the three Cabs given by the Ministry of Home Affairs to the Gall District Secretariat had not been included in the financial statements.
- Action will be taken to account for the value of these cabs in the year 2022.
- All the assets should be brought to account.
- (iv) One hundred and seven acres of land and 125 buildings of 78 closed schools belonging to the Provincial Education Department, which had been vested in the Divisional Secretary, had not been assessed and brought to account.
- If the possession of these buildings and lands has been vested in the Divisional Secretariat, action will be taken to assess and account for those properties in due course.
- All lands and buildings vested in the Divisional Secretaries should be assessed and brought to account.
- (v) According to the Board of Survey reports, the value of the fixed assets owned by the Ratgama
- The addition of Rs. 379,500 to the opening balance in entering into the Sigaz programme and including
- Action should be taken to furnish accurate information to the audit.

Divisional Secretariat was Rs. 2,188,816 and that value as per the information furnished to the audit was Rs. 1,998,756. Accordingly, a difference of Rs. 190,060 was observed.

- purchases as Rs. 569,500 under the Object No.2103 have attributed to the difference.
- (vi) Assets valued at Rs. 109.4 million related to 7 Objects that had been received by the District Secretariat and Divisional Secretariats under the provisions of other ministries and departments had not been taken over and brought to account as the assets belonging to the District Secretariat. Only the assets acquired under Objects Nos. 2101 to 2105 related to 261 come under the acquisition of assets. The assets belonging to the other ministries are brought to account by the relevant Ministries and shown in the financial statements. As the District Secretary owns the assets that were given under the provisions of other ministries and departments, it seems reasonable to include those assets in the financial statements under head number 261 .
- (vii) A sum of Rs.55 million borne by the Provincial Council for the construction of the 5th and 6th floors of the District Secretarial building and entered in their accounts had been included in the non-financial assets under the Object No.261 and therefore, the value of buildings had been overstated by that amount. Since the provisions were insufficient in the construction of this district secretariat building, the Provincial Council has borne Rs. 55,000,000 for the construction of the 5th and 6th floors of the building in the year 2003. The value of non-financial assets should be disclosed in the financial statements correctly. It is kindly informed that as the assessment for the entire building has been obtained in the assessment, the total value thereof has been brought to account under Object 261.

(d) Imprest Balance

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
Due to a cheque fraud committed in the Divisional Secretariat, Karadeniya in the year 2006, the unsettled imprest balance of Rs. 194,086 stated in the Imprest Account had been shown in the financial statements for more than a period of 15 years, but action had not been taken to settle it even in the year under review.	This imprest balance of Rs. 194,086 has occurred due to a cheque fraud that took place in the Karadeniya Divisional Secretariat. A case in this regard is being tried under No. 93067 at the magistrate court, Balapitiya and the verdict of the case tried under No. 8518/M at the district court, Galle has been delivered at present.	Action should be taken in accordance with the verdict of the case.

(d) Cash Flow Statement

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
The opening cash balance of Rs. 194,086 of the year under review had not been adjusted in the computation of the closing balance of the cash flow statement. In the adjustment of the closing cash balance of the year under review, if the closing balance of the preceding year is settled to the Treasury and again credited to the imprest of the current year, it should be disclosed by a note. Nevertheless, action had not been taken accordingly.	Action will be taken to disclose this matter by a note henceforth.	Action should be taken in accordance with the answer.

2. Financial Review

2.1 Expenditure Management

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>(a) Provisions of Rs. 1,350 million, Rs. 119.725 million, and Rs. 3.186 million had been saved respectively in the 3 Objects of overtime and holiday pay, Providing subsidies to families who are under quarantine at home and have lost their livelihood due to Covid-19, and Staff training.</p>	<p>Provisions of Object 1002 have been transferred and all those provisions have been utilized.</p> <p>Due to the delay in receiving information about the quarantined families and taking action to provide the allowance of Rs.2,000 only to the low-income families who have lost their livelihood as per the circulars, these provisions have been saved.</p> <p>Failure to initiate training programmes.</p>	<p>Action should be taken to transfer funds after recognizing the requirements.</p>
<p>(b) Out of the Provisions of Rs. 2,361.737 million received from other 12 ministries/departments, provisions of Rs. 777.424 million only had been spent and accordingly, 33 per cent of provisions had not been utilized.</p>	<p>The matters such as failure to complete the works as expected in the year 2021, non-receipt of imprests, failure to obtain raw materials, and delays in the submission of vouchers have given rise to this situation.</p>	<p>Funds received from other departments should be used to discharge the relevant function.</p>

2.2 Incurring Commitments and Liabilities

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) The value of the bills in hand that remained payable to 21 Divisional Secretariats as at 31 December 2021 for development and other projects implemented during the year 2021 was Rs. 220.551 million.	<p>Projects are not usually implemented without provisions and no such projects were implemented in the year 2021. Nevertheless, delays in the receipt of imprests cause delays in making payments thus resulting in an accumulation of bills in hand.</p> <p>Provisions for the projects are allocated by each line ministry within the limit approved by the national budget. Once the value of the bill submitted after implementation of the project is informed to the Department of Treasury Operations, imprests are issued. There are instances where imprests are not received though it has elapsed 02 months from being informed of the receipt of bills and this has resulted in the accumulation of bills in hand.</p>	Action should be taken to obtain necessary imprests for the bills in hand immediately and settle the bills.

2.3 Utilization of Provisions Made by other Ministries and Departments

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) Out of the loan totaling Rs. 21,598 million paid by 68 Samurdhi Community Based Banks belonging to the 19 Divisional Secretariat Divisions to 669,338 borrowers, a sum of Rs. 505.188 million remained as overdue debts and Rs. 160.755 million paid to 3,408 recipients had been identified as bad debts. No action had been taken to recover those debts expeditiously. Further, a sum of Rs. 5,096 million paid to 114,088 borrowers had been identified as outstanding debts.	A number of legal actions have been taken in order to recover overdue debts and bad debts. Due to reasons such as the Covid 19 epidemic, lack of fertilizers, paralyzing tourism, granting loan grace periods, etc., it remains in arrears.	Follow up measures should be taken on the granted loans and action should be taken to recover the dues.
(b) Due to the Covid 19, a sum of Rs. 483.56 million had been paid to the beneficiaries by 19 Divisional Secretariats and 68 Samurdhi banks and that money had not been reimbursed even by the end of the year under review.	A sum of Rs. 483.56 million out of the funds belonging to the Samurdhi banks has been paid to the beneficiaries on the basis of reimbursement to the Samurdhi Department by the General Treasury. However, these funds have not so far been reimbursed to any district by the General Treasury.	Action should be taken to reimburse the amount to be reimbursed.
(c) Although plans had been drawn to establish district carrier guidance centres by the Smart Sri Lanka programme under the second stage and to register the job expectants through the slieg.app computer software, as the project had been discontinued halfway, 38 computers provided for the project remained underutilized.	It is informed that the computers provided for these divisional secretariats are currently being used by the officers of the relevant departments and other officers for their duties, and once the completion of renovation activities of the district centre and the provision of other facilities, the further actions will be taken as per the assistance, guidance and instructions	The institution which has been entrusted the responsibility for implementation of the programme should take action to achieve the objectives and necessary arrangements should be made to utilize the computers.

given by the Department of Manpower and Employment, the national institution which has been assigned the responsibility for this project.

- (d) Forty eight laptops worth Rs.7.8 million that had been received from the Ministry of Finance and Mass Media for the Integrated Treasury Management Information System (ITMIS) programme remained idle in 08 district secretariats as at the end of the year under review without being used for the programme from the year 2018.
- It is kindly informed that with the commencement of operations of the ITMIS programmem from 01 March 2022, the computers received for that purpose are currently used for the relevant programme.
- Action should be taken to utilize the computers that remain idle.
- (e) According to the Public Administration Circular No. 14/2019, pension revisions had not been made in 13, 16 and 11 files for more than 25 years, 13 years and 10 years respectively in the Baddegama Divisional Secretariat by the end of the year under review.
- The number of pension files of which payments were made after being made revisions is 19. The number of files transferred to the Wanduramba Divisional Secretariat is 7. The number of files not entitled to the revision is 5. The number of files of which payments have been stopped due to the pensioner's death is 04, and the number of files further to be processed is 05.
- Action should be taken to make revision in an updated manner.
- (f) **Sawbagya Production Village Programme- 2021**
- (i) The machine worth Rs. 1,050,000 which was expected to be purchased for the rope twisting process under the Sawbagya Program implemented under the State Ministry of Samurdhi, Home Economics, Microfinance, Self Employment, and Business Development under the Ministry of Finance was not purchased and 03 machines
- Although a society was formed with the participation of all the beneficiaries in the tree Grama Niladharee divisions and necessary basic arrangements were made to organize the future activities of this project and to register the society, the registration of the society was delayed due to the
- Action should be taken to initiate the work as planned to achieve the objectives.

valued at Rs. 600,000 had not been utilized. Although the project was scheduled to be initiated in June 2021, it was not commenced even by June 2022.

family members having to face the Covid epidemic situation.

It was not possible to implement as planned

Further, although Rs. 2,500,000 had been estimated to develop the road related to the project, no relevant work whatsoever had been carried out. Related activities regarding the sale were also not done.

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| (ii) | Although Rs. 1,600,000 was approved for fixing the netting fence in the community hall where the rope making machines were installed, Rs. 50,000 for obtaining water supply, and Rs. 150,000 for repairing the toilet system, those projects were not implemented. | The project could not be implemented as no contractor came forward despite the allocation of funds. Although estimates were made to obtain water supplies and repair toilet systems, the work could not be carried out due to the non-availability of machines. | The project should be expedite by coordinating relevant institutions and resources. |
| (iii) | Although the Gonapeenuwala Divisional Secretariat had approved Rs.5.5 million for 04 projects to develop common infrastructure facilities, works had not been commenced. | Due to a severe shortage of raw materials and the instructions given to not continue the work for the year 2022, these 4 projects could not be implemented within the financial year. | Action should be taken to use the allocated provisions effectively as planned. |
| (iv) | Although the provision made for the development of the access road of the Kruwalabedda handloom factory building with the side wall was Rs. 2,000,000, provision of Rs.1,404,994 only had been used due to the delay in the execution of the projects. | Under Circular No. 3/2022 dated 26 April 2022 of the Secretary to the Ministry of Finance, a situation has arisen where it is impossible to implement the relevant projects due to the adverse economic situation prevailing in the country. Approval had been received to carry out further activities in the year 2022. | - Do - |

(g) Project of the resettlement of people affected by the adverse weather.

- (i) Although Rs. 1,300,000 had been given to a resident of Udadeniyawatta, Ganegama south in the Baddegama Divisional Secretary's Division to construct a house under this project, works of the house had not been completed even up to the date of audit on 12 October 2021, and it was observed that the aforementioned person was residing in the said risky house. It is submitted that the Technical Officer had confirmed the fact that the beneficiary himself has completed an amount of work commensurate with the sum of Rs. 900,000 thus far given for the construction of the house. Necessary action should be taken after conducting an inquiry regarding the beneficiary's failure to evict the risky area despite the provision of benefits.
- (ii) Contrary to the guidelines of the programme, installments totaling Rs. 2,822,000 had been released to two residents of the Waduwelivitiya Grama Niladharee Division in the Welivitiya Divithura Divisional Secretariat Division to construct houses. Due to taking action without a formal agreement, one person had sold the said land and house to another person on 20 October 2019 and the other person had mortgaged his land for Rs.700,000 on 15 May 2019. Soon after knowing the fact that the beneficiary had sold the land, measures were taken to inform the matter to the District Secretariat, Ministry of Disaster Management, and the Disaster Relief Services Centre for advice, and it is kindly stated that a complaint in this regard was lodged to the Elpitiya Police Crime Investigation Division. The instructions regarding the steps to be taken in this connection have been sought from the relevant institutions. As it has been more than a period of 2 ½ years since the incident, actions thereon should be expedited and steps should be taken against the responsible parties.
- (iii) A resident of Waduwelivitiya North who received the total amount of Rs.1,123,000 had not completed the work of the house. Despite the provision of Rs. 900,000 to a resident of Nugetota, it was observed that she was residing in the damaged house even up to the date of audit on 11 November 2021. It is kindly informed that the relevant money has not been released as the constructions have not so far been completed to suit to release of the fourth installment. The relevant person has informed that construction will be completed without Action should be taken to check whether the beneficiaries have taken action in accordance with the relevant objectives and to achieve the objectives after being followed up the process.

obtaining any financial assistance in the future. It is further informed that after the construction is completed and the disaster-affected house is demolished, further payments will be made accordingly.

- (h) An agreement of Rs. 2,656.877 million had been reached in the year 2019 to build the auditorium with 2000 seating capacity in Galle.

The following matters were observed in this regard.

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| <p>(i) Although the original estimate was Rs.1,700 million, the estimate had been increased up to Rs.2,657 million and Rs. 3,155 million respectively by 86 per cent on two occasions according to the Cabinet decisions. The failure to conduct a feasibility study resulted in this increase.</p> | <p>As decided at the Audit and Management Committee, it has been notified to refer this audit query to the Ministry of Home Affairs.</p> | <p>Cost estimate should be prepared correctly.</p> |
| <p>(ii) Work had not been completed in accordance with the agreement and there were paid bills and the bills in hand worth Rs.874.785 million, whereas the physical progress was as low as 15 per cent. The amount that remained payable for the completed work was Rs. 238.953 million.</p> | <p>- Do -</p> | <p>Work should be completed in accordance with the agreement.</p> |
| <p>(iii) The Cabinet Sub-committee dated 22 February 2022 had instructed to inquire and report as to whether there is a possibility to use the uncompleted constructions of the project for other purposes, but it had not been so done up to 31 March 2022.</p> | <p>- Do -</p> | <p>The uncompleted constructions of the project should be used for some other suitable productive purpose.</p> |

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| <p>(iv) As the construction of the auditorium had been done without recognizing the necessity, the amount of Rs. 874 million spent thereon had become an uneconomical expense. A massive number of various reinforced steel fittings, steel pipes and other equipment used for the construction work, which had been brought to the construction site, were piled up unsafely at several places on the project site. The constructed building had been idling. The land containing 2.709 hectares that had been taken over for the project also remained idle due to the non-implementation of the project.</p> | <p>- Do -</p> | <p>Having done the necessary activities to complete the project, action should be taken to receive productivity commensurate with the amount spent.</p> |
| <p>(v) There were advance balances totaling Rs. 335.088 million comprising 03 advances amounting to Rs. 135.139 million exceeding 02 years that was given for the construction of the auditorium with 2000 seats in Galle under the rent and work advances and 03 advances of Rs. 199.949 million exceeding one year by the end of the year under review. Nevertheless, action had not been taken to settle those advances</p> | <p>- Do -</p> | <p>Action should be taken to settle the unsettled rent and work advances or take other suitable measure.</p> |
| <p>(vi) Provisions of Rs. 174.793 million out of the provisions of Rs.250 million allocated for the construction of the auditorium had been saved and no acceptable clarification was made in that connection.</p> | <p>As the Cabinet approval was not received, the contract period was not extended after 29 January 2021 and it resulted in the savings of provisions. Those provisions have been returned to the Ministry.</p> | <p>Action should be taken to use the provisions completely.</p> |

(i) A programme for the development of a fully equipped household residential economy centered around two lakhs of Samurdhi families.

(i) A special programme of granting a loan up to Rs.20 lakhs under a concessionary interest rate of 7 per cent had been implemented with the provisions received for the programme from the Ministry Samurdhi, Home Economics, Micro Finance, Self-Employment and Business Development to implement the budget proposals of the year 2021. Under that programme, a sum of Rs. 4.140 million had been given to the Madampagama Divisional Secretary, a sum of Rs. 2.417 million to the Welivitiya Divitura Divisional Secretary for the establishment of domestic shops aiming at 25,000 Samurdhi beneficiary youth entrepreneurs in the Grama Niladharees divisions and Rs. 3.897 million had been given to the Habaraduwa Divisional Secretary. The Divisional Secretariats of Madapagama and Habaraduwa had not implemented the programmes. The Welivitiya Divitura Divisional Secretariat had selected 9 beneficiaries and had paid Rs.500,000 only for one beneficiary.

All procurement activities relating to the programme of the Madampagama Divisional Secretariat has been completed by 31 December 2021.

Due to not receiving the provisions, programme of the Habaraduwa Divisional Secretariat has not been implemented.

It is kindly mentioned that only one of the nine beneficiaries selected by the Welivitiya Divithura Divisional Secretariat has voluntarily returned the Samurdhi Subsidy Form and a loan amount of Rs.500,000 has been issued to the relevant beneficiary.

Necessary steps should be taken to implement the programmes.

(ii) The progress in discharging functions of the relevant programmes was at a low level and on 07 December 2021, the District Secretary had been informed to get back Rs.2 million out of the amount of Rs.

Several projects could not be implemented due to the adverse Covid epidemic situation that prevailed in the country and those provisions have been provided to another office

Necessary action should be taken to implement these programmes which were planned for strengthening the household economy

5.074 million provided under the programme. Accordingly, 39 per cent of the granted provisions had been returned without being used.

in the district which implemented several programmes after the alleviation of that situation in the final quarter of 2021

with the objective of building up the livelihoods that collapsed with the Covid 19 epidemic.

(j) Gram Shakti Janata Movement

(i) Out of the 228 Gramashakthi Janata Societies registered in relation to 19 Divisional Secretariat Divisions, 214 Janata societies were inactive by 31 December 2021 and a balance of Rs. 98.383 million remained inactive as bank deposits of those inactive societies. A sum of Rs.104.240 million deposited by all the societies in the state bank remained idle due to the discontinuation of all the project activities.

In this connection, a policy decision will be taken by the Ministry in the future regarding the activities of the societies. Accordingly, these societies can be activated and implemented in the future.

As the implementation of the objectives of the programme has been impeded for many years and proper guidance was not received, timely action should be taken regarding non-performing bank balances.

(ii) Due to weaknesses in the internal control systems, the relevant project was not properly implemented and as such, Rs. 124.370 million spent thereon during the years 2018 and 2019 had become fruitless.

Due to lack of proper guidance on the future steps of the programme, Gramashakthi societies could not be maintained at a functional level.

A direct answer should be given on the matters mentioned in the observation.

(iii) According to the letter dated 22 March 2021 addressed to the District Secretaries, although the necessity for the more productive use of funds available in the Grama Shakthi Movement for the development activities has been stated, plans have not so far been prepared for that purpose.

The information sought regarding the need to use the money currently available in the accounts of Gram Shakti Societies more effectively for community development activities has been forwarded to the Director General of the Soubagya Development Bureau.

In order to provide at least a small relief to an acute financial deficit in Sri Lanka, these non-functional bank balances should be utilized effectively.

2.4 Certification to be made by the Chief Accounting Officer/ Accounting Officer

Although certification should have been made on the following matters, action had not been taken accordingly.

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>In terms of Section 38 of the National Audit Act, No.19 of 2018, the Chief Accounting Officer and the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the District Secretarial 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. Although that review should be carried out in writing and a report thereof should be submitted to the Auditor General, information was not presented to the audit that such review was made.</p>	<p>It is kindly informed that an internal audit plan was prepared and presented to the required divisions; having conducted an internal audit, reports were submitted; two Audit and Management Committees were conducted; follow ups are being done on the recommendations of that committee and 39 Audit and Management Committees have been conducted relating to the divisional secretariats.</p>	<p>The provisions of Section 38 of the National Audit Act should be followed and reported to the audit.</p>

2.5 Non-compliance with laws, rules and regulations

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

Observations	Value	Non-compliance	Comment of the Accounting Officer	Recommendation
Reference to laws, rules, regulations etc.	Rs.	-----	-----	-----
<p>(a) Financial Regulation of the Democratic Socialist Republic of Sri Lanka. Financial Regulation 104(4).</p>	<p>173,840</p>	<p>A cab had involved in an accident on 19 June 2021 and a cost of Rs. 173,840 had to be incurred to reimburse the damage caused.</p>	<p>The committee report in this regard will be obtained before 31 May 2022 and expeditious further action will be taken.</p>	<p>Having obtained reports on investigations and</p>

Although the relevant accidents had been caused due to negligence of the driver, no action had been taken regarding the accident though it had been 10 by 30 April 2020 after causing the relevant vehicle accident.

be taken accordingly. all necessary activities, it should be reported.

(b) Pubic Administration Circulars

- (i) Public Administration Circular No. 30/2016 dated 29 December 2016 - A fuel check should be carried out after a period of 12 months from each fuel check or after the vehicle is driven for 25,000 km or after a major engine repair, whichever occurs first. Nevertheless, there were 07 vehicles that did not follow the above requirement in the years 2020 and 2021. The fuel balance test has not been done in the years 2020 and 2021 and the fuel balance test of 05 vehicles has been conducted relating to this year. Relevant circular should be followed.
- (ii) Public Administration Circular No. 26/92 of 19 August 1992. - Although the state emblem should be stenciled on the government vehicles, 04 vehicles of the Galle District Secretariat had been driven without being stenciled the state emblem. It is informed that action will be taken to stencil the state emblem on all these vehicles promptly. Action should be taken in accordance with the circular.

2.6 Irregular Transactions

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) Construction of the Official Quarters of the District Secretary,		
(i) Although a staff grade officer who draws a salary exceeding Rs. 30,175 should be provided with government quarters consisting of 1991 square feet as specified in Section 2.3.1 of Chapter XIX of the Establishments Code, contrary to that, a quarters with 10,015 square feet had been constructed and its maintenance expenses alone had been Rs. 1.504 million from the year 2020 to April 2021.	As it is the quarters of the chief staff officer of the District, plans have been drawn to suit that position. It is kindly informed that a sum of Rs. 1,504,688 has been incurred on the water, electricity, assessment tax, and security charges of the District Secretary's official quarters from April 2020 to December 2021 and out of that, Rs. 1,361,662 has been spent on security service.	The provisions of the Establishments Code should be followed.
(ii) During the construction of the District Secretary's official quarters, the contractual company had constructed a drainage system to drain rainwater which is not related to the above work but related to the construction of the adjacent Gabion Wall by irregularly adding additional items of work worth Rs. 3.948 million to the above construction work.	As it is practical to build this drainage system after the construction of the official quarters and it is essential work, the relevant task has been included and carried out as an additional work to ensure the safety of the District Secretary's quarters.	All the constructions should be included and presented in the plan and approval should be obtained for the additional work.

(b) Construction of Gabion Wall in front of the District Secretary's official quarters.

- (i) A sum of Rs. 8.025 million had been spent for the construction work of the Gabion wall in front of the District Secretary's official quarters at Bataganvila. Before the construction of the Gabion wall, the National Building Research Organization had carried out a site inspection on 15 May 2018 following the landslide on the land where the official quarters is situated and issued a report. As the Gabion wall had been constructed without adhering to the recommendations specified in the report, a part of the wall had collapsed on 24 and 25 October 2019 thus causing damages to the wall.
- According to the report of the National Building Research Organization, recommendations have been made to construct a drainage system to drain water from the land where the District Secretary's official quarters is located. Nevertheless, constructions of the Gabion wall had been stated by then. As the construction of the drainage system, which is a recommendation of the above NBRO report, should have been done along with the construction of the official quarters of the District Secretary, the drainage system has been constructed accordingly. Due to heavy precipitation that occurred during the construction, a part of the wall was damaged due to soil erosion.
- A formal inquiry should be conducted on the damage caused and the damage should be recovered from the responsible officers.
- (ii) After the collapse of the relevant Gabion wall, the renovation of the wall according to the report issued by the National Building Research Organization on 10 April 2020 charging Rs. 486,000 on the restoration of the wall and the recommendations therein had not been completed even after 02 years and 06 months from causing damage to the wall.
- The contractor has been informed on several occasions to restore the wall. Nevertheless, he commenced the work in January 2022 and only a part of the Gabion wall has been restored.
- A formal inquiry should be conducted on the damage caused and the damage should be recovered from the responsible officers.

- (iii) Without initiating an inquiry as per Financial Regulation 104 (1) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka regarding the collapse of the Gabion wall, a committee had been appointed on 16 November 2016 after a year from collapsing the wall to assess the damage caused. Further, a preliminary report on the damage had not been furnished within 7 days and a full report had not been submitted within 03 months in terms of Financial Regulations 104 (3) and (4).
- Efforts have been made to get the damaged part of the wall restored by the contractor during that period and later, an assessment committee has also been appointed regarding the damage.
- Suitable measures should be taken regarding the failure to commence inquiries within a reasonable time from causing the damage and not taking action according to the Financial Regulations on the relevant damage. Having appointed an independent investigation board and determined the responsible persons, action should be taken in accordance with the Financial Regulations 156 (1).
- (iv) Since a part of the collapsed Gabion wall has fallen behind the Deputy Chief Secretary's Engineering Services Official Quarters and the other part of the gabion wall has protruded towards the quarters, the quarters has been closed for about 02 years as it is unsafe to reside in the house.
- Action is being taken to restore the wall at present.
- Relevant works should be done to restore the quarters to usable condition.
- (d) (i) Approval of the Secretary to the Minister had not been taken for 2,609 liters of additional fuel worth Rs. 280,373 obtained for the official vehicle of the District Secretary in the years 2020 and 2021 contrary to the Section 04 of the Public Administration Circular No.13/2008 dated 26 June 2008. Accordingly, despite the availability of adequate fuel allowance of the official
- According to the decision taken by the Ministry of Public Administration and Home Affairs at the District Secretaries' Conference held on 15 and 16 August 2013 and in terms of the letter dated 30 September 2013 issued by the Secretary to the Ministry, it is possible to obtain relevant additional fuel if the additional duties have been included in an
- If additional fuel is required, that tours should be approved by the monthly future programmes and executed programmes, and the additional allowances retained in hand should be credited to the government revenue.

vehicle for all the official duties in certain months of 2020 and 2021, additional fuel allowances had been obtained, and additional fuel allowances of Rs. 207,460 obtained for 1,927 liters of fuel in excess of the additional tour requirements of certain months had been retained in hand without being used.

executed programme and approval therefor has been obtained. When the official vehicle of the District Secretariat is driven out of the district for duties, additional fuel has been obtained in specific amount of liters.

2.7 Deposit Balances

The following observations are made.

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
(a) Although a balance of Rs. 167.993 million continued to exist from the year 2015 had been retained in the General Deposit Account due to not completing works relating to 102 road carpeting projects and had elapsed 06 years by the end of the year under review, relevant works had not been done.	It was informed that a committee had been appointed relating to the release of this retention money, a Cabinet paper had not been still submitted relating to that committee report, and there is a possibility to release this retention money after the recovery of receivable advances following the grant of technical recommendations.	Prompt follow up action should be taken in this connection and retention money should be released after being recovered the advances.
(b) No action had been taken to settle the retention money of Rs. 15.968 million included in a General Deposit Account that had been deducted in respect of 33 projects.	It was informed that a committee had been appointed relating to the release of this retention money, a Cabinet paper had not been still submitted relating to that committee report, and there is a possibility to release this retention money after the	- Do -

recovery of receivable advances following the grant of technical recommendations.

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| <p>(c) Seventeen deposits worth totaling Rs. 7.185 million belonging to the Kadawathsatara Divisional Secretariat that had been deposited by the Road Development Authority relating to the acquisition of lands were retained in the General Deposit Account without being released for more than 10 years due to the unsettled cases.</p> | <p>Various reasons have attributed to not releasing the deposit balance of Rs. 7,185,450.</p> | <p>Appropriate measures should be taken by settling the reasons attributed to not releasing the deposits.</p> |
| <p>(d) According to Financial Regulations 571 (2) and (3), no suitable action had been taken in respect of lapse deposits of Rs. 319.531 million.</p> | <p>It is informed that the audit observations are agreed upon.</p> | <p>Action should be taken on the lapse deposits in accordance with the Financial Regulations and it should be reported to the audit.</p> |

3. Operating Review

3.1 Planning

Audit Observation	Comment of the Accounting Officer	Recommendation
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<p>(a) Although Rs.7.994 million had been allocated to establish 03 new Divisional Secretariats in the Galle district, it had not been incorporated in the</p>	<p>Since 3 new Divisional Secretariats called Rathgama, Madampagama and Waduramba had not been physically established at the time of preparation of the 2021 Development Plan,</p>	<p>Since the gazette related to the establishment of 03 new Divisional Secretariats is a gazette dated 29 October 2019, it should have been included in the Action Plan,2021.</p>

Action Plan and the Procurement Plan. those 03 Divisional Secretariats have not been included in the 2021 Action Plan.

- (b) In the Action Plan, although it was targeted to charge Rs.3.5 million rupees for 50 cases of reservation of the Hall de Galle hall in the year and credit it to the government revenue, the actual income earned was Rs. 687,000. It is kindly informed that the expected level of income could not be reached due to the measures that had been adopted to control the Covid 19 situation. As the Hall de Galle hall is the main source of income of the District Secretariat, it should be included in the performance report.

3.2 Abandonment of Projects without Completion

Audit Observation	Comment of the Accounting Officer	Recommendation
Out of the projects included in the Action Plan of the District Secretariat, 133 projects with an estimated cost of Rs. 1,121.372 million related to 18 Divisional Secretariats had been abandoned without being carried out.	Due to the unusual increase in the prices of certain goods last year and the shortage of some goods in the market, these projects had to be abandoned and revised.	Preparation of an Action Plan should be practical and action should be taken to implement all the projects included therein.

3.3 Annual Performance Report

Audit Observation	Comment of the Accounting Officer	Recommendation
According to the Annual Action Plan, out of the allocated capital provision of Rs. 314.500 million, a sum of Rs. 135.802 million had been spent and as a percentage, it was as low as 43 per cent of the allocated provision.	It is kindly informed that the clarification made in Form ACA-2 (ii) in the Financial Statement, 2021 is applicable in this connection.	With the fully use of allocated provisions, a higher contribution should be made to the development process of the country.

3.4 Procurements

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
In terms of Sections 4.2 (a), (b), and (c) of the Government Procurement Guidelines 2006, the procurement entity should prepare a procurement plan for a period of 03 years. Nevertheless, the master procurement plan had been prepared only for the year 2021.	The master procurement plan has been prepared only for the coming year thus far.	Action should be taken in accordance with the Government Procurement Guidelines.

3.5 Assets Management

The following observations are made.

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
(a) A cab belonging to the District Secretariat which had been given to the Galle Heritage Foundation was handed over again on 14 October 2019 and it was observed that the cab was decaying close to a garage nearly for 02 years due to not taking action in accordance with the Section 128 (e) of the Financial Regulations of the Democratic Socialist Republic of Sri Lanka. The information that should be recorded in accordance with the log entry of the vehicle was also not stated.	This was owned by the Galle Heritage Foundation from 2012 to 2019 and removed from use with effect from May 2019. Maintenance of the log book should be carried out by the Galle Heritage Foundation.	As the value of the car further decreases due to the car is decaying in the open air over a long time, it should be immediately disposed of.

(b) Official Quarters of the District Secretariat

- (i) The official quarters reserved for the Administrative Officer of the District Secretariat had been maintained as an office for a private secretary to the Prime Minister and a former deputy minister since the year 2004. Its handing over to the District Secretariat in the year 2015 had not been properly carried out.
- After being assigned the quarters to the Secretary to the Prime Minister, although it had been handed over to the government, it was used by a former deputy minister. As there was a risk of being damaged and alienated this property, action was taken by the District Secretariat to take it over.
- Provisions of the Establishments Code should be followed in handing over the properties of the government for the use of another party.
- (ii) Without being obtained approval from the line ministry, this building had been handed over to the Galle Heritage Foundation on 07 June 2018 and the Ministry of Public Administration had informed that an assessment report should be obtained and the relevant building should be given to the relevant institution on rental basis after being contracted the said amount. Nevertheless, the relevant assessment reports were not obtained and the process of rent calculation was not started even up to the date of the audit on 31 May 2022.
- As the Galle Heritage Foundation is a statutory body and this building has been handed over to a statutory body on a temporary basis to maintain the office, it has been so given without an agreement consisting of conditions and in response to the letter sent to the Ministry of Home Affairs seeking necessary instructions regarding the collection of rent, the Ministry of Public Administration has informed to obtain a valuation report according to the recommendation of the assessor regarding this government quarters and to enter into an agreement for the same amount and give it on the rent basis. According to the instructions received, letters have been referred to the Galle District Assessment Department to provide the assessment report.
- Rent should be recovered by promptly obtaining the assessment report and it should be reported to the audit.

As there is no possibility to start the calculation of rent due to the unavailability of assessment reports owing to the existing problem of assessment numbers, further action will be promptly taken after the receipt of assessment reports.

- (c) Although affiliated official quarters had been established for 13 out of 22 Divisional Secretariats, official quarters of 10 Divisional Secretariats remained underutilized or unoccupied by the officers. Although the purpose of the construction of quarters is to facilitate the duties of the area of authority, that objective had not been fulfilled.
- The quarters of the Balapitiya, Bope Poddala, and Gonapinuwala Divisional Secretariats are being occupied at present. Necessary repairs of the quarters of the Karandeniya, Baddegama, Niagama, Neluwa, Hikkaduwa Divisional Secretary quarters are in progress.
- The Yakkalamulla Divisional Secretariat's official quarters has been used for other purposes.
- The official quarters constructed with the objective of rendering the efficient services of Divisional Secretaries should be used only for the residence.

3.6 Losses and Damages

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
Two vehicles of the Ambalangoda Divisional Secretariat had met with an accident in the year 2020 and the relevant damage was Rs. 217,600. Of which, Rs. 141,650 was received as the insurance indemnity and action had not been taken as per Financial Regulation 104 regarding the remaining loss of Rs.75,950.	Two cases regarding these accidents are being tried at the District Court and further action will be taken after the receipt of the judgement.	Further action should be completed after the receipt of the judgement.

3.7 Management Weaknesses

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
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<p>(a) Licences for 41 firearms registered with the District Secretariat had not been obtained for a period from 02 years to 13 years and no follow-up was done regarding the firearms. Further, there were 08 cases where licences were not extended and firearms were not returned after the completion of the age of 65 years and 04 cases where the firearms were not returned after the completion of the age of 70 years. Although the Superintendents of Police of Galle and Elpitiya were informed to take legal action in that connection, it was not so done.</p>	<p>The Senior Superintendent of Police Elpitiya/ Galle is annually informed to take necessary legal action after sending the final letters to the licence holders relating to the renewal of licences.</p>	<p>A written notification should be made to the effect that licences for all the registered firearms should be obtained before the end of the licence renewal period annually. Follow-up action should be taken regarding the return of firearms after completing the age of licensed firearms owners.</p>
<p>(b) The Gonapinuwala Divisional Secretariat had not provided Grants to 26 housing beneficiaries who were displaced by the tsunami disaster that occurred on 26 December 2004.</p>	<p>Under the mobile service conducted on 03 March 2022, the present residents were summoned to the office and initial investigations were carried out according to the 2008/04 circular. Preparation of Grants for them has been initiated and action will be taken to complete it immediately.</p>	<p>Investigations should be conducted on the families who have not so far been provided Grants and action should be taken to award the Grants to suitable persons.</p>

- (c) Out of 66 Grants provided to the Welivitiya Divitura Divisional Secretariat, 44 Grants had not been awarded even by 31 December 2021. Out of those Grant holders, 4 Grant holders had died.
- The heirs should be clearly identified and necessary measures should be taken regarding that matter. It is kindly stated that necessary measures will be taken to hand over the said Grants to the heirs or to cancel the said Grants after confirming that there are no heirs to the Grants in the future.
- Action should be taken to distribute the Grants.
- (d) Thirty four Instruments of Disposition issued under the Land Grants Special Provision Act in the years 1981, 1983 and 1989 relating to the Grama Niladharees' divisions of 198 B Gothatuwa, 198 A Baddegama, 184 Baddegama North and 1989 C Ellakanda Wathurawa belonging to the Baddegama Divisional Secretariat had been retained in the office due to inability to issue to the beneficiaries.
- Action will be taken to cancel 29 Instruments of Disposition after further examining. Further action regarding the remaining Instruments of Disposition will be taken after reaching an agreement with the persons.
- Instruments of Disposition should be provided to the beneficiaries in time and in case of failure to do so, the Instruments of Disposition should be canceled after taking appropriate measures.
- (e) As at 31 December 2021, no action had been taken to recover Rs. 22.368 million (including late fees) of outstanding excise licence revenue due from the year 2011 from 20 licensees belonging to the Habaraduwa Divisional Secretariat. Further, 18 establishments had carried out business activities without obtaining excise licences by paying licence fees in accordance with Section 7 of Excise Notification 902.
- The functions such as to inform the Commissioner General of Excise about the information of the licensees whose licences have not been renewed, sending a written notification to all the excise licensees informing them to take steps to obtain the excise licence, and collecting licence fees and late fees in arrears are the functions that have been assigned to us. It is informed that the Divisional Secretariat has no powers to deal with this matter and the Excise Department should take action in this connection.
- As the recovery of excise licence fees and late fees has been entrusted to the Divisional Secretary, measures should be taken to recover the arrears of licence fees mentioned and to inform the Commissioner of Excise.

4. Achievement of Sustainable Development Goals

The following observations are made.

Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
(a) The stakeholders involved in the functions of the District Secretariat relating to the implementation of sustainable development goals had not been identified.	Nineteen Divisional Secretariats had been identified as the stakeholders involved in the functions of the District Secretariat relating to the implementation of sustainable development goals and the activity plans of those offices for the year 2021 had been included in the Activity Plan of the District Secretariat.	The external stakeholders for the sustainable development goals should be identified.
(b) In terms of Circular No. MSDW/08/65 dated 27 April 2018 of the Ministry of Sustainable Development and Wildlife, two senior officers had not been nominated and referred to the Ministry of Sustainable Development and Wildlife to coordinate the achievement of sustainable development objectives at the institutional, provincial and national levels according to a national level strategic management plan.	Even though the Ministry of Sustainable Development and Wildlife has queried this matter, the District Secretariat has not nominated officials. As the ministry is also not functioning at an operational level at present, there is no entity to seek further advice. It is informed that if the ministry that belongs this scope desires to nominate officers, there is a possibility to nominate officers.	Action should be taken in accordance with the relevant circular.

5. Human Resource Management

5.1 Approved Cadre and the Actual Cadre

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>(a) There are vacancies in 05 senior level officers, 22 tertiary level officers, and 03 primary level officers. While there is an excess of 114 Development Officers, 10 officers in the post of Information Technology Assistant and 01 officer in the post of Development Coordinator belong to the secondary level and there are vacancies in 15 posts of Technical Service Officer, 55 posts of Management Service Officer, 146 Grama Niladharee posts and 02 posts of Project Officer.</p>	<p>The District Secretary does not have the appointing authority powers of any officers belonging to the approved staff attached to the District Secretariat and Divisional Secretariat.</p> <p>As the District Secretary does not have the proper powers to fill vacancies, sending the reports relating to filling those vacancies to the appointing authorities concerned has been properly carried out.</p>	<p>Vacancies should be filled properly and appropriate measures should be taken with regard to the excess staff.</p>
<p>(b) (i) A transfer policy had not been duly implemented for 189 officers attached to each division of the Welivitiya Divitura Divisional Secretariat and 35 officers had served in that Divisional Secretariat for a period of 08 years from the date of the first appointment.</p>	<p>The Management Service Officers, Development Officers, Technology Officers, Karyala Karya Sahayaka Officers as well as Officers assigned by other Ministries and Departments are employed in this office and it is kindly stated that their transfers and internal postings are done by the heads of respective institutions.</p>	<p>A formal transfer policy should be established.</p>

- (ii) Even though 5 officers had applied for annual transfers from 02 to 06 instances, they had not been transferred and as such, those officers had served in the Welivitiya Divisional Secretariat for a period of 06 to 21 years.
- It is kindly stated that the applications of the officers who apply for transfers under the annual transfers will be recommended and referred to the Director General of Establishments, and the heads of respective institutions and to the District Secretary. It is kindly mentioned that out of the officers who applied for transfers for the year 2022, one Management Service officer has been transferred to the Ambalangoda Divisional Secretariat.
- A formal transfer policy should be established.