

## Head 320–Civil Security Department

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### 1. Financial Statements

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#### 1.1 Qualified Opinion

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The audit of the financial statement of the Civil Security Department 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 including my comments and observations on the financial statements of the Civil Security Department was issued to the Accounting Officer on 27 July 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 Department was issued to the Accounting Officer on 15 August 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 Civil Security Department as at 31 December 2021, and its financial performance and cash flow for the year then ended in accordance with Generally Accepted Accounting Principles.

#### 1.2 Basis for Qualified Opinion

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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 (SLAuS). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### 1.3 Responsibilities of the Chief Accounting Officer and the Accounting Officer for the Financial Statements

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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 such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Sub-section 16(1) of the National Audit Act No. 19 of 2018, the Civil Security Department is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared.

As per Sub-section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that effective internal control system for the financial control of the Civil Security Department exists, 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

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My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional 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 Department’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 and Regulatory Requirements

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I express the following matters in accordance with 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 for the preceding year had been implemented.

1.6 Comments on Financial Statements

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1.6.1 Accounting Deficiencies

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a) Receipt of Revenue

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Audit Observation	Comment of the Accounting Officer	Recommendation
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The Civil Security Department collects a considerable revenue through lease rents on Government buildings and houses; agricultural , livestock	The Department had requested a separate Head of revenue, and reminders have also been sent in that connection.	Action should be taken to obtain a separate Head of revenue for the Department.

and other; music and dancing ; security services; and, construction and maintenance services. Total of the revenue so collected in the year under review amounted to Rs. 769.58 million. Action had not been taken to request the Department of Fiscal Polices to maintain a separate Head of revenue in order to account the said revenue being earned annually.

#### 1.6.2 Property, Plant and Equipment

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>The value of closing balance shown in the statement of non-financial assets under the other machines and equipment, totaled Rs. 914.14 million by the end of the year. According to the information furnished to the Audit with respect to those assets, the closing balance of the year amounted to Rs. 112.1 million thus indicating a difference of Rs. 802.04 million.</p>	<p>The balance in the Register of Fixed Assets of the Cigas software and the balance in the financial statements are equal.</p>	<p>Action should be taken to identify the differences and correct them.</p>

#### 1.6.3 Non-maintenance of Registers and Books

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>A CC-10 Register had not been maintained for the loans and advances obtained by the officers of the Department; instead, loan balances and recoveries had been maintained in spreadsheets on computer.</p>	<p>Action has been taken to use and maintain CC-10 Registers from the year 2022.</p>	<p>Loans and registers of advances should be maintained on the CC-10 Format in terms of Section 05 of the State Accounts Circular, No. 256/2017 dated 05 July 2017.</p>

## 2. Financial Review

## 2.1 Management of Expenditure

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) The provision of Rs. 1.5 million made under the Object, 320-1-01-1102 relating to foreign travel expenses, had been saved in full.	Foreign tours were restricted due to spread of global pandemic, thus saving the provision.	Action should be taken to prepare estimates as accurate as possible in terms of Financial Regulation 50.
(b) Of the total net provision of Rs. 246.5 million made for 05 capital Objects, a sum of Rs. 100.55 million had not been utilized whilst a sum of Rs. 1.41 Billion had not been utilized out of the total net provision of Rs. 6.89 Billion made for 17 recurrent Objects. Those savings ranged between 07 per cent and 83 per cent of the net provision made.	Those savings occurred due to reasons such as, failure in properly placing orders to obtain goods and services in the wake of Corona outbreak, and suppliers had become discouraged due to impact of the Dollar rate.	- Do.
(c) As excess provision had been made under 04 recurrent Objects and a capital Object, sums of Rs. 106 million and Rs. 11 million had respectively been transferred to other Objects under Financial Regulation 66.	As the National Budget Department had not given provision as required, provision had to be so transferred in order to manage the expenses.	- Do.

- (d) The sums of Rs. 04 million and Rs. 72 million transferred for a recurrent Object and a capital Object respectively in terms of Financial Regulation 66, had been saved in full by the end of the year. Furthermore, provision totaling Rs. 41 million had been transferred for 03 Objects including a capital Object in terms of Financial Regulation 66, and a sum totaling Rs. 13 million equivalent to 32 per cent of that provision, had been saved by the end of the year.
- Those savings occurred due to reasons such as, issues arisen in importing goods in the wake of Corona, closure of Government and private sector institutions, and postal and transport activities being crippled.
- Do.

## 2.2 Incurring Liabilities and Commitments

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Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) Liabilities valued at Rs. 140.16 million had not been disclosed in the financial statements.	The said amount has been included in the value of liabilities existed by the end of the year.	The accurate value of liabilities should be disclosed in the financial statements.
(b) The Department had failed even by 31 March 2022 to settle the liabilities valued at Rs. 142.69 million pertaining to 15 Objects in the year under review.	This situation was attributable to the suppliers who failed to present the bills on time owing to Corona outbreak.	Action should be taken for the prompt settlement of liabilities.

- (c) Due to Financial Regulations 94(1), and 214 being disregarded, there existed 51 items of liabilities continuing over one month, and the value thereof totaled Rs. 2.1 million. - Do. - Do.

### 2.3 Non-compliances with Laws, Rules, and Regulations

Instances of non-compliances with provisions of Laws, Rules and Regulations observed in audit test checks are analyzed below.

Reference to Laws, Rules, and Regulations	Audit Observation ----- Non-compliance	Comment of the Accounting Officer	Recommendation -----
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(a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka.			
(i) Financial Regulation 104 (3), (4).	Preliminary or detailed reports had not been made available with respect to an accident caused to a vehicle of the Department.	A system of internal control has been put in place to comply with what is pointed out.	The relevant Financial Regulation should be followed.

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| (ii)  | Financial Regulation 396 (d).               | Action had not been taken in terms of the Financial Regulation on 39 cheques worth Rs. 569,311 that had remained unencashed for a period of over 06 months.   | The suppliers have been informed that those cheques be cleared.                                       | - Do. |
| (iii) | Financial Regulation 770 (4), 770 (a), (b). | There existed 25 vehicles withdrawn from normal use during the preceding years including vehicles withdrawn from normal use prior to the year 2020 as well. Furthermore, a vehicle withdrawn from normal use in the year under review was decided not to be in running condition, but no action had been taken to dispose those vehicles. | The relevant Regulations will be followed once approval of the Secretary to the Ministry is received. | - Do. |
| (iv)  | Financial Regulation 880 and 891.           | Officers of 06 executive posts and 03 secondary posts who should give securities had not done so.   | Action will be taken to obtain securities from those officers.  | - Do. |



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| (v) Financial Regulation 1645 (a).  | Although log books had been maintained on 17 vehicles of the Department, essential details had not been recorded in an updated manner. | The transport divisions have been instructed to update the log books.  | - Do. |
| (vi) Financial Regulation 1647 (e). | The register of vehicles maintained by the Department did not mention the date of release or return of each vehicle.                   | Instructions have been given to update the log books of those vehicles by including the necessary information. | - Do. |
- (b) Public Administration Circulars.
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| Section 3.1 of the Circular, No. 30/2016 dated 29 December 2016. | Fuel consumption tests had not been conducted in the year under review or the preceding years on 426 vehicles and 205 motorcycles being used by the Department. | Those tests have been delayed considering the fuel crisis at present day. | - Do. |
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#### 2.4 Issue and Settlement of Advances

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Audit Observation	Comment of the Accounting Officer	Recommendation
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(a) Of the distress loans, and festival and special advance balances totaling Rs. 13.17 million	A Board has been appointed either to recover or write off those loan balances. Action will	Those loan balances should be recovered without delay in accordance with

receivable from 220 officers who had vacated their posts in the preceding years, the value of balances remained due over 03 years totaled 9.4 million. Furthermore, there also existed a festival, distress and special advance balance of Rs. 3.25 million receivable from 75 officers who had vacated their posts in the year under review. Recovery of those balances remained poor. The recoverable distress loan balance totaling Rs. 605,466 pertaining to 04 officers who had vacated their posts in the year under review, was shown in the accounts as being recoverable from officers still in service whilst a loan balance of Rs. 133,550 receivable from an officer who had vacated the post, was omitted in the accounts.

- (b) The distress loan balances of Rs. 2.03 million and Rs. 2.57 million receivable from 12 retired officers and 19 deceased officers respectively had been omitted in the accounts. The Department had failed either to provide an age analysis on those loan balances or recover them. Furthermore, the balances

be taken in due course as per the report of the Board.

Instructions have been given to recover those outstanding loan balances from their pensions. Action will be taken in due course to accurately prepare the age analyses with unaccounted loan balances being brought to accounts.

provisions in Section 4.3 of Chapter XXIV of the Establishments Code. The receivable loan balances should be accurately disclosed in the accounts.

Those loan balances should be recovered without delay in accordance with provisions in Sections 4.2 and 4.4 of Chapter XXIV of the Establishments Code. Accurate age analyses should be maintained with respect to receivable

of distress loans, festival and special advances totaling Rs. 516,260 and pertaining to 37 retirees had been shown in the accounts as being less than one year, but there existed loan balances continued to exist over one year.

loan balances.

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| (c) | Action had not been taken to recover the balance of distress loans, and festival and special advances totaling Rs. 10.94 million that had remained due from 322 officers in service from the year 2019 up to the end of the year under review. | Action will be taken for the prompt recovery of those loan balances. | The loan balances should be recovered without delay. |
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## 2.5 Operating Bank Accounts

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Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
The balance of unidentified receipts valued at Rs. 23.79 million existed in a bank current account maintained by the Department since the year 2020, had been transferred to a deposit account instead of being properly brought to accounts after being identified.	Action will be taken to identify and account this balance.	Action should be taken to properly account the loan balances after being identified without delay.

## 2.6 Irregular Transactions

Audit Observation	Comment of the Accounting Officer	Recommendation
A number of 442 officers who had either vacated their posts, been retired or deceased in the year under review or the preceding years after serving the Department, were deemed to be still in service thereby paying a sum of Rs. 10.08 million as salaries. Only a sum of Rs. 2.36 million had been recovered from those payments.	Action will be taken for the prompt recovery of overpaid amount.	The system of internal control should be strengthened in respect of paying salaries whilst taking action for the prompt recovery of overpaid salaries.

## 2.7 Transactions of Fraudulent Nature

Particulars on a transaction of fraudulent nature observed in audit test checks, are as follows.

Audit Observation	Comment of the Accounting Officer	Recommendation
A sum of Rs. 584,200 had been paid in favor of a bill for the purchase of building materials such as cement, stone, and sand from a private supplier in the area relating to improving and concreting the internal roads in length of 903 feet the width of which was 16 feet at the Kataragama office of the Department in the year 2016. However, the building materials have not been received by the Kataragama Office thus far, and the repair had not been carried out as well.	An inquiry is in progress in this connection, and further action will be taken after conclusion of the inquiry.	System of internal control should be strengthened relating to the procurement activities and payment of vouchers. Disciplinary action should be taken against the parties responsible for fraudulent transactions thereby recovering the losses.

### 3. Operating Review

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#### 3.1 Failure to Achieve the Outcome

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Audit Observation	Comment of the Accounting Officer	Recommendation
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<p>The Department has been maintaining a cashew cultivation project in Kondachchi, Mannar over an area of 1,200 acres comprising 27,000 cashew trees. Comparing the revenue and expenditure for the 05 preceding years, the expenditure had exceeded the revenue by Rs. 10.6 million. It was observed that the loss would be further increased had the expenditure on salaries of the 180 civil security personnel deployed therein was taken into consideration. A number of 120 civil security personnel had been deployed to secure the cultivation from wild elephants, and only 14,700 cashew trees had been numbered and recorded. Furthermore, harvesting and recording process was done without proper supervision, and sufficient storage facilities had not been provided for storing the harvest.</p>	<p>Action will be taken in due course to erect an electric fence around the cultivation, number the cashew trees, properly supervise the harvesting process, and provide enough storage facilities.</p>	<p>Action should be taken to properly manage the cultivation, harvesting, and storing process thus minimizing the expenses by achieving the outcome.</p>

### 3.2 Failure to Achieve the Output

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Audit Observation	Comment of the Accounting Officer	Recommendation
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<p>It was scheduled to provide security for 350 Government institutions as per the Action Plan, but only 99 institutions had been provided with security thus indicating a physical progress of 28 per cent. Furthermore, targets of the projects relating to securing archaeological sites, prevention of Dengue, controlling Corona, assisting the Police, and beautification of towns, had not been properly mentioned in the Action Plan.</p>	<p>It had been planned to attach officers at 617 locations relating to 101 institutions in the year 2021. Accordingly, services had been supplied to the expected locations.</p>	<p>Targets in the annual Action Plan should be mentioned quantitatively. Action should be taken to fulfill the targets.</p>

### 3.3 Delays in Implementing Projects

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Audit Observation	Comment of the Accounting Officer	Recommendation
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<p>With the objective of promoting agriculture in line with the Honorable Presidents concept of Vistas of Prosperity, a sum of Rs. 18.37 million including Rs. 17.67 million spent on purchasing construction materials and equipment, had been spent in the year under review to construct a green house for a chili cultivation at a land of 20 acres maintained by the provincial office in Kebitigollewa of the Department. As those expenses had been incurred without a proper</p>	<p>The audit observation is acknowledged. Having disregarded the 20 acre plan, a pilot project will be implemented at an area of 04 acres by making use of the items already purchased. When similar projects are implemented in the future, feasibility studies will be conducted after being properly planned.</p>	<p>The projects should be implemented after conducting a proper feasibility study.</p>

feasibility study, the project could not be implemented and had become unsuccessful.

### 3.4 Projects Failing to Reap the Expected Benefits

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Audit Observation	Comment of the Accounting Officer	Recommendation
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<p>Considering the projects implemented by the Department using civil security personnel in all the districts, audit test checks were conducted on the projects implemented by the provincial offices in Kataragama, Monaragala, Ampara, Uhana, and Mahaoya involving items such as, besoms, eakles, flower pots, bricks, fresh milk, newspaper covers, sewing, brooms, ornamental fish, clay pots, sweets, and smoked fish. A revenue of Rs. 08 million had been earned by those projects in excess of the expenditure during this period. However, had the cost on salaries of the personnel been taken into consideration, the expenditure in excess of the revenue totaled Rs. 76.5 million. As the bills/registers on the purchase of items for those projects, as well as revenue registers on the sale of relevant products were not available, it remained questionable as to whether an actual production process had taken place or the projects had in fact been implemented. Furthermore, considering the cost on salaries, many of the projects were not cost effective, but the top level management had not drawn their attention on achieving the expected goals through the implementation of projects with productivity.</p>	<p>Many unsuccessful projects have been abandoned by now, and more productive projects have been implemented.</p>	<p>Attention should be brought on the cost effectiveness of the projects. Action should be taken to achieve the expected outcome.</p>

## 3.5 Procurements

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) A Procurement Plan had not been prepared for a period of 03 years. The number of units of items to be procured incurring Rs. 167 million had not been mentioned in the Procurement Plan prepared for the year under review.	Action will be taken to prepare a triennial Procurement Plan from now on. It is not practically possible to separately show the goods and equipment pertaining to all of the Heads of expenditure.	Plans should be prepared in accordance with the Procurement Guidelines.
(b) The following matters were generally identified relating to the procurements worth Rs. 65 million carried out in the year under review by following the shopping method/national competitive bidding.		
(i) Bids had been requested from more than 200 institutions, but the number of bids received was less than 10. Emails or postal receipts were not made available to the Audit in order to verify that the bid documents had been sent to the bidders.	At present, the suppliers registered with the Ministry of Defense are selected whilst the suppliers are also selected using rainbow pages. Action will be taken in due course to include the emails in the relevant files.	Alternative methods should be looked into in order to request for bids. The necessary information should be made available to the Audit.
(ii) It was not revealed in audit as to whether the bids had been received through registered post or the tender box. Registers had not been maintained on bids received either through registered post or the tender box.	Action will be taken in due course to maintain those registers.	Those registers should be maintained.



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| (iii) As for certain purchases, a large number of suppliers had been registered under each category of supply. But bids had been requested from a very limited number of suppliers, and the basis on which they had been selected was not disclosed to the Audit. | Such information will be made available in due course.  | The basis followed in selecting the bidders should be disclosed to the Audit.   |
| (iv) Having disregarded the criteria mentioned in Guideline 3.3 of the Procurement Guidelines, the limited/national competitive bidding method had been followed for some of the purchases.   | It is agreed with those recommendations. The Procurement Guidelines will be followed in due course.   | The most suitable method of procurement should be selected in accordance with the Procurement Guidelines.   |
| (v) Documents relating to the appointment of Technical Evaluation Committees and bid opening committees were not made available to the Audit.   | Action will be taken to file those documents in due course.   | Those documents should be made available to the Audit.  |
| (vi) Technical Evaluation Committees comprising the same group of officers had been appointed on miscellaneous goods and equipment.   | Due to the limited availability of officers with professional expertise, those officers are appointed to the Committees oftentimes to obtain recommendations of the Technical Evaluation Committee. | According to Procurement Guideline 2.8.1 (b), TECs should consist of subject specialist/s, and at least one member who is sufficiently knowledgeable on Procurement procedures. |
| (vii) Bids had not been opened in the presence of the bidders or their representative/s who wish to attend contrary to Procurement Guideline 6.3.3 (b).   | It is agreed with those recommendations. The Procurement Guidelines will be followed in due course.   | Action should be taken in accordance with the Procurement Guidelines.   |
| (c) Matters observed with respect to each procurement, are as follows.  |   |   |
| (i) As for the procurement of goods and equipment for the   | As instructions had been given by the Honorable   | Procurement Guidelines should be  |

chili cultivation project in a greenhouse incurring a sum of Rs. 17.67 million under 11 files, the goods had been received by the stores before executing the procurement activities such as, opening bids, providing Technical Evaluation Committee recommendations, granting decisions of the Procurement Committee, and ordering the items. After making the purchases, forged documents had been prepared to verify the legality in order to misguide the Audit. As the procurements had been done expeditiously, the goods and equipment purchased under 04 files by making an overpayment of Rs. 3.23 million had remained stored over a period of one year without being used. As such, one year warranty period of electric items had lapsed without being utilized. The number of minimum bids that should be obtained under the shopping method, had not been obtained. In purchasing 02 Rotavators at a sum of Rs. 2.78 million under the stock of those goods and equipment, bids had been opened by one member, and the lowest bid that complied with the specifications, was rejected thereby proceeding with the procurement under a higher bid value of Rs. 1.98

President that the said project be implemented expeditiously, the officers had acted accordingly. It is acknowledged that this procedure was not correct, and a similar situation will not be allowed to take place in due course. Many business premises were not open due to spread of Corona, and hence, market prices were inspected through field inspections thereby procuring items from the suppliers who provided the lowest prices. Thereafter, the documents were forwarded to the procurement division for procurement procedure.

followed when making procurements in a manner favorable to the Government.

million. As for the purchase of Insect Proof Nets incurring a sum of Rs. 05 million, two products with minimum bids from Taiwan and Israel that had satisfied the requirements of the specifications, were turned down without being justified, and the procurement had been done under higher bids. Contract agreements had not been entered into when purchasing building materials and spray machines at an expenditure of Rs. 3.75 million.

- (ii) The minimum number of bids had not been obtained as per Procurement Guideline 2.14.1 when purchasing 13,000 kilograms of black polythene at an expenditure of Rs. 9.83 million, nor had specifications been prepared contrary to Guideline 5.6. Furthermore, recommendation had been given that the quality was higher without obtaining a quality assurance report, and the stock of polythene had been purchased from a supplier with a higher bid value by making an overpayment of Rs. 4.12 million. Although a period of over 05 months had lapsed since the purchase of polythene, 99 per cent of the stock or 12,862 kilograms of polythene worth Rs. 09 million had not been made use of.
- The supplier institutions remained closed due to Covid-19 pandemic. The institutions that remained open had difficulties in making supplies. As such, the purchases had been made considering the bids received. A certificate of standard provided by an agricultural consultant was used as a specification. There were delays in distribution due to lack of transport facilities following the crisis prevailing in the country.
- Procurement Guidelines should be followed when making procurements in a manner favorable to the Government. Purchases should be made by identifying the requirement.

- (iii) Specifications had not been prepared for the purchase of 408 tyres, 345 tubes and 187 collars incurring a sum of Rs. 9.38 million, and the bid documents had not been vetted and approved in terms of Guideline 5.3.1 (d). Furthermore, documents had not been requested to examine the prior experience of the bidders, and contrary to Procurement Guideline 7.7 (b), criteria not specified in the bid document had been used in evaluating bids thus selecting the supplier biasedly. Had the purchase been made from suppliers who had presented lowest unit prices rather than purchasing the entire stock from the same supplier, a sum of Rs. 632,378 would have been saved by the Government.
- (iv) The minimum number of bids had not been obtained contrary to Procurement Guidelines 2.14.1 for the procurement of LED Lights at an expenditure of Rs. 9.54 million. Having disregarded the Guideline 7.7 (b), criteria not specified in the bid document had been used to evaluate the bids thus selecting the supplier biasedly. As such, the purchase had been made on an overpayment of Rs. 3.09 million.
- Action will be taken to approve the bid documents in the future procurements. The Technical Evaluation Committee had given recommendations that the items be purchased from the supplier with the lowest duration of supply. Due to scarcity of tyres at the market due to Covid-19 pandemic, those items could not be obtained even from several suppliers. As such, the orders were placed to the same institution.
- Many suppliers remained closed due to Covid-19 pandemic, and only three suppliers had provided bids. The Guideline 7.7(b) will be followed in due course.
- The Procurement Guidelines should be followed, and the procurement activities should be done in a manner favorable to the Government.
- The Procurement Guidelines should be followed, and the procurement activities should be done in a manner favorable to the Government.

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| <p>(v) When purchasing 3999 sarees for preschool teachers incurring a sum of Rs. 6.6 million, the minimum number of bids had not been obtained contrary to Procurement Guidelines 2.14.1. Those sarees had a warranty period of 06 months, but at the time of being examined by the Audit, the stores had 854 sarees worth Rs. 1.3 million having been received 07 months ago. Those sarees remained without being distributed even after one month since the lapse of warranty period. Furthermore, 504 sarees worth Rs. 770,001 and received by the stores 02 months ago also remained without being distributed.</p> | <p>Bids had been invited from the suppliers registered with the Ministry of Defence. Action is being taken to expeditiously distribute those sarees among the preschool teachers.</p> | <p>The Procurement Guidelines should be followed. Procurements should be done by properly identifying the requirements.</p>                                      |
| <p>(vi) As for the purchase of 09 types of Toners at an expenditure of Rs. 4.74 million, documents including the relevant Procurement Committee reports had been prepared bogusly after making the purchase.</p>  | <p>Agreed with the audit observation.</p>   | <p>Procurement activities should be done in terms of Procurement Guidelines ensuring transparency.</p>   |
| <p>(vii) When purchasing building materials at an expenditure of Rs. 1.99 million, the minimum number of bids had not been obtained as per the Guideline 2.14.1. Although bids had been invited from 10 institutions, only one bid had been received. As such, it was decided to invite for bids again, and in that instance, the</p>   | <p>The officers have been instructed to obtain the minimum number of bids. Bids were subsequently requested from the same institutions as in the first instance by mistake.</p>       | <p>Action should be taken in terms of the Procurement Guidelines. Procurements should be done with competitive bids in a manner favorable to the Government.</p> |

bids were requested from the same 07 institutions from which bids had been requested earlier. Thus, one bid had been received in the second instance as well, and hence, the purchase had been made sans competition.

- (viii) As for the purchase of building materials incurring a sum of Rs. 1.73 million, suppliers registered under the appropriate category of items had not been selected to request for bids. As such, the procurement activities had to be done again incurring costs anew, and the estimated value had been exceeded by 81 per cent.
- (ix) Specifications had not been prepared for the purchase of 241 Band Uniform Caps and Leather Gates at an expenditure of Rs. 1.33 million. Contrary to Guideline 7.7(d), the supplier had been selected considering "specimen" as criteria that had not been mentioned in the bid documents.
- (x) Bids had been submitted by a bidder from whom bids had not been requested in respect of purchasing porcelain items worth Rs. 1.14 million. At the time of purchase, the cost estimate had been exceeded by Rs. 784,769 or 218 per cent.
- Bids had been requested from the Aluminium manufacturers registered under the Ministry of Defense. The estimate was exceeded due to increase in the market prices.
- It is necessary to verify as to whether the suppliers possess enough stocks and are capable of supplying within the specified duration. The estimates should be prepared as accurate as possible.
- Instructions have been given to prepare detailed specifications for future procurements and include a paragraph into the bid documents relating to providing specimens.
- The Procurement Guidelines should be followed.
- Agreed with the audit observation. The estimate had been exceeded as the items purchased contained Department emblem and a golden line imprinted.
- Only the bids requested by the entity should be evaluated. The estimates should be prepared as accurate as possible.

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| (xi) As for the purchase of 567 units of 200 ml containers of insecticides at an expenditure of Rs. 1.13 million, the estimate had been exceeded by 198 per cent whilst the minimum number of bids had not been obtained contrary to Procurement Guideline 2.14.1. Furthermore, only one officer had involved in bid opening contrary to Guideline 6.3.3(a). | Only two institutions had submitted bids. As insecticides should be applied to the cashew cultivation on time, two prices had to be taken into consideration. Instructions have been given to ensure the presence of quorum of the Committee when bids are opened in due course. | The Procurement Guidelines should be followed. |
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### 3.6 Repairing Vehicles

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Audit Observation	Comment of the Accounting Officer	Recommendation
a) Having deviated from Procurement Guideline 9.3.1(b) and without prior approval of the Secretary to the Line Ministry, two vehicles of the Department had been sent for repairs to a private garage for an expenditure of Rs. 4.85 million. Bids had been opened with the participation of only two members of the Committee without informing the bidders. Although the vehicles had been sent for repairs under the agreement that the repair be completed within 14 days, repairs had not been completed even after a period of 03 years. This situation had affected	Repairs have been completed over 90 per cent. Approval of the Line Ministry has been sought to obtain the vehicles from the garage. Instructions have been given to follow the Procurement Guidelines in the future.	Action should be taken as per Procurement Guidelines. Assets of the Department should be secured.

the security of the vehicles as well. Furthermore, an agreement had not been entered into with the relevant institution in terms of Guideline 8.9.1.

- b) Contrary to Procurement Guideline 2.8.1(a), the same officer had officiated as the Chairman of the Procurement and Technical Evaluation Committees when a Cab of the Department had been repaired at an expenditure of Rs. 40,180.
- Instructions have been given to follow the Procurement Guidelines in the future. The Procurement Guidelines should be followed.

### 3.7 Constructions

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Audit Observation -----	Comment of the Accounting Officer -----	Recommendation -----
Approval of the Local Authority had not been sought before commencing the construction of other ranker's holiday resort building in Kataragama at an expenditure of Rs. 11.13 million excluding labor cost. Once the approval had been obtained, the building plan had been amended in several instances. Instead of supplying the building materials worth Rs. 2 million from within the division itself, Government funds had been spent thereon. The building materials had been purchased without following the competitive bidding process. Furthermore, the essential documents relating to the constructions had not been updated and filed. Due to failure in seeking guidance and instructions on the weight of the building and a part of the old foundation had been made use of without	Approval of the Pradeshiya Sabha had been obtained later. Minor amendments had been made to the initial plan. Local authorities did not give their consent to supply the materials that could have been found locally. Instructions have been given to follow the Procurement Guidelines, properly maintain the files and documents, and follow the steps properly when constructing buildings in the future. Those	Constructions should be commenced under prior approval of the Local Authority. Approval should also be sought on the amendments made later. The Procurement Guidelines should be followed. The construction works should be carried out upon technical and engineering guidance. Building materials should be selected on technical



being consulted or supervised by an engineer, cracks had developed on several brick walls in the height of 4 feet during constructions which had become leaned out of the building. As such, those walls had been removed and tie beams were built with walls constructed again upon reinforced pillars thereon. The value of labor and materials so lost was not computed. This situation had given rise to a longer period for the constructions of the building to be complete with construction cost increased by 100 per cent. As treated and dried timber had not been used for doors and windows, and unskilled labor had been used, many doors and windows had become deformed with difficulties in closing smoothly. Spaces were observed after the doors and windows were closed. No verification had been made through a technical report relating to the quality of timber used. As floor tiles had not been applied properly at the bathrooms and several other places, water remained leaking. doors and windows had been made with labor from the Force, and the said defects had occurred as many of them had not undergone vocational training. However, instructions have been given to take corrective measures with respect to the audit observation on the defective doors & windows and places of water leakages. recommendations.

### 3.8 Assets Management

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Audit Observation	Comment of the Accounting Officer	Recommendation
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a) Tyres, tubes, Toners, uniforms, and electric appliances purchased at an expenditure of Rs. 3.43 million without correctly identifying the requirement; and 34,873 units of tyres tubes, Toners, electric appliances, uniforms and clothes with unknown value,	All those purchases had been made before the year 2018. It is not clear as to why the overpurchases had been made and whether there were savings from the stocks. Reports of the Board have already been received on the items	Procurements should be made by properly identifying the requirement and issues.

had become obsolete in the stores due to not being issued over a longer period. Seventeen items of electric appliances purchased at a value of Rs. 165,193 remained idle over a period equivalent to more than half of the warranty period. There also existed 163,568 units of uniforms, clothes, and related materials which remained non-moving or slow moving since the year 2018 or prior. Of them, the value of 130,505 units of stock was disclosed to be Rs. 74.05 million though, the value of 33,063 units of stock was not revealed to the Audit. Of that, 311 black socks, 181 white socks, and 159 black handkerchiefs had become discolored and unusable.

- b) A number of 1,228 items of miscellaneous goods and equipment under 151 categories that had either been removed from warehouses or withdrawn from use since or prior to the year 2019 and currently stored at the camp in Serupita, 676 tyres of 58 sizes, 17 motor vehicles, 05 three wheelers, 26 motorcycles, 05 push bikes, as well as 2,554 items of 305 categories of disposable goods stored at the camps in Kataragama, Uhana, Mahaoya, Ampara, and

such as, tyres, tubes, and Toners. Instructions have been given that action be taken in terms of recommendations of the Boards, the electric appliances be dispatched to the relevant offices, and purchases be made only on requirements.

Action had been taken to dispose all those items (excluding vehicles) after the annual survey for the year 2021. Although a Board had been appointed on vehicles, the progress became slow due to crisis in the country.

Procurements should be done by properly identifying the requirements and issues. Action should be taken to expeditiously dispose the assets in disposable condition.

Monaragala, had not been disposed even in the year under review. The values of those goods and vehicles were not revealed to the Audit.

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| c) The Department has long been using 11 vehicles and 16 motor Cycles of the Ministry of Defense, 02 vehicles of the Ministry of Finance, 03 vehicles of the Presidential Secretariat, and one vehicle each belonging to the Parliament office, Ministry of Public Administration, and Ministry of Development. Nevertheless, action had not been taken to take over the ownership of those vehicles. | Action is being taken to take over those vehicles and motorcycles. | Legal ownership of those vehicles should be taken over without delay. |
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### 3.9 Losses and Damages

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Audit Observation	Comment of the Accounting Officer	Recommendation
a) Action had not been taken either to recover or write off Rs. 3.19 million being the value of 04 losses and damages occurred in the year 2020.	Instructions have been given that Boards be appointed on those losses and damages thereby taking further action in that connection.	Action should be taken either to recover or write off the said losses and damages.
b) It had been recommended by the Board of Inquiry on 03 July 2018 that the loss caused by the shortage of 782,326 bricks under the brick production project at the	Not commented.	Prompt action should be taken to recover the loss.

provincial office in Mahaoya, be recovered from the officers responsible. Nevertheless, no action had been taken to recover the loss.

### 3.10 Management Inefficiencies

----- Audit Observation -----	----- Comment of the Accounting Officer -----	----- Recommendation -----
<p>a) A number of 4,534 personnel had been deployed comprising 3,300 personnel for maintaining the electric fence, 845 personnel for chasing away the wild elephants, and 389 personnel for affairs of the wildlife offices. At present day, the total length of the electric fences erected thus far is 4,756 Km, and a length of 4,725 Km equivalent to 99 per cent is maintained by the Civil Security Department. A general agreement had not been reached as to how the two relevant Departments are coordinated, how the services are provided mutually, and way of allocating funds. In order to chase away wild elephants, 845 personnel had been deployed incurring an annual cost of Rs. 427 million on salaries and allowances, but those personnel had not been properly trained in that regard. Furthermore, officers of the Civil Security</p>	<p>An agreement had been prepared relating to the coordination between our Department and the Department of Wildlife on the maintenance of electric fence, but a date has not yet been scheduled by the latter although they had been reminded twice. We have made requests that a proper training be provided for the personnel. Our personnel only assist the wildlife officers to chase away the wild elephants, and it seems in accordance with wildlife data that the deaths caused by human-elephant conflict have declined at present.</p>	<p>Considering the entire personnel deployed and the total expenditure of the Government on human-elephant conflict, it is necessary to take action to control the losses of lives and properties caused by human-elephant conflict.</p>

Department or the Department of Wildlife had not properly been appointed to supervise the civil security personnel deployed to chase the wild elephants. They had not been provided with enough equipment, weapons, and firecrackers as well. The capital expenditure incurred on erecting electric fences in Sri Lanka during the period from 2010 to 2020 totaled Rs. 1.64 Billion whereas the total expenditure incurred on maintaining the electric fences during 2016-2020 totaled Rs. 1.16 Billion including the salaries paid to the officers.

During the said period, 989 people and 3,646 elephants had died due to human-elephant conflict. Losses of human lives had increased in recent years as against the previous years, but the civil security personnel could not bring the situation under control.

- b) Twelve plots of lands in extent of 51 roods owned by other institutions and persons along with 42 buildings with a floor area of 34,286 square feet had been used by the Department over a prolonged period. No substantial measures had been taken to take over the legal rights to those properties.

Further action will be taken after examining the registers on lands and buildings owned by other institutions and persons.

As expenses should be incurred to maintain the buildings owned by other institutions, the legal rights to those properties should be acquired.

- c) As the Department had failed to adhere to a long term plan relating to the requirement of buildings for maintaining offices, official quarters, accommodation and warehouses, 128 buildings with an area of 130,769 square feet and 2,000 square meters owned by miscellaneous institutions and persons in different areas of the country had been used temporarily. Some of the building premises had been renovated at the expenditure of the Department. Requirement of those buildings will be reviewed, thus taking further action. Necessity for buildings should be identified and fulfilled through a long term plan.
- d) The Seva Wanitha Association had deployed 239 personnel from the provincial office in Kantale to manufacture and distribute excise books among the children of the members of Department. Although a cost on salaries totaling Rs. 45.1 million had been incurred, that sum had not been reimbursed to the Department. A Committee has been appointed having drawn attention on the possibility of purchasing excise books from the open market for the ensuing years rather than being manufactured. Action should be taken to reimburse the said cost on salaries.
- e) The Civil Security Department had failed to recover the sum of Rs. 18.31 million receivable by the end of the year under review in respect of security and other services provided for other Government and private institutions. Of that, a sum of Rs. 6.38 million remained due in the preceding year whereas there existed A considerable due income has already been recovered by the Department. Action is being taken to recover the balance as well. The outstanding income should be recovered expeditiously.

balances due for the services provided several years ago.

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| <p>f) An area of 72.05 hectares in 41 plots of lands, 118 buildings with a floor area of 134,955 square feet, 12 passenger vehicles, 203 agricultural vehicles, 19 technical vehicles, and 205 motorcycles owned by the Department, had not been assessed and shown in the Register of Fixed Assets thus failing to be brought to the statement of non-financial assets presented with the financial statements by the end of the year under review.</p> | <p>Action will be taken to assess and take over the properties which are possible to do so, and show the assessment values in the final accounts of the year 2022.</p> | <p>The relevant properties should be recorded and brought to accounts.</p> |
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4. Human Resource Management

Audit Observation	Comment of the Accounting Officer	Recommendation
<p>There existed 40 vacancies in the civil staff of the Department including a vacancy in the senior level and 13 vacancies in the tertiary and secondary levels along with 5,296 vacancies in other rankers and personnel. Action had not been taken either to fill those vacancies or revise the approved cadre in line with the actual cadre. Only 86 officers/employees out of the approved cadre of 34,866 of the Department had been provided with some sort of training in the year under review.</p>	<p>Requests have been made several times in writing to the relevant authorities for making recruitments, but no approval has been received in that connection thus far. The Department has been able to manage the difficulties with suitable officers being attached from the Tri Forces as well. The training programs that had been scheduled could not be conducted due pandemic.</p>	<p>Action should be taken either to fill the vacancies or revise the approved cadre in accordance with the actual cadre. Performance of the Department should be improved through training programs provided for the employees.</p>

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