

Head 260 - District Secretariat, Nuwara Eliya - 2024

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Head-260, District Secretariat, Nuwara Eliya for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 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, Nuwara Eliya was issued to the Accounting officer on 29 May 2025 in terms of Section 11(1) of the National Audit Act, No.19 of 2018. The Annual Detailed Management Audit Report of the District Secretariat was issued to the Accounting Officer on 30 May 2025 in terms of Section 11(2) of the National Audit Act. This report is presented to Parliament in terms of Section 10 of the National Audit Act No. 19 of 2018 to be read in conjunction with Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka.

In my opinion, except for the effects of the matters described in Paragraph 1.6 of this report, the financial statements prepared give a true and fair view of the financial position of the District Secretariat, Nuwara Eliya as at 31 December 2024 and its financial performance and cash flows and on all the materialities in accordance with the basis of preparation of the financial statements set out in Note. 1 related to the financial statements.

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 Emphasis of Matter – Basis for preparing Financial Statements

The attention is drawn to the Note 1 related to the Financial Statements which describes the basis of preparing these financial statements. The financial statements have been prepared as per the Financial Regulation 150, 151 and the State Accounts Guideline No. 06/2024 dated 16 December 2024 amended on 21 February 2025 for the requirement of the District Secretariat, Nuwara Eliya, General Treasury and the Parliament. Consequently, these financial statements may not be suitable for other objectives. My report is only for the use of the District Secretariat, Nuwara Eliya, General Treasury and the Parliament of Sri Lanka. My opinion on this matter is not modified.

1.4 Responsibility of the Chief Accounting Officer and 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 the Financial Regulation 150, 151 and the State Accounts Guideline No. 06/2024 dated 16 December 2024 amended on 21 February 2025 and for such internal control as Accounting Officer determines 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 District Secretariat 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 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 District Secretariat 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.

1.5 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 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.

1.6 Comments on the Financial Statements

1.6.1 Accounting Deficiencies

(a) Property, Plant and Equipment

Audit Observation	Comment of the Accounting Officer	Recommendation
(i) The accuracy of the non-current assets amounting to Rs. 2,478,089,671, as indicated in the Format ACA-6, had not been verified by conducting an annual board of survey relating those assets .	Except for the official residence of the District Secretary belonging to the District Secretariat, the board of surveys for all other institutions pertaining to the year 2023 have been conducted, the relevant reports have been prepared, and arrangements have been made to submit them to the Auditor General before 15 June. The board of surveys for the year 2024 are currently being carried out.	The board of survey should be conducted and the accuracy of the asset balances should be confirmed.
(ii) According to the revised Financial Regulation 756(6) issued under State Finance Circular No. 01/2020 dated 28 August 2020, the final reports on the board of survey for the year 2023 should have been submitted to the Auditor General on or before 15 June 2024. However, the final reports relating to the board of survey of 64 Government public service quarters belonging to the District Secretariat, including the official residence of the District Secretary, and the Divisional Secretariats of Walapane, Nuwara Eliya, Ambagamuwa, Norwood, and Talawakelle had not been submitted to the Auditor General even as at 30 April 2025.	Since the Ambagamuwa Divisional Secretariat has shown the relevant value under “Disposals” and the Norwood Divisional Secretariat has shown that value under “Additions to the Opening Balance,” there has been no decrease in non-financial assets.	The board of survey should be conducted and the reports should be submitted within the prescribed timeline.

(b) Imprest Balances

Audit Observation	Comment of the Accounting Officer	Recommendation
In terms of the agreement entered into by the District Secretariat on 21 March 2012 with a contractor for the construction of the circuit keepers' and assistant officers' quarters of the Nuwara Eliya District circuit bungalow belonging to the Ministry of Public Administration and Home Affairs, the imprest balance existing for 12 years had not been settled as at 31 December 2024, due to the failure to recover the balance of Rs. 900,878 from the insurance company in accordance with the terms and conditions of the advance gurantee, following the contractor's failure to complete the construction work.	A copy of the Letter of Demand sent by the Attorney General's Department to Cooperative Insurance Company Ltd. has been provided to us, and arrangements have been made to hand it over to you during the audit. Further action in this regard is beyond our control and will be handled by the Attorney General's Department. Settlement can be made once the relevant amount is recovered.	Discussions should be held with the relevant institutions, necessary follow-up action should be taken, and the unsettled advance balance should be recovered.

2. Report on Other Legal Requirements

In accordance with Section 6(1)(d) of the National Audit Act, No. 19 of 2018, I state the following:

- (a) The financial statements are consistent with the previous year.
- (b) The recommendation in Section 1.6.1 (b) of this report that I made regarding the financial statements for the previous year had not been implemented.

3. Financial Review

3.1 Incurring Liabilities and Commitments

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) In 2024, commitments amounting to Rs. 362,201 had been incurred under two objects in excess of the provisions allocated, in a manner not in compliance with Financial Regulation 94 and Section 02 of the State Accounts Circular No. 255/2017 dated 27	The provisions allocated under Objects 1002 and 1101 were insufficient at the end of the year. Therefore, due to the inadequacy of the allocations for officers' travel expenses under Object 1101 and overtime payments under Object 1002, it became necessary to incur	Action should be taken regarding the failure to monitor commitments incurred in excess of the provision limits and against the responsible parties, and a procedure should be introduced to

April 2017. liabilities exceeding the net prevent such situations in the future. provisions.

3.2 Utilization of Provisions Received from Other Ministries and Departments

	Audit Observation	Comment of the Accounting Officer	Recommendation
(a)	A sum of Rs. 14,022,277 provided on five occasions during 2023 and 2024 to the Hanguranketha Divisional Secretariat from the National Secretariat for Elders for various projects and activities had been retained in the deposit account without being utilized for the intended purposes.	The provisions were retained due to delays in receiving items ordered from the National Crafts Council, ongoing procurement processes for the purchase of items, making payments in instalments according to the progress of construction work, and delays in obtaining technical specifications for the goods expected to be purchased.	Formal action should be taken against the officers who failed to utilize the provisions fully and in a timely manner for the intended purposes.

3.3 Non-compliance with Laws, Rules and Regulations

	Reference to Laws, Rules and Regulations	Non-compliance	Comments of the Accounting Officer	Recommendation
(a)	Financial Regulations of the Democratic Socialist Republic of Sri Lanka			
(i)	Financial Regulation 371(2) as amended by State Finance Circular No. 01/2020	Although ad-hoc sub imprests granted for a specific purpose should be settled immediately upon completion of that task, officers of the District Secretariat and two Divisional Secretariats had delayed the settlement of ad-hoc sub imprests amounting to Rs. 280,025 given on seven occasions, by periods ranging from 25 to 46 days.	Future settlements will be made in accordance with the circular instructions.	A proper examination should be carried out, and if financial misuse has occurred due to delays in settlements, necessary action should be taken against the responsible parties. Measures should also be introduced to ensure compliance in the future.

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| (ii) | Financial Regulation 570(2) | Although lapsed deposits should be credited to Government revenue, an administrative-expense deposit of Rs. 60,000 had been retained in the general deposit account by the Nuwara Eliya Divisional Secretariat since 2006. | A portion of the administrative expenses has already been incurred. The remaining administrative expenses will be settled after the completion of the inquiries. | Balance should be settled without delay in accordance with the Financial Regulations. |
| (b) | Sections 2.2.2 and 2.2.3 of the Annual Transfer Policy for Officers of the Combined Services – 2024 | Officers who have served more than five years in one service station should be subjected to transfers. However, 100 officers attached to two Divisional Secretariats had been serving in the same service station for periods ranging from 06 to 26 years. | Although officers who have completed more than five years submit annual transfer requests, they continue to serve in the same station due to not receiving annual transfers. | Action should be taken in accordance with the Transfer Policy. |

3.4 Irregular Transactions

	Audit Observation	Comment of the Accounting Officer	Recommendation
(a)	Although the government-owned sports club hall building, constructed around 1941 and valued at Rs. 21,800,000, had been accounted for as a fixed asset of the District Secretariat, only about 10 members of the sports club out of the total membership of about 80 had convened on 12 June 2024 for a monthly meeting and leased the building to an external party for 20 years on a rental basis to operate a night club. An officer who had signed as having participated in this meeting had been engaged in another official duty on that day, and therefore, the signed attendance record was not acceptable. For this purpose, a lease agreement had been prepared describing the asset as movable property and	It has been proposed to appoint an appropriate independent committee to examine the relevant matters and to obtain a report, and accordingly, arrangements will be made to submit the relevant response.	A formal investigation should be conducted, and if state property has been misused, appropriate action should be taken against the responsible parties.

including conditions for leasing the building. The liquor licence belonging to the sports club of the said premises had been renewed at a personal expense of Rs. 1,128,500 by the District Secretary, thereby enabling the sale of liquor at this location. Before leasing the building to an external party, a building adjacent to the sports club hall was constructed in 2024, for the operation of the sports association and installation of its equipment, using financial provisions of Rs. 3,200,000 under the Decentralized Budget Programme and Rs. 2,000,000 under the Plantation Infrastructure Development Programme, totaling Rs. 5,200,000. The allocation of Rs. 3,200,000, approved under the 2024 Decentralized Budget Programme for three rural road development projects, had been cancelled and used to provide financial provisions for this building.

3.5 Deposit Balances

	Audit Observation	Comment of the Accounting Officer	Recommendation
(a)	Although the amount of Rs. 300,000 deposited in 2022 to be paid to 12 beneficiaries who were included in the resettlement programme due to high landslide risk in the Hanguranketha Divisional Secretariat Division had been so deposited for more than two years as of 31 December 2024, no action had been taken to pay the relevant beneficiaries or to credit it to the government revenue in accordance with Financial Regulation 571.	It has now been credited to government revenue.	A formal investigation should be conducted, and action should be taken against the responsible parties for not utilizing the provisions for the intended purpose.
(b)	Despite being received funds of Rs. 1,297,770 and Rs. 994,445 respectively in 2020 and 2021 from a private company for providing solar power facilities to religious places under the Hanguranketha Divisional Secretariat remained in deposit	It has now been credited to government revenue.	Formal action should be taken against officers who failed to fully utilize the provisions for the intended purposes.

for over two years, the funds were neither used to implement the intended solar facilities nor, credited to government revenue in accordance with Financial Regulation 571.

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| <p>(c) Although the Hanguranketha Divisional Secretariat had deposited Rs. 2,092,852 on 06 occasions during 2020–2021 for land acquisition for various projects and other purposes, these funds have remained in the deposit account for periods ranging from 03 to 22 years without being settled.</p> | <p>Since it is not possible to determine the ownership of the land, the matter has been referred to the District Court under Section 10(1) of the Land Acquisition Act.</p> | <p>Immediate steps should be taken to settle the matter properly through formal procedures.</p> |
| <p>(d) The cheque of Rs. 731,250 written to the Rural Development Society for the development of the road leading from the upper part of Welioya to the community hall under the Saubhagya Infrastructure Development Programme of the Ambagamuwa Divisional Secretariat Division had been retained in the general deposit account due to 06 months had passed since its issuance.</p> | <p>The amount of Rs. 731,250 for developing the road leading to the Welioya upper part community hall was credited to government revenue on 17 March 2025.</p> | <p>A formal investigation should be conducted regarding the non-implementation of the relevant project, and action should be taken against the responsible parties.</p> |
| <p>(e) A sum of Rs. 1,125,000 as retained money from installment payments of the Wedamulla Housing Project under the resettlement of families in disaster-prone areas of the Kotmale Divisional Secretariat had been held in the general deposit account since 2023, and the relevant funds had not been disbursed to the beneficiaries even as of 31 December 2024.</p> | <p>Instructions have been given to release these funds to the beneficiaries while considering several factors, including the quality of construction, and to make the full payment only after the completion of all works. Accordingly, the funds are retained and will be released.</p> | <p>A proper procedure should be followed to complete the relevant activities with quality assurance and to disburse the retained funds accordingly.</p> |
| <p>(f) Despite having passed more than two years since the Walapane Divisional Secretariat deposited Rs. 1,999,200 received for the purchase of black betel in the year 2022 in the General Deposit Account, no suitable action has been taken to settle the amounts with the relevant beneficiaries or to credit it to the government revenue in terms of Financial Regulation 571.</p> | <p>It has now been credited to government revenue.</p> | <p>A formal inspection should be conducted and action should be taken against parties who have not directed the funds to the intended purpose.</p> |

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| (g) | Despite having passed more than two years since 09 deposits totaling Rs. 2,409,901, retained from industries carried out by 03 Divisional Secretariats during the period 2020–2022, were deposited into the general deposit account, no action was taken either to credit the amounts to government revenue in accordance with Financial Regulation 571. | Action has been taken to release the funds of two individuals, and to credit the remaining amounts to government revenue. | The relevant funds should be settled in accordance with the applicable financial regulations. |
| (h) | Between 5 and 10 years had passed since the land acquisition compensation of Rs. 890,527,783 received during the period 2014-2019 was deposited without settling the land acquisition matters of 69 beneficiaries of 05 Divisional Secretariats and providing relevant compensation. Further, although between 10 and 18 years had passed since the deposit of Rs. 20,093,763 received for land compensation on behalf of 103 beneficiaries of 03 Divisional Secretariats, land acquisition proceedings had not been settled and compensation had not been provided. | The process of land acquisition is still ongoing, and the payment of compensation will be carried out upon its completion. | Action should be taken immediately to complete the land acquisition process and disburse the relevant completion. |

3.6 Bank Account Management

	Audit Observation	Comment of the Accounting Officer	Recommendation
(a)	Action in accordance with Financial Regulation 396(d) was not taken regarding 06 cheques valued at Rs. 4,541,080 issued in the year 2023.	Although the cheques have been handed over to the State Attorney for legal proceedings, they have not yet been returned to the office following the withdrawal of the relevant cases.	The relevant financial regulations should be followed to settle the matter.

4. Operational Review

4.1 Abandonment of Projects Without Completion

	Audit Observation	Comment of the Accounting Officer	Recommendation
(a)	Under the Tenfold Special Integrated Rural Development Programme, an allocation of Rs. 100 million had been received for the project implemented under the “Kandurata Decade 2024–2033” for the Ambagamuwa Divisional Secretariat Division. As the 09 projects approved on 21 March 2024 had been abandoned due to land disputes, non-undertaking tasks by community societies, unavailability of NBRO reports, inadequate technical officers, and the non-implementation of assigned projects by the Pradeshiya Sabha, provisions totaling Rs. 13.7 million had been returned.	Difficulties had arisen in completing the number of projects assigned to the office, including the actions taken to implement the 09 projects and the measures taken regarding their non-implementation, due to the presence of only one technical officer.	Formal action should be taken against the officers who failed to ensure the full utilisation of the allocated funds.
(b)	Although an allocation of Rs. 21,000,000 had been provided to the Ambagamuwa Divisional Secretariat on 24 July 2024 for 13 construction works and 06 procurements under the Infrastructure Development Programme of the Estate Sector implemented with the Special Project Allocations of the Presidential Secretariat, by 10 December 2024 these activities had not been carried out and the funds had been returned. As a result, the objectives of improving the livelihoods of the estate community through infrastructure development in the estate sector had not been achieved.	The main reasons for this situation were the shortage of technical officers, the failure to obtain approval from the Project Coordinator for project revisions, and the suspension of projects within that period due to the conduct of two elections.	- Do -
(c)	The Nuwara Eliya Divisional Secretariat had entered into an agreement with a society to complete the construction of a retaining wall near the Pedro Estate Sri Muththumari Amman Kovil at a contract value of Rs. 1,455,000 by 01 September 2024. However, by 12 December 2024, approximately 40 per cent of the contracted work had not been completed and the work had been abandoned. Accordingly, although the	Since the society has submitted a letter stating that they have incurred a loss, it is not possible to recover liquidated damages from them.	Action should be taken against the officers who failed to ensure the timely completion of the project as expected, and a formal inquiry should be conducted and

Divisional Secretariat had paid Rs. 737,382 for the work completed, the intended objectives of the project had not been achieved.

accordingly, steps should be taken to complete the abandoned project.

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| (d) | <p>Although more than 04 months had elapsed since the release of mobilisation advances for two projects with a total contract value of Rs. 3,492,000 by the Nuwara Eliya Divisional Secretariat, and although the scheduled completion date had been exceeded by 02 months, the projects had not been commenced. A physical inspection carried out on 12 December 2024 confirmed that no construction materials or equipment were present at the agrred project sites. Although action should have been taken in terms of Section 2.6 of Treasury Circular No. 01/2021 of 29 September 2021 in respect of the community-based organisations that had breached the contract agreements, such action had not been taken. Technical officers had provided false reports to provide mobilization advances.</p> | <p>The mobilisation advances had been released as the society had brought stones, sand, and cement, valued higher than the advance amount, to the sites for the commencement of work; however, due to prevailing rainy conditions and the environmental difficulties they faced, construction work had not been carried out. Steps had been taken to recover the mobilisation advances, and the funds were subsequently returned to the Government. Necessary steps were taken to blacklist this association.</p> | <p>A formal inquiry should be conducted, and action should be taken against the officers who committed irregularities and those who failed to ensure the timely completion of the projects.</p> |
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4.2 Delays in the Execution of Projects

	Audit Observation	Comment of the Accounting Officer	Recommendation
(a)	Under Item 18 of the final bill for the construction of the Open Viewing Centre at Goodwood, Mandaramnuwara, in the Hanguranketha Divisional Secretariat Division, a payment of Rs. 876,000 had been made for 73 square metres of hand-rail construction at the SSR rate of Rs. 12,000 per unit. However, as at the audit date of 31 January 2025, this item had not been completed.	Continuous rainfall from November 2024 until the end of January 2025 had caused a delay in completing the the construction of the hand-rail, which is the final task of the project. All project activities were subsequently completed successfully and the relevant cheque had been issued to the respective party on 11 February 2025.	Formal action should be taken against the officers who recommended, approved, certified, and prepared cheques for payment prior to the completion of the work.

4.3 Projects Without Progress Despite Release of Funds

	Audit Observation	Comment of the Accounting Officer	Recommendation
(a)	Three projects valued at Rs. 3,201,000, for which periods of four to five months had elapsed since the agreements were entered into under the Kandurata Decade 2024–2033 of the Tenfold Special Integrated Development Programme, had not been commenced by the Nuwara Eliya Divisional Secretariat as at 12 December 2024. Failure to select projects with the highest regional priority during the selection and approval process, and failure either to ensure the timely completion of the approved projects or, in cases where the projects were not implemented, to reallocate the funds to other high-priority projects, resulted in the objectives of allocating State provisions for regional development not being achieved.	These project proposals had been directly submitted by the political authority of the area, and that although the community organisations had repeatedly stated that the projects would be implemented, no work had been carried out up to the end of December. Therefore, the provisions allocated for these projects had been returned to the Government, and the necessary steps had been taken to blacklist the organisations concerned.	Formal action should be taken against the officers who failed to act promptly, efficiently, and under proper supervision to ensure the completion of the projects.

4.4 Projects Implemented Under Domestic Funds

	Audit Observation	Comment of the Accounting Officer	Recommendation
(a)	Under the expectation of achieving macro economic targets through proper rural development, the Presidential Secretariat had allocated Rs. 3,200,000 for 03 rural projects. However, contrary to the provisions of Treasury Circular No. MF/02/2023 of 29 December 2023 regarding the Decentralized Budget Programme –2024, these projects were cancelled, and the funds were instead utilised for the construction of a physical fitness centre for Government employees.	None of these three projects had commenced construction as at 12 June 2024. Furthermore, the Chairman of the Nuwara Eliya Divisional Coordination Committee has instructed that, if there are projects that cannot be implemented for various reasons, they should be cancelled, and Rs. 3,500,000 from such provisions should be allocated to the Government Employees' Physical Fitness Centre.	A formal investigation should be conducted and formal action should be taken against officials who utilized funds outside the intended purpose.

4.5 Assets Management

	Audit Observation	Comment of the Accounting Officer	Recommendation
(a)	The seed bean storage building and cold storage facility constructed in 2018 at a total cost of Rs. 6,900,000 by the Grama Shakthi Janatha Project at the premises of the Elamulla Aggrarian Services Center in the Hanguranketha Divisional Secretariat on the provisions of the Presidential Secretariat, remained idle even as of the audit date of 31 January 2025.	The primary purpose of constructing this cold storage was to stabilise prices for bean seeds. At present, however, the prices of bean seeds are at a high level, making the storage unnecessary this year. Necessary steps are being taken to undertake the required future actions in response to requests made by the Department of Agriculture's Central Seed Testing Laboratory, Peradeniya.	A formal study should be conducted, and a plan should be developed to ensure the effective utilisation of the asset.
(b)	Under the 2021 Saubhagya Production Village Programme, the Hanguranketha Divisional Secretariat had implemented a coffee seed production project with provisions amounting to Rs. 8,456,250. Although more than 3 years had passed since the project was implemented as of the audit date of 31 January 2025, the Hunukotuwa Coffee Seed Storage Center, constructed at a cost of Rs. 3,234,843 under the development of public infrastructure facilities, and the two coffee seed collection centers, renovated at a cost of Rs. 523,000 in the Idampitiya and Matibembiya Grama Niladhari Divisions, remained idle. Furthermore, it was further observed that the 07 coffee husking machines purchased at a cost of Rs. 1,860,000 have been idle for more than 03 years due to the lack of electricity connection for the Idampitiya and Matibembiya coffee bean collection centers.	Seven coffee husking machines were purchased for these centres. However, they remain non-operational since the electricity connections have not been provided to these coffee seed collection centres.	Formal supervision and regulation should be carried out to take action against responsible officials who are not taking steps to achieve the desired results from these projects, and a work plan should be developed to make the project effective.

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| (c) | The tractor and its trailer provided by the National Disaster Relief Services Centre under the Ministry of Disaster Management to the Hanguranketha Divisional Secretariat, along with the water bowser supplied on 2 August 2017, had remained idle and unused following the month of October 2020. | The necessary arrangements are being made to provide this tractor-bowler to the Kandapola seed potato farm. | They should be either utilized for productive purposes or transferred to another institution for use through proper procedures. |
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4.6 Management Weaknesses

	Audit Observation	Comment of the Accounting Officer	Recommendation
(a)	In order to safeguard the State's ownership of State lands located within the Divisional Secretariat Division, Grama Niladharis are required to continuously monitor unauthorized encroachments within their jurisdictions and report to the Divisional Secretary once every two weeks. However, Grama Niladharis of 37 Grama Niladhari divisions in the Hanguranketha and Ambagamuwa Divisional Secretariat Divisions had not submitted the required bi-weekly reports.	The bi-weekly reports relating to the previous year had been correctly obtained and completed, and Grama Niladharis have been informed to submit the reports properly in the coming years.	Action should be taken against the officers who failed to submit the bi-weekly reports on unauthorized encroachments as required, and a procedure should be implemented to ensure the proper receipt of such reports.
(b)	Two Divisional Secretariats had overpaid a total of Rs. 1,624,561 in cost of living allowances and gratuity payments to 06 pensioners, and by 31 December 2024, a sum of Rs. 537,618 remained recoverable. According to Paragraph 7 of Pension Circular No. 3/2022 dated 10 June 2022 and related provisions, Divisional Secretaries should take necessary legal action regarding overpayments of pensions. Further, the provisions of Financial Regulations 101 to 113 and Section 2 of the Establishments Code should also be followed in this regard. However, such action had not been taken.	A committee should be appointed to recover this balance, and further actions should be taken based on the committee's decisions. A large portion of the outstanding balance is currently being recovered.	A formal examination should be carried out to determine whether any officer contributed to the overpayments. Action should be taken in accordance with the relevant circular provisions, and a strong internal control mechanism should be put in place to recover the overpaid pension amounts and prevent such overpayments in the future.

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| <p>(c) During the year under review, the Central Province Department of Social Services had provided Rs. 462,500 to the Hanguranketha Divisional Secretariat for the empowerment of families with sick conditions, empowerment of single-parent families, and for providing assistance to persons with disabilities. However, these funds had not been utilized for the intended purposes and remained in the deposit account even as at the audited date of 31 January 2025.</p> | <p>Procurement activities are being carried out to provide the necessary items under the assistance programme, and only Rs. 150,000 remains as the third instalment for providing assistance to persons with disabilities, and this balance will also be released after reviewing the progress of the second instalment already provided.</p> | <p>Action should be taken to utilize the relevant funds effectively for the intended objectives.</p> |
| <p>(d) Due to the failure of the Hanguranketha and Norwood Divisional Secretariat Offices to properly fulfil the responsibilities assigned under Financial Regulation 149, the procedures relating to the recovery of State land rent had not been followed. As a result, rent amounting to Rs. 26,577,744, relating to State lands leased on a long-term basis for commercial activities, had not been recovered.</p> | <p>Action is being taken to recover the outstanding amount.</p> | <p>Action should be taken against the officers who failed to recover the rent in accordance with the regulations, and revenue collection should be carried out efficiently in compliance with the Financial Regulations.</p> |
| <p>(e) According to Section 116.3 of the Central Provincial Council Financial Rules, annual rent for land provided on an annual rental basis should be recovered without delay. However, four Divisional Secretariats had not recovered annual rent amounting to Rs. 1,817,371 even as at 31 December 2024.</p> | <p>Written notices have been issued to 09 individuals regarding the payment of arrears of annual rent, and one person has settled the arrears accordingly. The receipt for the payment has been attached. Strict supervision will be maintained in this regard in the future.</p> | <p>Steps should be taken against the officers who failed to recover the rent on time, and action should be taken in accordance with the provisions of the Financial Rules.</p> |
| <p>(f) Although the the Land Kachcheris had been conducted only for 18 Grama Niladhari divisions out of 32 in the Ambagamuwa Korale Divisional Secretariat area in 2022 for the purpose of regularising State lands, as required by Circular No. 2008/04 of the Land Commissioner General dated 20 August 2008, no action had been taken to issue permits (long-term permits, annual permits, or permits under the Land</p> | <p>It is acknowledged that there was a delay in examining the matter related to issuing permits to 537 individuals in 11 divisions. However, examinations of the relevant land locations have now commenced and further action is underway.</p> | <p>Action should be taken to issue the permits promptly through an expedited procedure.</p> |

Development Ordinance) for 537 participants relating to 10 of those divisions.

- (g) Out of the loan amounting to Rs. 125,545,708 granted to 1,755 beneficiaries by 39 Samurdhi Banks under 05 Divisional Secretariats of the Nuwara Eliya District Secretariat, the overdue balance had not been recovered even as at 31 December 2024.
- Action has been taken to recover the bad debts and to inform and motivate the relevant officers.
- A formal investigation should be conducted, and action should be taken against the officers who failed to take timely steps to recover the loans. A formal procedure should also be implemented to ensure the recovery of overdue loans.

5. Good Governance

5.1 Rendering Services to the Public

Audit Observation	Comment of the Accounting Officer	Recommendation
(a) According to the Circular No. PC/GPA/Circular/29/2020 dated 15 September 2020 issued by the Presidential Secretariat, in order to enable the general public visiting government institutions to meet the relevant officers and fulfil their requirements, all officers serving in every institution are required to remain in their offices on “Monday,” the public day, and refrain from taking leave except in an emergency, as well as refrain from engaging in external duties outside the office. However, contrary to these provisions, it was observed during the audit test check conducted for the last quarter of the year 2024 that 1,432 officers holding various positions in 03 Divisional Secretariat Offices had not reported for duty on 13 Mondays.	Staff had been informed through internal instructions not to take leave except for essential matters, and that every leave request on a Monday must be approved by me.	Action should be taken against the officers who fail to comply with the relevant provisions, and procedures should be introduced to strengthen the supervision in this regard.

6. Human Resource Management

	Audit Observation	Comment of the Accounting Officer	Recommendation
(a)	When comparing the approved cadre with the actual cadre, although the approved cadre for the District Secretariat and 07 Divisional Secretariats is 1,610, there were 226 vacancies as at 31 December 2024.	Several requests had been made to the Ministry of Public Administration, Provincial Councils and Local Government to fill the vacancies in the approved cadre of this office.	A staff review should be carried out and action should be taken to fill the vacancies based on the requirement.