

Head 257 – Kalutara District Secretariat

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Kalutara District Secretariat for the year ended 31 December 2023 comprising the Statement of Financial Position as at 31 December 2023 and the Statement of Financial Performance and Cash flow statement for the year then ended and notes to the financial statements, including material accounting policy information 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 Kalutara District Secretariat was issued to the Accounting Officer on 21 May 2024 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 28 May 2024 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 Kalutara District Secretariat as at 31 December 2023, 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 the Accounting Officer for the Financial Statements

The Accounting Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with Generally Accepted Accounting Principles and provisions in Section 38 of the National Audit Act, No.19 of 2018 and for the determination of the internal control that is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As per Section 16(1) of the National Audit Act, No.19 of 2018, the District Secretariat is required to maintain proper books and records of all its income, expenditure, assets and liabilities to enable the preparation of annual and periodic financial statements.

In terms of Sub-section 38(1)(c) of the National Audit Act, the Accounting Officer shall ensure that an effective internal control system for the financial control exists in the District Secretariat and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out.

1.4 Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Secretariat's internal control.
- Evaluate the structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

1.5 Report on Other Legal Requirements

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

- (a) The financial statements are consistent with the preceding year,
- (b) The recommendations made by me in paragraph 1.6.1 (a) of the financial statements of preceding year had not been implemented.

1.6 Comments on Financial Statements

1.6.1 Accounting Deficiencies

Non-financial Assets

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) According to the statement of non-financial assets (SA 82) in the financial statements for the year under review as at 31 December 2023, when comparing with the opening balances of those assets, there was a non-reconciled difference of Rs. 260,038,390 in the closing balances of 09 non-financial assets mentioned in the financial statements for the previous year as at 31 December 2022.	As per SA 82 report, opening balance and debits and credits during the year are also incorrect values and the Public Accounts Department has been informed about this and that they will correct the mistake in the year 2024.	Statements of reconciliation should be prepared and submitted for non-reconciliations and action should be made to rectify the non-reconciliations.
(b) According to the statement of Non-financial assets (SA 82) accompanying the financial statements submitted for audit for the year under review and as per the schedule of non-financial assets submitted for audit by the District Secretariat, total differences of Rs. 3,504,000, Rs. 59,000,000, Rs. 8,474,258 and Rs. 234,447,532 were observed between opening balances of fixed assets, adjustments to opening balances, purchases and disposals.	Although these adjustments are made to balance the SA 82 report and considered as correctly, this adjustment is not correct as the SA 82 report is not correct. As the instructions received verbally in this regard from the Public Accounts Department, that will be rectified through the Public Accounts Department in the year 2024.	Statements of reconciliation should be prepared and submitted for non-reconciliations and action should be made to rectify the non-reconciliations.

2. Financial Review

2.1 Non-compliance with Laws, Rules and Regulations

Instances of non-compliance with the provisions in laws, rules and regulations observed during the sample audit tests are analyzed and mentioned below.

Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Accounting Officer	Recommendation
(a) Financial Regulations 104(4) of the Code of Financial Regulations of the Democratic Socialist Republic of Sri Lanka	Although a full report should be submitted within three months from the date of the loss regarding any loss or damage to government property, the reports regarding accidents of three (03) government vehicles belonging to the District Secretariat had not been submitted at the time of this report.	It has been informed that the final inspection reports will be provided immediately.	Should be act as per regulations.
(b) Public Administration Circular No. 14/2019 dated 31 May 2019	261 Pension files in 05 Divisional Secretariats of Millaniya, Matugama, Beruwala, Dodangoda and Madurawala had not been revised as per the circular until 31 December 2023.	Answers were not given.	Should be act as per the circular.
(c) Paragraph 06 of the Public Administration Circular No. 02/2019 dated 30 May 2019	Due to that the information of the deceased pensioners was not updated on time and the list of pensioners was not updated, there was irregularly overpaid on behalf of 18 deceased pensioners on 31 December 2023 in the Divisional Secretariat offices of Matugama, Beruwala, Dodangoda and Bulathsinhala and there was an amount of Rs. 613,072 to be recovered.	Answers were not given.	Should be act as per the circular.

- (d) Paragraph IV of Public Administration Circular No. 09/2009 dated 16 April 2009 and paragraph 02 of Public Administration Circular No. 02/2021 (VIII) dated 12 May 2023
- Although the payment of overtime and day spay etc. of the officers should be made after verification of arrival and departure through fingerprint machines, it had got overtime and day spay for those periods without using the fingerprint machine of the Beruwala Divisional Secretariat to confirm the arrival and departure.
- Answers were not given.
- Should be act as per the circular and the officers who did not do so should be act according to the relevant manner.

2.2 Deposits

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>There was a total balance of Rs. 205,871,887 in 06 general deposit accounts as at the last day of the year under review and there was an unsettled deposit balance of Rs. 47,692,035 in relation to 05 general deposit accounts beyond two accounts. Also, there was a total deposits of Rs. 2,989,956 beyond 5 years in that balance. Action had not been taken according to the provisions of Financial Regulations 571(3) in this regard.</p>	<p>As there is no outstanding balance in the general deposit account for more than two years, the unpaid deposits will be paid as soon as the money is received this year and that the necessary arrangements are being made to settle the outstanding deposits this year.</p>	<p>Overdue deposit balances should be cleared immediately or act as per the Financial Regulations.</p>

3. Operational Review

3.1 Planning

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>Although the District Secretariat has prepared an Action plan for the year under review, that was not included the detailed information that should be included as per Public Finance Circular No. 1/2014 dated 17 February 2014 and No. 02/2020 dated 28 August 2020 and it was not approved by the Chief Accounting Officer as per the circular.</p>	<p>Noted to inform the relevant officers to prepare and approve the Action plan in detail as per Public Finance Circular No. 01/2014 dated 17 February 2014 and No. 02/2020 dated 28 August 2020.</p>	<p>Should be act as per circulars.</p>

3.2 Uneconomic Transactions

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) The Millaniya Divisional Secretariat received a food dehydrator and a material pulverizer in the year 2017 under the National Food Programme of the President Secretariat, but the letters providing the value of those machines were not submitted for audit. However, Rs. 1,000,000 received under the Grama Shakthi programme was spent for the installation of those machines to construct a building in the year 2019 and as attention was not given to getting the electricity connection to the building built for the installation of these 02 machines, these 02 machines remained idle for more than 05 years from the year 2017 to the year 2022.	Although these machines were purchased in the year 2017, the main problem was the lack of a building for located. Rs. 1,000,000 has been approved as it was necessary to construct buildings to locate these equipments and start production, but due to that amount was not sufficient for the construction of the building, the building was constructed and roofed only. As the first objective has been to secure the machine there, it is expected to get electricity and complete the remaining work of the building in the second phase.	Implementable project proposals should be selected after proper feasibility study.
(b) Although Rs. 244,550 was spent to implement a community water project in the village of Magura paraketiwala on the allocation of Rs. 250,000 allocated to the Palindanuwara Divisional Secretariat under the decentralized budget programme of the year 2021, the proposed project remained idle without implantation from more than 02 years, but follow-up was not done by the responsible party. However, during the on-site inspection of the project, pipes of other sizes were stored in the house of the former secretary of Prajamula organization without the purchased pipes.	Answers were not given.	Necessary action should be taken to ask reasons from the responsible persons.

- (c) A shop built at an expenditure of Rs. 500,000 by the Kithul Development Project – 2018 of the Ministry of Fisheries, Aquatic Resources Development and Rural Economy in order to to sustainably develop the Kithul industry for the sale of Kithul products has been established by a memorandum of understanding from 02 September 2020 was assigned to Palindanuwara Pradeshiya Sabha. However, this kithul sales center has been closed from about 2 years and currently it has remained idle without any sales activities. Answers were not given. Necessary action should be taken to ask reasons from the responsible persons.
- (d) The work of construction of the Suwa bojunhala for Kalutara District adjacent to Matugama Prajamula Bank in Matugama Divisonal Secretaria was completed on 05 February 2023 at an expenditure of Rs. 4,493,830 under the allocations of Samurdhi Development Department, but it remained idle as at the audited date of 27 July 2023 due to the building was constructed without a proper feasibility study. Although the Director General of Samurdhi Development has informed that the land on which the Suwa bojunhala and sales centers will be built should be a land that can be assigned to the Samurdhi Development Department, the land on which built in Mathugama was owned by the Mathugama Divisional Secretariat. It was not possible to open the Suwa bojunhala due to the inability to get water and toilet facilities. Due to the lack of water and toilet facilities, it is not possible to open this bojunhala and that there is an opportunity to open this bojunhala once the necessary main factors are fulfilled. After a proper feasibility study, project proposals should be selected which can be practically implemented.

3.3 Locally Funded Projects

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) When the center building for the creation of value added products related to Gotukola in Millaniya Divisional Secretariat at an expenditure of Rs. 4,788,488 under the Saubhagya production village programme in the year 2021, the roof of the previous building was constructed under the Grama Shakthi provision of Rs. 1,000,000 was removed at a cost of Rs. 291,237 in the year 2019, but none of the building materials removed from the removed roof had been formally handed over to the Saubhagya society or the Divisional Secretariat. The building material removed from the existing roof were piled up everywhere and due to that the stairs for the first floor included in the estimate were not built and the associated brick wall and columns were exposed to rain, water was seeping from the window. The remained unfinished columns and the wires remained for the stairs were exposed to the environment and dying. Due to that the roof of the veranda of that building was not constructed, the 3 columns of 09 feet high and the floor cement (rendering) constructed in the veranda were exposed to the sun and rain. During the processing of value added products related to gotukola, which was initially estimated, the sink required for washing and cleaning the raw materials (Gotukola) was not fixed. Quality certificates had to be obtained for those products in order to achieve the main objectives of the project to create value-added products related to gotukola and the contract was not completed by fulfill the essential determinants to establish a suitable Good Manufacturing Practice in</p>	Answers were not given.	After a proper feasibility study, project proposals that can be implemented practically should be selected and the existing deficiencies should be completed and directed towards the desired objectives of the project.

order to obtain those quality certificates.

(b) The following points were observed during the sample audit inspection of the projects implemented in 05 Regional Secretariats under the Saubhagya production villages programme -2021.

(i) A food dehydrator and material pulverizer, which is not submitted the value to the audit and not used from 05 years after received to the Divisional secretariat from the National Food Programme 2017 under the value addition project for Gotukola related products at an expenditure of Rs. 8,723,174 under the Saubhagya village programme in Milleniya Divisional Secretariat, were also provided. Although obtaining quality certificates for the [products of the project is stated as one of the main objectives of the project, the products could not be presented to the foreign market as the local market due to that the physical requirements to be met had not been fulfilled and the quality certificate could not be obtained. A suitable manufacturing environment was not observed here to obtain those certificates in future. The production of this Gotukola related value added product project had been temporarily stopped now and accordingly, the Gotukola related value added product project that had been implemented had not been able to achieve the desired objectives.

Answers were not given.

After a proper feasibility study, project proposals that can be implemented practically should be selected and the existing deficiencies should be completed and directed towards the desired objectives of the project.

- (ii) Although it was estimated to give basic equipment such as kerosene stoves, scissors etc., which are essential for the bathik industry in the bathik related design improvement project implemented by the Dodangoda Divisional Secretariat at a cost of Rs. 1,778,000 under the Saubhagya project, the equipment had not been provided, but 20 thread 5 over lock machines, which are not an essential equipment to be used in the final stage of getting a final finish in the bathik industry, were purchased and given to the beneficiaries only for Rs. 1,778,000 had been spent. During the physical inspection conducted in relation to the project, it was confirmed that the beneficiaries are currently engaged in little bit production activities as at the date of audit. However, 20 machines were given, but out of those beneficiaries, only two beneficiaries had bath tubs required for dyeing in the bathik industry, as the project was planned without a formal study, the expected objectives of the project were not fulfilled.
- Answers were not given.
- After a proper feasibility study, project proposals that can be implemented practically should be selected and the existing deficiencies should be completed and directed towards the desired objectives of the project.
- (iii) Although more than 02 years have passed since the construction of a building for a coordination and marketing center for bamboo blinds producers, which was implemented by the Bandaragama Divisional Secretariat at a cost of Rs. 2,768,868 under the Saubhagya production village programme, the building in problematic was not used for its intended purpose
- Answers were not given.
- After a proper feasibility study, project proposals that can be implemented practically should be selected and the existing deficiencies should be completed and directed towards the desired objectives of the project.

and remained underutilized as at the audited date of 19 January 2024.

- (iv) Although Bandaragama Divisional Secretariat has provided flower pot molds, roofing sheets and GI pipes worth Rs. 6,492,054 to 72 beneficiaries to improve cement related products implemented under Saubhagya production village programme, the equipment worth Rs. 1,312,475 which had been given to 14 beneficiaries was still underutilized by the audited date of 19 January 2024 according to the sample audit inspection conducted by the audit about 20 beneficiaries regarding the progress of the Saubhagya production villages programme that had been implemented. There was not regular monitoring of the materials and equipment provided for the personal use of the beneficiaries.
- Answers were not given.
- The underutilized equipment should be identified and given to those interested and the responsible persons should be inquired about the underutilization of the equipment and necessary action should be taken.
- (v) Machines and equipments worth Rs. 2,762,677 were given to the beneficiaries without formal agreement under the production of organic fertilizers under the Saubhagya production village programme in Bulathsinhala Divisional Secretariat. There was no written evidence that there is a regular monitoring of whether the materials and equipment provided for the personal use of the beneficiaries are used for the relevant production industry and thereby improve the livelihood of the beneficiaries. In cases where high value production equipments are provided for the common use of the society, those equipments
- Answers were not given.
- After a proper feasibility study, project proposals that can be implemented practically should be selected and the existing deficiencies should be completed and directed towards the desired objectives of the project.

should be included in the stock register of the Divisional Secretariat and placed under the care of Saubhagya society, but such a system was not followed while providing equipments. During the inspection conducted by the audit regarding the current progress of the compost processing center, it was found that fertilizer production is not done in the organic fertilizer production building and only the manure brought from outside is being used using the machine provided for organic fertilizer, but it was also seen that the machine had not been used for a long time. Out of two cutting machines provided for the production of organic fertilizers, only one machine was found and that machine had not been used for a long time. The societies haven't records of compost production and any organic fertilizer production had not been made after August 2022. Accordingly, the organic fertilizer processing center built and the provided equipment to the center have been underutilized for more than 01 ½ years.

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| (vi) | Rs. 7,621,997 had been spent under four (04) programmes to promote the cultivation of cinnamon, which was the other project implemented under the Bulathsinhala Divisional Secretariat under the Saubhagya production village programme, but although 2 years have passed till the audited date of 29 February 2024, the Cinnamon promotion society, which was established to implement the | Answers were not given. | After a proper feasibility study, project proposals that can be implemented practically should be selected and the existing deficiencies should be completed and directed towards the desired objectives of the project. |
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project, was not registered at the Bulathsinhala Divisional Secretariat. There was no constant monitoring of whether the materials and equipment worth Rs. 1,126,991 given for the personal use of the beneficiaries for the relevant project are being used for the relevant manufacturing industry. Under this project, equipment worth Rs. 86,075 was given to two more beneficiaries to raise cinnamon seedlings, but during the on-site inspection conducted by the audit, such seedlings had not been prepared.

- (vii) Rs. 6,016,447 had been spent for the improvement of cinnamon cultivation and by-products under the Saubhagya production village programme of the Madurawala Divisional Secretariat and it was revealed in the on-site inspection conducted by the audit that the cinnamon oil extraction work was started in July 2022 and only experiments were carried out and the responsibility of maintaining the cinnamon oil extraction center was assigned to a private party through an agreement with the Divisional Secretary from the date of 14 December 2022. Only 14.5 bottles of cinnamon oil were produced and only 3.5 bottles could be sold from then till the audited date. According to the project report, there were up to 05 expected by-products related to cinnamon, but only 02 by-products are being done in small quantities according to the progress report of the respective project, but no one had referred to the other products till the audited date.
- The crushing of cinnamon was temporarily stopped by the end of August 2023 as the bark of the cinnamon cannot be saved and because the fertilizer of cinnamon is very expensive, some cinnamon farmers have used cinnamon leaves for fertilizer. Therefore, the quantity of leaves received has decreased. It has been advised to obtain the desired quantity of leaves by the time of cutting cinnamon in future and to use an alternative method for the leaves used for fertilizer.
- After a proper feasibility study, project proposals that can be implemented practically should be selected and the existing deficiencies should be completed and directed towards the desired objectives of the project.

3.4 Losses and Damages

Audit Observation	Comments of the Accounting Officer	Recommendation
According to the information submitted to the audit, it was revealed that the overpaid amount for 35 pensioners in 08 Divisional Secretariat offices of Kalutara District was Rs. 4,276,202 due to calculation errors, fraudulent activities or other matters.	Answers were not given.	Overpayments should be recovered immediately and disciplinary action should be taken against the responsible officers.

3.5 Non-answering for the Audit Queries

Audit Observation	Comments of the Accounting Officer	Recommendation
16 Audit queries issued to the District Secretariat had not been answered until 06 May 2023.	Since the beginning of the year 2023, there were 108 audit queries and 92 audit queries have been answered and the remaining 16 will be answered as soon as possible.	Action should be taken to answer for the audit queries in timely and relevant corrections should be made.

3.6 Management Inefficiencies

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Rs. 24,075,000 which had been given to 16 beneficiaries who were sample tested regarding the provisions given to the Divisional Secretariat through the Kalutara District Secretariat by the Ministry of Disaster Management for the construction of permanent houses who were fully damaged by the natural disasters in Kalutara district and identified by the National Building Research Organization as having to be removed due to high risks, the ownership of the land and the houses were not confirmed by the date of audit. Also, Rs. 4,600,000 was paid to three	Answers were not given.	Adequate monitoring and follow-up should be done to ensure that the money released to the beneficiaries is used for the purpose. As it is, action should be made to recover the money that has not been used for the relevant work.

beneficiaries of three (03) Divisional Secretariats under this, but action was not taken in this regard even though the land with houses bought by them with government funds were later sold to other parties. The land and houses purchased from Rs. 9,500,000 paid to 06 beneficiaries in 03 Divisional Secretariats were not assigned to the name of beneficiaries.

- (b) Under the Disaster Management Programme, without provision of Rs. 900,000 was given to the Mathugama Divisional secretariat on 06 December 2021 to prepare the proposed roads and provide drinking water on the Welipenna Mountpearl land given by the government to resettle the residents affected by the disaster, agreement was signed with Mathugama Pradeshiya Sabha on 20 December 2021 without following any process. Although this work was not done as agreed, the cheque dated 28 February 2022 worth Rs. 854,010 issued to the name of the Chairman of Mathugama Divisional Secretariat until 15 months from that date and then credited to the government revenue. The responsible parties had failed to utilize the provisions efficiently.
- Answers were not given.
- Action should be taken to asked from the responsible officers regarding the non-implementation of the relevant project and should be taken necessary measures.
- (c) According to the information submitted to the audit, 65 existing buildings in 09 Divisional Secretariats of Kalutara District as at 27 February 2024 are being decayed due to not being used for any useful purpose and 26 buildings out of those buildings are owned by the Local Secretary, 19 buildings among these buildings are at a level where they can be used for useful purposes after being repaired and modernized. The remaining 39 buildings are owned by other external government institutions and 29 buildings out of that are re-usable after repair or modernization.
- Answers were not given.
- The usable buildings should be investigated and taken necessary action.

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| (d) | During the sample audit conducted in 08 Divisional Secretariat offices, Rs. 10,292,136 were paid as pensions on 31 temporary files in the year 2023 in 07 Divisional Secretariat offices and it was not revealed that when the missing files were missed, with which officer etc. and the reason for missing. | Answers were not given. | Adequate professional care should be given about the maintenance of pension files and records. |
| (e) | The Dodangoda Divisional Secretariat had collect arrears of Rs. 1,620,000 and a fine from a private company that had been liquidated for a 3.6 hectare land leased under a long term lease and although a thermal power plant should have been constructed on the said land within one year from the commencement date of the lease according to the terms of the above long term lease agreement dated 10 November 2006, it was not act accordingly, but the Divisional Secretariat was not followed up on it at that time. Later, private company, which was the lessee, had transferred the land to another company without prior approval of the Land Commissioner General, but the Divisional Secretary was not aware about this. | Answers were not given. | Adequate monitoring and follow-up should be done regarding the taxes to be levied and the terms of the agreement and necessary action should be taken against the officers who did not do so. |
| (f) | 04 Divisional Secretariats that were not done sample audits were assigned 129 plots of land to be handed over to the local authorities and 10 plots of local land to be handed over from the local authorities in relation to 05 Divisional Secretariats. | Answers were not given. | Land to be acquired and transferred should be done in timely. |
| (g) | The amount to be paid as elderly allowance in the year under review for 12 Divisional Secretariats was Rs. 1,014,815,700, but as the amount paid by the said Divisional Secretariat was Rs. 783,577,000 only during the year under review, the amount of Rs. 231,238,700 was unpaid and saved for the year 2023 as elderly allowances by those Divisional Secretariats. It was not reported to the audit about how much paid completely as at 29 February 2024 and how much can be surcharged | The beneficiary suffered a lot of inconvenience due to the frequent change of payment methods from February to June 2023 and as it was difficult to understand at the same time about which office was taken money, the money was surcharged due to non-taking money. Also, since it is not possible to pay the | Necessary action should be taken to provide maximum amount of elderly allowances to the relevant beneficiaries. |

- from the elderly allowances to be paid in the year 2023.
- allowance for a month on a specific date, money is saved in the post offices.
- (h) Although there were 6766 plots of land in the 14 Divisional Secretariats in the beginning of the year under review, 11 Divisional Secretariats conducted 137 land surveys and regularized only 956 plots of unauthorized land in the year under review.
- Mathugama Divisional Secretariat has conducted 5 land surveys, Panadura Divisional Secretariat has conducted 1 land survey and Agalawatta Divisional Secretariat has conducted 5 land surveys as at 31 December 2023 and started land regularization activities and will continue to complete them in near future.
- Regularization of illegal land should be done regularly.
- (i) 103 Societies were registered in 09 Divisional secretariats which were sample tested under the Grama Shakthi Janatha programme, which had been implemented at the Divisional Secretariat level in the years 2018 and 2019 under the head of President Office expenditure and as that 80 societies or 78 percent of them were inactive as at 31 December 2023, an amount of Rs. 28,323,210 remaining in the bank accounts of those societies remained underutilized. Apart from this, out of the self-employment loans given to the active members of the societies on 05 Divisional Secretariats, Rs. 2,285,874 remained as inactive loans as at 31 December 2023.
- Answers were not given.
- Action should be taken as per the circular instructions.
- (j) Decentralized Budget Programme – Although a cheque worth Rs. 1,710,759 was issued to the National Water Supply and Drainage Board on 30 January 2018 to implement a water project in the Beruwala Divisional Secretariat under the Rural infrastructure Development Special Programme 2017, the relevant project has not been completed for more than 4 years up to 28 March 2022 and that amount has
- Answers were not given.
- Reasons should be asked from the responsible officers regarding the non-implantation of the relevant projects and necessary actions should be taken.

been retained in the account of the board and later, an amount of Rs. 223,142 was collected for taxes and only Rs. 1,487,617 was sent back to the Divisional Secretariat and due to initial planning and monitoring inefficiencies, the amount of Rs. 1,710,759 that was given priority for various projects by the government remained idle for almost 05 years due to non-implementation of the relevant projects.

4. Sustainable Development

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>Although the District Secretariat has identified development activities under 17 objectives of the 2030 Sustainable Development Agenda, programmes were implemented only for sustainable development objectives No. 2 and No. 9 in the year under review and it was stated that their physical progress was hundred percent (100%). However, the expected goals of the achievement indicators of the development activities to measure the progress of these development activities and the achievement of those goals in the year were not submitted to the audit as a specific indicator (KPI), that can be measured numerically and due to that, the audit could not specifically measure the performance of achieving the goals.</p>	<p>The implementation of the programmes of the government institutions was hampered due to the situation of the Covid epidemic and the economic recession in the country and in order to measure the progress of the development activities, the progress related to the achievement of the goals of the relevant development activities has been directed by the number of projects in the implemented programmes, not as indicators that can be measured by the Divisional Secretariats.</p> <p>It is expected to carry out the necessary activities to present numerically about the expected goals of the indicators in next year and the achievement of the goals of the next year.</p>	<p>Action should be taken to achieve the objectives of the Sustainable Development Agenda.</p>

5. Sustainable Development

5.1 Rendering Services to the Public

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) According to the instructions given to the District Secretaries through the circulars to identify the performance indicators for the services with the highest demand in the institutions most visited by the public and to measure their performance, the District Secretariat has identified 05 services with the highest demand from the public in the year 2023 with the expectation of fulfilling the most duties from the Divisional Secretariat and the relevant targets for that have been obtained from the Divisional Secretariat. According to the above circular, it was clearly stated that the services which are most visited by the public with the expectation of fulfilling their duties were identified and the services that have the highest demand were given priority, but in contrast, short term and long term taxation for government land and inspection of the Grama Niladhari office were identified as performance indicators for the year 2023. According to the said circular, the progress in achieving the public service targets was not forwarded to the Ministry with a copy to the Auditor General before the quarterly deadline and the said quarterly report was not subject the discussion of the Audit and Management Committee meeting. Also, the reasons that affected the achievement of the quarterly targets were less than 25 percent and the measures to be taken to fix the progress in future were not mentioned in the quarterly progress report presented by the District Secretariat.</p>	<p>Among the 05 selected criteria, short term and long term tax collection for government land and inspection of the Grama Niladhari office are accepted criteria that less public participation and the criteria have been forwarded to the Secretary of the Ministry of Public Administration, Home Affairs and Local Government to amend the criteria to issue formal permits for unauthorized land and provide relief benefits to low-income earners from the second quarter of the year 2024. That criteria will be implemented from the second quarter of 2024. That the presentation of the progress in the first and second quarters was delayed due to the transfer of staff and the position of Chief Internal Auditor being vacant for almost 06 months and the district Audit and Management committee will discuss the report on the progress of achieving the relevant targets from the second quarter of 2024.</p>	<p>Quarterly progress reports should be submitted within the specified period of time and the correct performance indicators that can provide more service to the public should be identified and sufficient information regarding the approved goals and progress can be evaluated and those reports also be subject to the discussion of the Audit and Management Committee.</p>

- (b) Although the Madurawala Divisional Secretariat has received an allocation of Rs. 3,106,000 to implement the programme of providing breakfast for Early Childhood Development Centers/ pre-school children of the Ministry of Women, Child Affairs and Social Empowerment from 16 May 2023 under the general treasury allocation, only Rs. 56,760 had been spent to provide breakfast for 43 children in one Pradeshiya Sabha pre-schools until 28 November 2023 and this programme could not be successfully implemented due to that suppliers refused to provide food for pre-schools due to non-receiving of imprest on time.
- The implementation of this programme could not be done due to the delay in receiving the imprest and the difficulty of providing a meal for one child with an amount of Rs. 60.
- The proposed and approved projects should be completed within the stipulated time.
- (c) According to the letter issued to all Divisional Secretariats including the instructions for the implementation of the multi-phase programme for Climate Impact Reduction (CRes MPA) under the World Bank assistance to provide direct and immediate benefits to farmers who are severely affected by the impact of Covid 19 epidemic, the chemical fertilizer crisis and the current economic situation, to improve their livelihoods and help ensure food security and the Integrated Water Resources and Water Resource Management Project, estimates should be prepared immediately as approved projects should be completed within 18 months and although the District Secretary had given further instructions to prepare preliminary investigation reports, the Madurawala Divisional Secretariat had not prepared such preliminary investigation reports (PIR). Due to that the responsible authorities have not completed the work required to implement this World Bank project within the relevant period, it was not possible to get the direct and immediate benefits that could have been received locally from the relevant project and thereby achieve the objectives of uplifting the livelihood of people and establishing food security.
- The officers informed that if this project is implemented, it cannot be completed on time and I was also informed that it cannot be implemented. Due to this, a preliminary investigation report (PIR) was not prepared in this regard.
- The responsible parties should arrange the implementation of the projects receiving foreign financial support within the specified period.

5.2 Human Resource Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) As per paragraph 6.1 of Public Administration Circular No. 02/2018 dated 24 January 2018, although the human resource plan should ensure at least 12 hours of training opportunities per year for each member of staff, training opportunities were not planned for Office Assistants and Grama Niladharis in the training plan of the District Secretariat in the year 2023.	A total of 2 days of training was successfully conducted under 2 phases for all Office Assistants in the district in the first quarter of 2024 in order to overcome the shortfall in the planning of training programmes for office workers in the year 2023. Since it is practically difficult to conduct several days of training programmes for Grama Niladharis in this office, the necessary provisions to conduct training programmes for those officers have been released to the Divisional Secretariats.	The training plan should be prepared as ensure training opportunities for every member of the staff as per the Human Resource Plan.
(b) 94 Vacancies in eight (08) Divisional Secretariats and District Secretariat were unfilled at the end of the year under review.	There are vacancies for Grama Niladharis and that vacancies will be filled in future recruitments. Apart from this, the tasks related to existing Management Service Officer vacancies will be performed by excess Development Officers.	Vacancies should be filled in accordance with approved staff.
(c) According to the annual transfer policy for officers of Combined Services, although it was stated that the officers who have completed more than 05 years in the same post are subject to transfers, 210 officers with more than 05 years of service were employed as at 31 December 2023 in the District Secretariat and 07 Divisional Secretariats that were sample audited.	Under 2024 internal annual transfers, more number of officers with more than 05 years of service in the services of Development Office, Service, Management Service Officer service, Combined Driver Service, Office Assistant Service are transferred under the basis of service	Transfers should be made as per transfer policy.

necessity, requests of officers and service period in same place and that transfers has already been implemented. Further, the officers with more service time will be transferred in the year 2025.

- (d) Development Officers were employed in excess of the approved staff in most of the Divisional Secretariats and the number of excess Development Officers employed in excess of the approved staff was 99 in eight (08) Divisional Secretariats and the District Secretariat alone. The graduates were assigned to the Kalutara District Secretariat for training in the instructions received from the ministry of Public Administration. Permanent appointments were made from time to time and there are 99 excess officers among the officers assigned there, but all those officers have been formally assigned duties and they are performing those duties now. Staff should be maintained accordance with the approved staff and neither the approved staff should be revised.