

## **Head 277 - District Secretariat - Monaragala**

### **1. Financial Statements**

#### **1.1 Unmodified Opinion**

The audit of the financial statements of Head 277- District Secretariat Monaragala for the year ended 31 December 2022 comprising the statement of financial position as at 31 December 2022 and the statement of financial performance and cash flow statement for the year then ended was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act, No.19 of 2018. The summary report containing my comments and observations on the financial statements of the District Secretariat-Monaragala was issued to the Accounting Officer on 24 May 2023 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-Monaragala was issued to the Accounting Officer on 24 May 2023 in terms of Section 11(2) of the Audit Act. 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, the financial statements of District Secretariat-Monaragala give a true and fair view of the financial position of the District Secretariat-Monaragala as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with Generally Accepted Accounting Principles.

#### **1.2 Basis for Unmodified Opinion**

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 are 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-Monaragala 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-Monaragala 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 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 internal control.
- Evaluate the structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accounting Officer regarding, among other matters significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

#### **1.5. Report on Other Legal Requirements**

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

- (a) The financial statements which has been presented by the District Secretariat-Monaragala for the year under reviewed are consistent with the preceding year.
- (b) The recommendations made by me on the financial statements of the preceding year had been implemented.

## 1.6 Comments on the Financial Statements

### 1.6.1 Accounting deficiencies

#### (a) Recurring and capital expenditure

The following deficiencies were observed in the accounting of recurrent and capital expenditure related to the financial statements.

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Reccomendation</b>
Rs.36,243,028 had been spent for the District Secretariat and for other Ministries and Departments by the District Secretariat related to 59 expenditure heads in the year under review and, the Ledger of expenditure for those expenses had not been maintained.	Noting has been omitted.	Expenditure objects should be grouped and quantified as per the financial regulations and should be accounted.

#### (b) Reconciliation Statement of Advance B Account of Public Officers

The following observations are made.

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Reccomendation</b>
Even though the maximum expenditure limit of the advance account of Public officers in the year under reviewed is Rs.35,000,000 as per the treasury computer printed notes, the maximum expenditure limit was Rs.35,395,000 as per the books of the department. Due to that, the maximum expenditure limit has been exceeded by Rs.395,000 and the approval of the treasury had not been obtained for that.	Submitted has been made for the approval of the Director General of the National Budget Department on 31 December 2022.	Approval should be obtained before 31 December of the year under review regarding the exceeding the relevant limits.

#### (c) Property plant and equipment

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Reccomendation</b>
Even though the property, plant and equipment in the statement of the financial position as at 31 December of the year under review was	It has been omitted due to technical error.	The information in the financial statements should be compared with the supporting documents and presented.

Rs.2,403,558,971 that balance was Rs.2,403,947,171 according to the schedule presented, and the disposed fixed assets of Rs.388,200 had not been removed from the schedule.

**(d) Non-maintenance of Registers and Books**

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Reccomendation</b>
The register of eligible persons to acquire state land according to the paragraph 1.3.4 of the Land Commissioner General's Circular No. 2008/4 dated 20 August 2008 had not been updated by the Divisional Secretariats of Monaragala, Thanamalvila and Kataragama.	Action will be taken to update in future.	Registers should be maintained up-to-date and accurately.

**2. Financial review**

**2.1 Reconciliation Statement of Advance B Account of Public Officers**

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Reccomendation</b>
Total amount of outstanding loan balance from 05 officers who died at the end of the year under reviewed was Rs.1,210,053 and out of that, 02 loan balances totaling to Rs.1,011,393 were outstanding for more than 05 years.	Legal action has been taken.	Arrangements should be made for recovery of loan amount promptly.

**2.2 Utilization of Provisions made available by other Ministries and Departments**

The following observations are made.

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Reccomendation</b>
(a) A contract worth Rs.51,879,639 has been signed with a private company on 03 August 2022 for the implementation of the Siyambalanduwa Solar Power Plant project based on the provisions of Rs.60,284,140 received from the Sri Lanka Sustainable Energy Authority. Payments of Rs.27,659,353 had been	The completion of the project has been delayed due to the supply of fuel required for the project and bad weather conditions. If it is failed to complete the project, it will be proceeded as per the agreement.	It should be act according the terms of the agreement.

made to the respective contractor as of 17 February 2023 which was the date of audit. Even though the above contract should be completed before 29 December 2022 according to the agreement, the industry was discontinued midway as of 16 February 2023 without proceeding to complete the remaining construction works without reasonable reason.

- (b) Rs.1,992,285 had been spent for the construction of an elders day care center under the provisions of the year 2020 of the National Secretariat for elders and, although 02 years had been passed after the building was constructed, it had not been used for the purposeful task by 15 November 2022 which was the date of audit.
- Elder Promotion Officers have been instructed to monitor the use of this building for purposeful task.
- The building should be used for purposeful task.
- (c) Although a groundnut processing center has been built for the Weheraya Ranliya Entrepreneurship Development Foundation under the Small holder Agribusiness Participation Program of the Ministry of Mahaweli, Agriculture, Irrigation and Rural Development at a contracted value of Rs.1,925,569, as on 15 November 2022, it has not been used to achieve the intended purpose for more than 02 years.
- All arrangements have been made to hand over the building to the Ranlia Entrepreneurship Foundation.
- The building should be used for its intended purpose.
- (d) According to the guidelines of the State Ministry of Samurdhi, Home Economy, Microfinance, Self-Employment and Enterprise Development, although the establishment of Saubhagya Production Villages is expected to achieve objectives such as increasing national production, creating alternative sources of income to boost the rural economy, reducing unemployment, and popularizing local products, even though the Divisional Secretariat in Wellawaya and Kataragama had spent Rs.5,479,380 only to buy and distribute the equipment, the desired objectives of the business had not been fulfilled.
- The bad situation in the country was the reason for this.
- Arrangements should be made to identify the needs and the intended beneficiaries and provide the equipment.

### 2.3 Non-compliance with laws, rules and regulations

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

Observation	Value	Non-compliance	Comment of the Accounting Officer	Reccomendati on
Reference to Laws, Rules and Regulations	Rs.			
(a) Government Quarters (Recovery of Possession) Act No. 07 of 1969 as amended by Acts No. 03 of 1971 and No. 40 of 1974		Even though the contractual period were expired, action had not been taken to repossess the 03 government Quarters that were not handed over, as per the regulations of the referred Act.	Date has been fixed as the date of 26 April 2023 for execution of fiscal orders to take over the Quarters No. 64/4. Quarters No. 28/59 has been taken over. Notification has been given to hand over an other quarters immediately.	Government Quarters should be repossessed as per the provisions of the Act.
(b) Financial Regulations of the Democratic Socialist Republic of Sri Lanka				
(i) Financial Regulations 104 (4)	541,250	Although it had been stated that, a full report should be submitted within 03 months from the date of the damage, it had not been acted accordingly regarding 06 vehicle accidents that occurred in the year 2021 and 2022.	The committee reports have been received and actions are being taken accordingly.	Should be act as per the financial regulations.

(ii) Financial Regulations 206 (1)	1,204,667	Although every voucher for payments from deposit should be certified by two officers, it was observed the cases where the District Secretariat had made payments without certification by two officers during the sample audit.	Agree, action will be taken to rectify in the future.	Should be act as per the financial regulations.
(iii) Financial Regulations 237 (a) (i) and (b)	11,738,374	The District Secretariat had made payments for the goods that had not been received by the offices while making the payments for purchases of Kataragama and Buttala Divisional Secretariats.	Accept. This situation arose because, there was acute shortage of goods due to the bad situation in the country.	Should be act as per the provisions of the financial regulations.
(iv) Financial Regulations 1646		The running charts of 30 vehicles related to 08 Divisional Secretariats from January to December 2022 had not been submitted for audits even on 28 February 2023.	Action will be taken to submit the relevant running charts for 30 vehicles in 08 Divisional Secretariats promptly.	Running charts should be submitted for audit as per financial regulations.
(c) Establishment Code of the Democratic Socialist Republic of Sri Lanka				
(i) 6.2 paragraph of the XIX chapter	189,000	Although a government quarter can be reserved only to a government officer, without complying with that, the government	This has been given to that institution on the request of the construction company and with the approval of the	It should be act according to the provisions of the Establishment Code.

quarter bearing housing  
assessment No. committee.  
28/49 has been given  
to an engineer  
working in a private  
company for  
temporary residence  
from 25 September  
2017 for a monthly  
rent of Rs.3,000.

(d) Public  
Administration  
Circulars

(i) Circular  
No.11/2006 dated  
14 July 2006

Although a record Running charts for Running charts  
should be maintained two vehicles have should be  
as per Annexure 02 been submitted for maintained as  
of the circular audit in the year per the relevant  
instead of daily 2023. Action will format instead  
running charts, those be taken to rectify of daily  
records had not been that in the future running charts  
maintained in respect by the divisional as per circular  
of 05 official secretaries of terms, and  
vehicles. Monaragala, submitted for  
Medagama and audit.  
Bibila.



(ii) 1<sup>st</sup> paragraph in the circular No. 02/2018 dated 24 January 2018.

Although the signing of annual performance agreements should be done for all the staff working in the institution in order to improve the performance of the staff of the institution, it had not been done accordingly in the years 2021 and 2022.

Action will be taken to receive performance contracts in January 2023.

Staff performance agreements should be entered into as per circular terms.

(e) The Government Procurement Guidelines 2006

(i) Paragraph 8.9.1(b) 48,664,675

Although a formal contract agreement should be written and signed for the purchase of goods and services with a value exceeding Rs.500,000, the District Secretariat, Divisional Secretariats of Wellawaya, Kataragama, Monaragala and Buttala had not enter into formal agreements for purchases exceeding the relevant value.

Purchases will be made by signing a formal contract agreement in the future.

Procurement guidelines should be followed.

(ii)	Section 1.3.2	3,076,820	Cases where procurement was done outside of the procurement process by the Divisional Secretariate Kataragama were observed.	Agree. It will be followed the procurement guidelines in making direct purchases in future.	Procurement guidelines should be followed.
(iii)	Guideline 2.14.1 of the Government Procurement Guidelines and related amendments	51,800,044	Although the authority limit for the procurement of goods of the regional procurement committee is Rs.1 million and the authority limit for the supply of the departmental procurement committee is Rs.10 million, the district secretariat and divisional secretariats of Wellawaya, Kataragama, Monaragala and Buttala had exceeded that limit and purchased equipment by divided into sub-sections.	Agreed with the spent of Rs.1,989,814 for Drip and sprinkler systems in Divisional Secretariat Kataragama. The purchase of 29 grain milling machines purchased by the Divisional Secretariat Wellawaya for Rs.1,991,000 was done subject to the approval of the District Procurement Committee.	Procurement guidelines should be followed.

### 3. Operating Review

#### 3.1. Non-achievement of expected Outcome

The following observations are made.

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Reccomendation</b>
<p>(a) The Divisional Secretariat Monaragala had spent Rs.3,776,390 for the Aloe vera cultivation project under the Prosperity Production Village Program implemented in 2021 and 2022. Although Rs.1,697,090 had been spent to purchase aloe vera plants and distribute them to the beneficiaries and, although the harvest time of aloe vera leaf production had arrived, the growers had tended to abandon the crop due to lack of buyers to purchase the leaf produce and poor yield.</p> <p>Also, it was observed during the audit field visit and the reports of development officer that there is a form of destruction of aloe vera leaves due to fungal diseases.</p>	<p>Instruction has been given to carry out the necessary arrangements to bring buyers.</p>	<p>Necessary actions should be taken to introduce a market for the sale of aloe leaf products and prevent crop damage.</p>
<p>(b) During the inspection of funds under the Grama Shakthi People's Movement, there were 125 Grama Shakthi People's Societies in 11 Divisional Secretariat areas in the district on 31 December 2022 and, an amount of Rs.81,968,386 remained idle in the bank accounts of those societies.</p>	<p>It will be informed that to return the funds to the government.</p>	<p>Public funds should be used efficiently and effectively.</p>
<p>(c) In the payment of elderly allowances and nutritional allowances for pregnant mothers by the Divisional Secretariat Buttala in the year under review, Rs.1,101,900 had returned to the District Secretariat on 31 December 2022 without giving it to the beneficiaries.</p>	<p>Instructions have been received from the letter No. NSENDVENO3/01/01 dated 06 December 2022 of Director of National Secretariat for Elders to bring the remaining amount in the same month.</p>	<p>Beneficiaries should be correctly identified and funds should be brought to the required amount and given to the beneficiaries.</p>

- (d) The district secretariat had spent Rs.2,889,120 to purchase 2754 kg of green gram and black gram seeds for 302 selected beneficiaries in monaragala district under the rural economic crop cultivation and promotion program. Due to late delivery of seeds, 80 beneficiaries of thanamalvila and siambalanduwa divisional secretariats did not use 317.265 kg of green gram and black gram seeds worth Rs.331,170.
- In siyambalanduwa regional division - green gram and black gram seeds had to be given after planting in the 2022/23 maha season. Those seeds have been planted so far.
- In thanamalwila regional division - due to late receipt of seeds, the beneficiaries did not plant the seeds and the crops of five farmers had been failed.
- Actions should be taken to provide the seeds necessary for crops at the due periods.

### 3.2. Delays in the Execution of Projects

Audit Observation	Comment of the Accounting Officer	Reccomendation
Divisional Secretariat Monaragala had spent Rs.2,390,641 for the development of Kolonwinna Rush Industrial Village under the Traditional and Rural Industrial Village Development Integrated Program-2021. Although Rs.853,000 was estimated and, planned for the construction of a sales outlet of rush design of rush industrialists under the project, only the request for surveying the relevant land had been made by the date of the audit i.e. 20 December 2022.	The Suevey Department has informed that this request cannot be fulfilled promptly.	The public funds should be used efficiently and effectively to make the people prosperous.

### 3.3 Assets Management

The following observations are made.

Audit Observation	Comment of the Accounting Officer	Reccomendation
(a) 06 vehicles that were not included in the register of vehicles belonging to the District Secretariat had been taken out of service due to accidents or other reasons and had being destroyed in the office premises and, 06 motorcycles after returned to the District Secretariat that had been handed over to the	Cases are pending regarding 02 vehicles. 150-1638 motorcycle referred for cancellation of registration. Two motorcycles belong to the Ministry of Health,Highways and	Actions should be taken to properly identify the ownership of vehicles and properly dispose of them and conduct investigations regarding the misplacement of motorcycle parts.

officers, the parts of those motorcycles had been missed. Action had not been taken against the officers who responsible for those matters.

Social Services and the Ministry of Planning Implementation.

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| (b) | Effective action had not been taken regarding 08 documented vehicles belonging to the District Secretariat which are not in running condition and whose repair is not economically effective. | 04 motorcycles, 01 water bowser, 02 Pajero jeeps and 01 double cabs have been reported for dispose. There is a trial for double cab without number plates. It will be taken action to get the registration certificate for the lorry and the bowser. | Action should be taken to dispose of the vehicles in a way that maximizes its benefits to the government. |
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### 3.4 Management weaknesses

The following observations are made.

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Reccomendation</b>	
(a)	The house rents of Rs.708,030 in respect of 58 officers remained outstanding as of 31 December 2022 due to the District Secretariat was undercharging of house rents during the period from 2016 to 2018.	The amount charged for January, February and March 2023 is Rs.69,999. The outstanding amount to be further collected is Rs.638,056.	Action should be taken to recover the arrears of house rent immediately.
(b)	1,411 units of goods worth Rs.1,588,473 purchased by the Divisional Secretariats of Kataragama, Monaragala and Wellawaya under various development programs from 2019 to 2022 had not been distributed to the relevant beneficiaries by the audit date of December 2022.	Divisional Secretariat Kataragama – Agree. the sealer machine, gas stove and blender have been distributed to the beneficiaries so far and other equipment will be distributed to the beneficiaries as soon as possible. Divisional Secretariat Monaragala – Action will be taken to distribute after the election period.	Action should be taken to identify the need properly and purchase goods and, distribute suitable goods to the beneficiaries.

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| (c) | 69 land permits issued between 2016 and 2022 and, 50 grant papers issued between 2014 and 2022 in Divisional Secretariat Monaragala had been held in the office as of 22 December 2022 without being distributed to the related grant papers /permits beneficiaries.  | Action will be taken to distribute the grant papers at the land registries.  | Arrangements should be made to provide the grant papers and permits to the relevant parties without delay.       |
| (d) | Although the survey request letters had been sent to the Moneragala Survey Department offices in the years 2015 to 2019 in relation to the preparation of 2543 grant papers for permit land of 29 Grama Niladhari Domain in the Divisional Secretariat Wellawaya, that work had not been done by 15 November 2022 and no follow-up had been done after the date of sending the request letters.   | Action will be taken to send reminders regarding this survey request.  | Follow-up should be done and survey should be implemented.   |
| (e) | The Divisional Secretariat Buttala had overpaid a total of Rs.2,084,790 to ten pensioners during the payment of pensions and Rs.1,168,365 out of that, should have been collected by 31 December 2022.  | Accept. Overpayments will be recovered.  | Action should be taken to recover overpaid amount and appropriate action should be taken regarding overpayments. |
| (f) | Although the target has been given by the letter of Land Commissioner General dated 14 July 2016 addressed to all Divisional Secretaries that the data on land should be collected by the end of October 2016 under the Land Information and Management System (eslim), this system had not operated by the Divisional Secretariat Kataragama even after the year 2015 and by the Divisional Secretariat Monaragala even after the year 2016. | Answers had not been received.   | Data on land should be collected and the information system should be updated.                                   |
| (g) | Action had not been taken to obtain the clear possession of 03 state lands belonging to the Divisional Secretariat Buttala by a cancellation notice in accordance with Order No. 179 related to the State Land (Recovery of Possession) Act, No.07 of 1979 as of 31 January 2023 which was the date of the audit.   | If the portion of land that has been seized without permission is a specified state land, further action will be taken as per the State Land (Recovery of Possession) Act. | Urgent action should be taken to take possession of the lands.   |

#### 4. Human resource management

The following points were observed.

<b>Audit Observation</b>	<b>Comment of the Accounting Officer</b>	<b>Reccomendation</b>
(a) It was observed that 14 posts in staff grade, 19 posts in tertiary grade, 156 posts in secondary grade and 17 posts in primary grade, a total of 206 posts are still vacant on 31 December 2022 according to the approved cadre details of District Secretariat Monaragala and 11 Divisional Secretariats.	It had been reported to Provincial Councils and Ministry of Local Government.	Necessary actions should be taken to fill employee vacancies.
(b) As per cadre description as of 31 December 2021, 215 secondary grade employees and 02 primary grade employees were redundant beyond the approved number of employees in 05 Divisional secretariats.	This situation has been avoided while giving annual transfers to officers.	Balancing of the cadre should be done through transfers of redundant officers.
(c) Although every officer who has served in the same position/station for a maximum period of 05 years should be given transfers to allow him to work in other service stations according to Public Administrative Circular No. 18/2001 dated 22 August 2001, 30 officers working in District Secretariat Monaragala and 896 officers working in 11 Divisional secretariats had been working in the same workplace for a period of 06 to 32 years as of 31 December 2022.	Although the officers applied for annual transfers, many officers have not been receive annual transfers.	Actions should be taken to carry out transfers as per the terms of the Public Administrative Circular.