

## **Head 263 – Hambantota District Secretariat - 2024**

### **1. Financial Statements**

#### **1.1 Qualified Opinion**

The audit of the financial statements of Head 263 - District Secretariat- Hambantota for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024, 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 – Hambantota was issued to the Accounting Officer on 27 May 2025 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 - Hambantota was issued to the Accounting Officer on 26 May 2025 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, 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 District Secretariat - Hambantota as at 31 December 2024 and its financial performance and cash flows, in accordance with the basis of preparation of the financial statements as set out in Note 01 of 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 Preparation of Financial Statements**

Attention to Note 1 of the financial statements, which describes the basis for preparation financial statements. As the requirement of the Treasury and the Parliament, the financial statements have been prepared in accordance with the Government Financial Regulations 150 and 151 and the Government Accounting Guidelines No. 06/2024 dated 16 December 2024, as amended on 21 February 2025 by the Hambantota District Secretary's Office. These financial statements may not be suitable for other purposes. My report is intended solely for the use of Hambantota District Secretary's Office, the Treasury and the Parliament of Sri Lanka. My opinion on this matter will not be modified.

#### **1.4 Responsibilities of the Accounting Officer for the Financial Statements**

In accordance with Government Financial Regulations 150 and 151 and State Accounts Guideline No. 06/2024 dated 16 December 2024, as amended on 21 February 2025, it is the responsibility of the Accounting Officer to prepare financial statements that present a fair view in respect of all material matters and to determine the internal controls necessary to enable the preparation of financial statements free from material misstatements arising from fraud or error.

As per Section 16(1) of the National Audit Act No.19 of 2018, the District Secretariat-Hambantota 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 – Hambantota 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 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 Financial Statements

### 1.6.1 Accounting Deficiencies

#### (a) Recurrent Expenditure

	<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(i)	In accordance with the provisions stated in Section 4 (iii) of the National Budget Circular No. 04/2023 dated 4 August 2023, it was stipulated that expenses under the expenditure subject 263-1-1-0-1409-138 should be borne for machinery and office equipment service contracts. But, an amount of Rs. 1.04 million was paid under this expenditure subject for the repair of air conditioning units.	Observation has been accepted and steps will be taken to ensure that payments are made under the correct expenditure subject in a prudent and accurate manner in the future.	Accounting should be carried out and should be performed in accordance with the classification and standardization of expenditure subjects as stipulated in the Financial Regulations and the instructions of the Budget Circular. Furthermore an effective internal audit mechanism should be established to prevent such errors in the future.
(ii)	Although recurring expenses for stationery and office needs to incurred under expenditure code 1201, inventory items value of Rs.244,005 had been purchased under this expenditure code required by the maintenance division of the District Secretariat.	Observation has been accepted and that it has been purchased as consumable items.	- Do -
(iii)	The expenses incurred for the repair of air conditioning at the District Secretary's Office, totaling Rs.1.78 million, were not accounted under the machinery and equipment maintenance expenditure subject 263-1-1-0-1302.	Observation has been accepted and the air conditioning repair expenses were accounted for in this manner due to the increased cost and the	- Do -

Instead, they were incorrectly accounted under expenditure subject 263-1-1-0-1409-140 of the miscellaneous expenses. shortage of provisions. In the future, such expenses will be correctly accounted under the appropriate expenditure subject.

**(b) Capital Expenditure**

	<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(i)	An amount of Rs.5.83 million was estimated under expenditure subject 263-1-1-0-2001 for the installation of curtain fabric for the new Regional Secretary's Office building at Lunugamvehera. However, Rs.5.39 million was incurred under expenditure subject 263-1-1-0-2104 for this purpose.	That it has been accounted for as an initial cost of the building.	Expenditures should be accounted for in accordance with the classification and standardization of expenditure subjects as prescribed by the Financial Regulations. Additionally, internal procedure should be established to ensure with confirmation that estimates are prepared as fully and accurately.
(ii)	Rs.301,514 utilized for the purchase of capital equipment required by the maintenance section of the District Secretary's Office. That amount allocated for stationery and office supplies under expenditure subject 1201 for the eight other ministries and departments.	Observation has been accepted and the items referred as capital goods in the audit observation, have been identified and purchased as consumer and maintenance equipment.	Proceedings should be made in accordance with Financial Regulation 208(2).

**(c) Property Plant and Equipment**

	<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(i)	Under stage III of the construction of the new Regional Secretary's Office building in Angunukolapelessa, a total of Rs.37 million incurred during the reviewed year. Although this amount should have been accounted for under the main ledger account 9160 – Work in Progress (WIP), it was recorded under the 9151 – Non-Residential Buildings. As a result, the value of non-residential buildings was overstated and the value of Work in Progress was understated on that amount.	The observation has been accepted and it will be correctly accounted in the CIGAS accounting system in 2025.	The account balances should be correctly classified and the financial statements should be prepared accordingly. Additionally, appropriate internal procedures should be established within the organization to prevent such errors from occurring in the future.
(ii)	The value of the government house allocated to the Angunukolapelessa Divisional Secretary had not been assessed and accounted.	The observations have been accepted and that the value will be entered into the SIGAS system after the assessment reports are received.	To accurately reflect the financial position from financial statements assets must be accurately valued and recorded promptly.
(iii)	The values of six tractors, five tractor trailers and twenty motorcycles owned by the District Secretariat had not been assessed and accounted.	The observation has been accepted and the necessary steps will be taken promptly this year to conduct the proper valuations, account them under non-financial assets and appropriately dispose of vehicles that are not in use.	- Do -
(iv)	The values of 07 lands and buildings in which 07 Grama Niladhari offices are maintained within the Katuwana Divisional Secretariat Division had not been assessed and accounted for.	It is stated that impossible to assess because surveyors have not been measures and step will be taken in the future to measures, assessed and accounted.	- Do -

(v) The value of the land on which the Divisional Secretariat's official residence is located and the 36 "Sewa Piyasa" buildings belonging to the Divisional Secretariat and the 36 lands on which they are located had not been assessed and accounted in Lunugamwehera Divisional Secretariat office.

Requests have been made for the land assessment and documents for the verification of boundaries and ownership have also been requested. By 5 February 2025, the Department of Valuation has assessed three "Sewa Piyasa" buildings.

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**(d) Balances of Advance account**

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
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Due to the failure to account for the contractor's advance payments and settlement through journal entries, under Phase III of the construction of the new Regional Secretary's Office building in Angunukolapelessa. The balances of the advance account as well as the advance reserve for rents and work were understated by Rs.8.47 million in the financial statement.

Instructions were given to officers to act in accordance with the relevant circular instructions when paying advances for work in the future.

Action should be taken in accordance with the Government Accounting Circular instructions.

**(e) Lack of Audit Evidence**

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
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(i) The value of Rs.24.8 million, which was included in the CIGAS accounting system as the value of the land where the new Regional Secretary's Office building is located in Okevela, was not submitted for audit by the end of the year of reviewed.

Gross estimated value entered into the CIGAS system and once the valuation reports are received, the correct value will be entered into the CIGAS system.

Relevant valuation reports should be submitted to the audit promptly to confirm the correct value.

(ii) The required evidence to validate the ownership of land and buildings, total value of Rs.7.29 million which was recorded as non-financial assets in the CIGAS computerized accounting system of Angunukolapelessa Regional Secretary's Office, was not submitted for the audit.

The value was entered into the CIGAS computer system according to the valuation reports of the government's chief assessor.

To verify the ownership relevant documents must be submitted for audit.

## 2. 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 paragraphs 1.6.1 (a) ii, iv, 1.6.1 (b) i, iv, 1.6.1 (c) ii, iii, iv, v and 1.6.1 (e) i, ii on the financial statements of the preceding year had not been implemented.

## 3. Financial Review

### 3.1 Management of Expenditure

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Preparation of budget estimates		
<p>(i) Provisions of Rs.30.76 million had been approved in the 2024 annual budget for the maintenance of buildings and constructions under expenditure code 263-1-1-0-2001 of the year under review, but the estimated works of Rs.14.97 million had not been fulfilled.</p> <p>(ii) According to section 4.1(iii) of the National Budget Circular No. 04/2023, dated 04 August 2023, provisions should be allocated through estimates for necessary maintenance, rehabilitation and improvements. However, despite the provisions for rehabilitation and</p>	<p>The observation was accepted and estimates were prepared, but urgent tasks that needed to be done during the year were completed.</p> <p>The observation has been accepted and considered as urgent tasks to be completed during the year and carried out.</p>	<p>Estimates should be prepared as accurately as possible and with proper consideration, and they should be reviewed appropriately to ensure full utilization.</p> <p>Estimates should be prepared as per the instructions of the budget circular and provisions should be made for approved tasks. A formal internal program should be</p>

improvements of buildings and construction (2001) not being approved under the expenditure subject of "Rehabilitation and Improvements of Buildings and Constructions" in the 2024 Annual Budget, the District Secretariat Office and the Provincial Secretariat Office 08 have incurred a total expenditure of Rs.12.4 million in 9 instances during the review year for building rehabilitation and improvements.

(b) Although National Budget Circular No. 04/2023 dated 04<sup>th</sup> August 2023 states that government expenditure and financial resources should be managed with carefully, discipline and responsibility taking into account the need to direct scarce resources to essential areas, during the following instances observed that the District Secretariat Office did not act in accordance with these guidelines.

(i) Total value of Rs.291,290 was incurred for a government house to purchase goods and equipment, which was not included under the expenditure code of stationery and office requirements and which no provision had been made in the 2024 annual budget estimate from expenditure code 263-1-1-01-1201.

It has been noted estimate been prepared for stationery and consumables under the expenditure subject. Furthermore due to the essential but limited availability of materials and equipment for government officer's residences, which are frequently used, these items were requested and subsequently purchased under this expenditure category.

established to prevent such situations in the future.

Appropriate action should be taken against who violation the budget circular and in the future, provisions under such expenditure categories should only be used for which provisions have been allocated and personal consumable items should not be purchased under this expenditure subject. Proper steps should be taken to ensure compliance with the guidelines.

(ii) According to section 1.3 of the above It was stated that the cost A program should be mentioned circular, emphasized that all of using automatically developed to utilize efforts should be made to manage activated curtains was government funds in a expenses efficiently. Considering the necessary for the office prudent, economically and limited availability of public financial auditorium, as it timely manner in accordance resources and the need to direct scarce appropriate for the sound with financial regulations. resources to essential sectors, it is crucial absorbing wooden podium to manage government expenditures and would further enhance efficiently and effectively. Furthermore, it its value. It is expected that was highlighted that financial regulations, in the future, the specifically sections 128(e) and 156(7), auditorium will charge should be followed while making external parties for the use decisions. However, despite these of the auditorium, thereby directives, attention was not given to the generating income for the relevant regulations and the Provincial government.

Secretariat Office of Lunugamwehera incurred an expenditure of Rs.5.39 million for the installation of curtains in the auditorium stage. The goals of the Provincial Secretariat Office, focused on public service delivery and local administration, the necessity of such an expenditure raised concerns about its appropriateness during the circumstances.

(c) Transfers provision accordance with Financial Regulations 66/69

(i) According to section 3.7 (iv) of the National Budget Circular No. 04/2023, dated 04<sup>th</sup> August 2023, it is stated that before initiating activities under development projects, it is essential to establish notifications and prior agreements with the institutions providing services related to those activities. However, in the 2024 Annual Budget estimate, provisions were not allocated and under Financial Regulations 66/69, an amount of Rs.30 million was transferred from the Buildings and Constructions expenditure subject (2104) to the Machinery and Equipment expenditure subject (2103) for the implementation of a

These provisions have been unspent due to the failure of the related institutions to complete the necessary preliminary work to implement the projects.

In the future when preparing estimates for such projects, provision transfers should be carried out efficiently and with due consideration. Additionally projects should only be initiated after ensuring that the related institutions have completed the necessary preliminary actions for project implementation. Only after confirming that these steps have been taken should the project proceed.

solar energy project. Despite this, due to the lack of further action from the relevant institutions, the Rs.30 million allocated under Financial Regulation 66 remained unspent by the end of the review year.

(ii) Although Financial Regulation 66 mentions that surplus provisions can be transferred when the allocated financial provisions are insufficient for expenditures within the fiscal year, and there is a possibility of overspending beyond those provisions, it was observed that in 2024, under the Buildings and Constructions expenditure code 2001 of the District Secretariat Office, Rs.1.3 million was reallocated under Financial Regulation 66 to carry out necessary maintenance activities. However, after this reallocation by the end of the review year, provisions amounting to Rs. 3.09 million remained unspent. This indicates that while the provisions were transferred to address maintenance needs, the funds allocated were not fully utilized during the fiscal year.

(iii) According to section 4.2(a) of the National Budget Circular No. 04/2023, dated 04<sup>th</sup> August 2023, it was instructed that estimates for allowances for the year 2024 should be prepared based on the number of employees as of 30<sup>th</sup> June 2023 with individual allocations for each officer. However, due to the lack of attention to this requirement, Rs.600,000 was allocated under the Food, Beverages, and Official Clothing expenditure subject (1203). Out of this Rs.372,000 was transferred to another expenditure subject under Financial Regulations 66/69. This transfer was made without properly adhering to the instructions for preparing the estimates.

The provisions allocated for ongoing renovations, amounting to Rs. 1,300,000 were obtained because these provisions cannot be transferred or used for other activities until the invoices for the renovation work are presented.

When preparing estimates and transferring allocations in upcoming years, estimates should be prepared in such a way that government funds are used economically and thriftily and allocations should be transferred after a formal review.

That when preparing future budget estimates, necessary steps will be taken to prepare estimates based on the actual number of employees in accordance with the relevant circulars.

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### 3.2 Non- compliance of Prescribed Limits

Audit Observation	Comments of the Accounting Officer	Recommendation
<b>Exceeding Limits</b>		
<p>According to Financial Regulation 503(2), when it becomes evident that expenditure will exceed a specified limit, prior authorization must be obtained from the relevant authority. The National Budget Circular No. 01/2024, dated 10 January 2024 in section 10, also states that expenditures should be managed within the approved limits. However due to non-compliance with these regulations, government officer's imprest accounts exceeded the maximum expenditure limit of Rs.80 million, incurring an actual expenditure of Rs.353,742. Although the Ministry of Public Administration, Provincial Councils, and Local Government submitted a request for a limit revision to the National Budget Department on 31<sup>st</sup> December 2024 by the audit date of 27<sup>th</sup> March 2025, approval for the revised limit had still not been received.</p>	<p>The letter requesting the amendment of the limits has been forwarded to the Ministry of Public Administration, Provincial Councils and Local Government. The relevant responsible officers have been informed to ensure that such limits are not exceeded in the future.</p>	<p>Strict action should be taken to adhere to the limits as per the financial regulations and circular provisions and appropriate action should be taken against officers who fail to do so.</p>

### 3.3 Utilization of Provisions made available by other Ministries and Departments

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>a) In the implementation of the Youth Agro Entrepreneurship Village Pilot Project, which was implemented in 07 Divisional Secretariat Divisions of Hambantota District at an expenditure of Rs.162.38 million against the allocation of Rs.162.4 million from the Ministry of Agriculture in the year 2023, and no criteria were set for selecting the beneficiaries.</p>	<p>The observation has been accepted and the project was implemented according to the general instructions prepared by the District Secretariat, although no guidelines were prepared.</p>	<p>Formal guidelines and criteria for selecting beneficiaries should be introduced when implementation of future projects, such a way the desired objectives of the project are achieved. Furthermore, when planning a project must consider its</p>

b) Through the establishment of a “mushroom Village” with the aim of expanding mushroom cultivation in the Hambantota District, Rs.11.02 million was spent to provide mushroom homes and equipment to 31 beneficiaries in the Angunukolapelessa and Weeraketiya Divisional Secretariat areas. However it was noted that the project lacked clear performance indicators and no performance evaluation was conducted. Additionally, there was insufficient and ineffective monitoring of the project’s progress. In the Weeraketiya Divisional Secretariat area, Rs.376,780 was allocated to build a mushroom home for one beneficiary. However it was found that another party was carrying out only limited mushroom production activities at the site, which raised concerns about the effectiveness and actual impact of the project.

c) Under the program to retain youth in the agricultural sector, a papaya cultivation project was implemented, where 80 beneficiaries from 5 Divisional Secretary divisions were provided with plants and equipment worth Rs.12.55 million. However an audit revealed that in the 4 Divisional Secretary divisions that were examined, the plants did not thrive, the expected yield was not obtained, diseases occurred, the crops were affected by natural disasters, beneficiaries did not replant the crops, and abandoned the cultivation. As a result, the project did not achieve its intended objectives.

d) Rs. 238,090 Equipment had not been used by a beneficiary in the Weeraketiya Divisional Secretariat Division, provided under project of enhance productivity of vegetable cultivation implemented through the Food Security Programme. Another beneficiary had used only the “net” through the equipment

The observation has been acknowledged and instructions have been provided to the relevant beneficiaries.

sustainability. Follow up should be conducted to ensure that the equipment is being used to achieve the desired objectives and appropriate action should be taken against officers who do not act with due care.

It is stated that some crops have failed due to environmental and climatic conditions and that a field test will be conducted in the future and advice will be given and that it is hoped that the objectives will be achieved.

Government funds should be utilized effectively, projects should be planned in a way that achieves the expected benefits from the project, timely follow up should be conducted and formal action should be taken against officers who fail to do so.

Observation has been accepted and the relevant materials and equipment are currently being used for cultivation.

Action should be taken against the officers who failed to carry out proper supervision and follow up to identify eligible

supplied under the same value and neither of the two beneficiaries had commenced cultivation activities even by the audit date.

beneficiaries, ensure effective utilization of government funds and achieve the intended objectives of the project. Measures should also be taken to prepare a blacklist including such beneficiaries.

e) Although nearly passed a year since equipment was provided for the project of increase the productivity of vegetable cultivation under the Food Security Program, the insect-resistant nets and the sprinkler water supply system and two water motors value of Rs.122,500, which had been provided to two other beneficiaries, had not been used.

Observation had accepted and if the equipment provided to two beneficiaries is not used, it will be taken back and given to the appropriate beneficiaries and one beneficiary is currently using the equipment provided.

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f) In April 2024, under Youth Agricultural Entrepreneurship Village Programme, dehydration machines and slicing machines total valued of Rs.1.99 million had been provided to 06 beneficiaries in Tangalle Divisional Secretariat Division, without conducting any feasibility study for the project. As of the audit inspection at 15 October 2024, observed that two beneficiaries were engaged limited in production activities and that another beneficiary had received the dehydration and slicing machines only shortly before the audit date, after a considerable delay.

Observation had accepted and initially selected beneficiaries were not being eligible and machines were provided to other suitable beneficiaries. This resulted in a delay and guidance provided to identify market opportunities.

Formal action should be taken against officials who have not done feasibility study, formal monitoring and follow up actions to achieve the desired objectives.

g) Under the pineapple cultivation project, 29 polythene cover rolls valued of Rs.399,910 had not been distributed to the beneficiaries for pineapple cultivation. Out of these 15 rolls remained idle at the Weeraketiya Divisional Secretariat office as at the audit date. While the balance had been issued to chili cultivators

Observation had accepted and the use of polythene cover is unnecessary and has been given to other projects that can be utilized.

Action should be taken against officers who have not utilized resources for the intended purpose and system should

outside the scope of that project.

be developed to use government funds economically and effectively, while identifying future needs and purchasing goods.

h) It was observed that 1,531 pineapple plants and the sprinkler water system provided to a beneficiary in the Weeraketiya Divisional Secretariat Division and 1,973 plants, the grass cutting machine and the sprinkler water system provided to a beneficiary in the Beliatta Divisional Secretariat Division under the pineapple cultivation project, were being used by two other individuals and that the pineapple cultivations had not been properly maintained.

Observation has been acknowledged and steps will be taken to ensure that such short comings do not occur in the future and informed to beneficiary that the equipment should be used.

Steps should be taken regarding officers who have not monitored and followed up to achieve the desired objectives and benefits should be provided to appropriate beneficiaries who can achieve the desired objectives of the project.

i) Observed that the fifty percent of guava plants given to a beneficiary who received Rs.231,000 benefits under the high density guava cultivation demonstration project in the Sooriyawewa Divisional Secretariat Division had been destroyed and other remaining plants had also spread a disease. The expenditure of Rs.231,000 had been wasted due to GI pipes and wires had not been used according to the cultivation method.

Observation had accepted and the beneficiary has been informed that cultivation activities have been postponed due to illness and that corrective actions have been taken in the future.

Officers should follow up on whether the project is achieving its intended objectives and take necessary action and formal action should be taken against officers who fail to do so.

j) 50 apple-guava saplings and drip water system distributed to 21 beneficiaries in Bediganthota village, Sooriyawewa, equipment and plants total value of Rs.1.47 million. It was found that the guava saplings distributed were not of the apple-guava variety and therefore the expected yield was not achieved. It was also observed that the beneficiaries were not receiving the expected income.

Observation had accepted and that a report has been requested by the Inter Provincial Deputy Director of Agriculture and that progress will be reported accordingly.

Actions should be taken to ensure that the desired objectives of the project are achieved and appropriate action should be taken against the officers who have made purchases that

		do not meet those objectives.
k)	Although banana plants and equipment worth a total of Rs.22,111,862 had been provided to 200 beneficiaries across 03 Divisional Secretariat divisions under the sour banana cultivation project for export, a programme for export operations had not been initiated as at October 2024. Further, an export center constructed under another government project at a cost of approximately Rs. 45.672 million for the purpose of exporting bananas, along with the machinery installed therein, remained idle. In addition, the objectives of the project had not been achieved as plastic baskets and color ribbons valued at Rs.1.58 million provided to the beneficiaries had remained underutilized.	Although the situation had arisen due to the fact that the observation had been accepted and the Ministry of Agriculture had not formally handed over the goods to any institution for export activities. It was reported that export activities had now commenced to a certain extent and beneficiaries have been instructed to use the equipment.
l)	Under the ongoing project to develop sour banana cultivation for export, equipment total value of Rs.381,437, which had been purchased for distribution to banana cultivator beneficiaries in the Badigantota village of Sooriyawewa, had gone missing while being stored outside the office premises and action had not been taken in accordance with the provisions of Financial Regulation 104.	Observation had accepted and further action will be taken according to the recommendations of the preliminary investigation.
m)	Under the peanut project in the Badigantota division of Sooriyawewa, had been intended to provide a peanut seed sorting machine valued of Rs. 121,500 to farmer groups with the objectives of expanding the peanut cultivation area, minimizing seed processing costs, facilitating peanut based market activities and increasing entrepreneurs. But the machine had been provided only to a single beneficiary. As a result of it, the expected objectives of the project had not been achieved. Furthermore, although the project investment plan had proposed the establishment of a machine maintenance fund	Investigations should be initiated in accordance with Financial Regulation 104 and prompt action should be taken to compensate for the damage.

through a farmer contribution of Rs. 25,000, action had not been taken in accordance with the plan.

n) Although the project for providing kurakkan seed separating machines had stated that a machine valued of Rs. 325,000 would be provided to farmer groups with objectives such as increasing cultivation extent, reducing processing costs and increasing entrepreneurship. The machine had been given to only one beneficiary in the Badigantota division of Sooriyawewa. It was observed that even though approximately one year had elapsed since the commencement of the project, the intended objectives of the project had not been achieved and a machine maintenance fund, which was to be established through a farmer contribution of Rs. 25,000 as stated in the project investment plan, had also not been set up.

o) It was observed that machinery valued of Rs.697,500 comprising five rice flour production machines, each of value Rs.139,500 had been provided to five beneficiaries representing five Divisional Secretariat Divisions in the Hambantota District. Although one year has passed since the commencement of the rice flour production project, suitable performance indicators had not been identified to evaluate the achievement of the expected objectives. Furthermore, observed that the project had not been implemented in a manner. due to purchase of unsuitable machinery and the ineffective utilization of the machines purchased that couldn't achieve its intended goals, such as encouraging the public to engage in rice based product manufacturing to improve their nutritional and health status, enhancing rice based production, saving foreign exchange and uplifting the regional economy through the creation of direct and indirect employment opportunities.

Observation is - Do- acknowledged and that the monitoring process will be continued.

Although the project is - Do- in its initial stage, it has not yet reached the set objectives. But the expected objectives of the project will be achieved in the coming years and written instructions have been given to the subject officer to properly perform his duties in the future.

p) It was observed that under the tractor distribution program implemented in the Hambantota District, twelve selected farmers had been provided with tractors at a total cost of Rs. 11.87 million, consisting of a beneficiary contribution of Rs.500,000 and government contribution is Rs.489,000 per farmer. However, there was no evidence that awareness programs had been conducted across all Divisional Secretariat Divisions in the district to ensure transparency in the selection of beneficiaries. Out of the twelve tractors distributed, seven had been provided to beneficiaries in the Angunakolapelessa and Beliatta Divisional Secretariat Divisions. Although the project aimed to reduce the production costs and increase the income of farmers engaged in paddy cultivation, vegetable cultivation and other crops. No evidence was presented to confirm that these expected objectives had been achieved.

Although it was planned to implement it in a way that would represent all Divisional Secretariats. But only 6 Divisional Secretariats have submitted their applications and the number of beneficiaries has been selected at the Divisional Secretariat level as beneficiaries who have met the criteria and paid. The project is in its initial stage and it is planned to achieve the objectives in the coming years.

Appropriate action should be taken against the relevant parties for not selecting beneficiaries in a transparency and an urgent program should be prepared by directing officers to achieve the desired objectives of the project.

q) It was observed that under the livestock distribution project implemented in seven Divisional Secretariat Divisions of the Hambantota District at a total cost of Rs.16.51 million 233 beneficiaries had been provided goats to improve their livelihoods. However, contrary to the project's objective 66 goats had been obtained to of keeping them as pets. Furthermore, no action had been taken regarding 91 goats that had been transferred to other parties by 36 beneficiaries. Out of the 699 goats distributed under the project, 113 had died within about one year and an additional 19 goats distributed later had also died. In several instances, insurance compensation had been forfeited due to various reasons and 102 female goats had not conceived. And also it was observed that type of goats provided to beneficiaries was not suitable for milk production and as a result of it, no income had been generated through the sale of goat's milk or meat. Consequently, the

The Divisional Secretariats are responsible for calling for follow up reports, taking necessary steps to take legal action against beneficiaries who have not taken goats as per the agreement, informing the beneficiaries and the necessary advice and follow up activities will be carried out to achieve the objectives of the project in the future.

A formal investigation should be conducted and appropriate action should be taken against the parties who implemented the project without proper planning and study. Necessary action should take against who failed to act in accordance with conditions of the project agreement. Furthermore, a structured procedure should be implemented to strengthen follow up activities and ensure

project had failed to achieve its intended objectives.

r) It was observed that the Science and Technology Resource Centre operating under the supervision of the Hambantota Divisional Secretariat had not established or maintained an accurate and updated data system. After year 2021 no annual action plan had been prepared. Although a total of Rs. 372,000 had been paid as building rent for the years 2023 and 2024 and salaries amounting to Rs. 3.12 million had been paid to the staff for the period from 2023 to August 2024. Adequate provisions had not been allocated to implement the necessary programs within the resource center to achieve the intended objectives of maintaining and operating the center effectively.

s) It was observed that under the “Gramsha Shakti People’s Movement” implemented in the Hambantota District, sum of Rs. 10.88 million remaining in the bank accounts of 39 inactive Gramsha Shakti People’s Societies had remained idle as at the date of the report. Three inactive societies had granted loans totaling Rs. 840,344 to 50 members, which had been in arrears for more than three years. Five active societies had loans and interest totaling Rs. 666,990 granted to 72 members under the revolving loan scheme, which had also remained outstanding for considerable period.

Observation is accepted and the preparation of the annual action plan is carried out in accordance with the instructions of the Ministry and based on the allocations and approvals proposed to be provided. Observation is accepted, although the Ministry had not provided the necessary allocations, technology awareness programs had been conducted.

Observation is accepted and that action has been taken in accordance with the instructions given by the Director General of the Ministry of Rural Development, Social Security, and Community Empowerment. Observation is accepted and that necessary measures will be taken promptly to recover the outstanding loan balances.

the achievement of the project’s intended objectives.

Steps should be taken to maintain an update data system. To achieve the desired objectives from “widatha” centers need prepare and implement plans.

Inactive societies should be activated and used for their intended purpose or the relevant funds should be formally appropriated. Steps should be taken to promptly recover outstanding debts and interest.

### 3.5 Non-compliance with Laws, Rules and Regulations

Reference to Laws, Rules and Regulations	Value	Observation	Comments of the Chief Accounting Officer/Accounting Officer	Recommendation
		Non-compliance		
		Rs.		
a) Financial Regulations of the Democratic Socialist Republic of Sri Lanka				
(i) Financial Regulations 137 (5) and 237 (b)	14,010,371	Goods value total of Rs.14,010,371 had failed to procure goods in accordance with the procedures prescribed in the relevant regulations, the Hambantota Divisional Secretariat written a cheque and keep it in hand since December 2024. Goods and services valued of Rs. 4,921,371 had still not been delivered as per the audit date of 10 February 2025.	The officers were informed and given the necessary instructions to implement an internal control system to ensure that such activities do not occur in the future.	Actions should be taken in accordance with financial regulations and appropriate action should be taken against officers who have acted in does not comply.
(ii) Financial Regulations 208 (2) (d)	345,710	Although the allocated provisions were needed to use for the relevant activities, under the Food Safety and Technology Program, administrative expenses allocated to the Angunakolapelessa Divisional Secretariat had been used to pay travel expenses and days	In order to prevent officers from becoming discouraged, the funds allocated under the above program have been used to cover the travel expenses and monthly payments submitted by officers	Appropriate action should be taken against officers who spend money outside the allocated budget.

payment of officers who is for other tasks outside the program and arrangements have been made to make payment for days payment voucher.

### 3.6 Irregular Transactions

Audit Observation	Comments of the Accounting Officer	Recommendation
In terms of paragraph 4.2(i)(a) of the National Budget Circular No. 04/2023 dated 04 August 2023, not in annual budget estimate and provisions had not been allocated in the 2024 for the payment of coordination allowances. But, paid total value of Rs. 851,129 to three officers were arrears coordination allowances for the period from January 2016 to April 2024 and four officers were paid Rs. 120,000 as allowances from May to December 2024 under salaries and allowances. And also, it was observed that these payments were made in not comply with the procedures set out in Financial Regulations 136(1), 138(1), 138(6) and 128(1) (e).	No answer given	A formal investigation should be conducted to recover payments made without authority and appropriate action should be taken against officers who made illegal payments.

### 3.7 Issue and Settlement of Advanced

Audit Observation	Comments of the Accounting Officer	Recommendation
a) It was observed that a total of Rs.747,267 was receivable from 5 suspended officers as of 31 <sup>st</sup> December of the year under review and out of this amount a total of Rs.513,223 was due from between 3 to 20 years.	That the loan balances have been recovered from 02 officers and that necessary steps are being taken to recover the loan balances from the remaining officers.	Action should be taken against officers who have not taken steps to collect loan balances in a timely and steps should be taken to collect loan balances without delay.

b) The total outstanding balance of Observation had accepted Rs.667,932 as on 31<sup>st</sup> December of the year under review had not been recovered from 07 officers who had left the service and action had not been taken in accordance with paragraph 3(e) of the Public Finance Circular No. 05/2019 dated 27th June 2019 regarding the that outstanding balance. - Do-

#### **4. Operating Review**

##### **4.1 Projects without Progress despite the release of Money**

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
Although a provision of Rs. 2.52 million had been approved for the rice flour production project through the Youth Agro Entrepreneurship Village Pilot Project, the District Secretariat had purchased of low efficiency rice flour production machines that did not comply with specifications. As a result, Rs.1.8 million of the allocations released for the program had been taken back to the Ministry of Agriculture.	As a request of the beneficiaries, low efficiency rice milling machines were provided and the remaining allocations were transferred to the Ministry of Agriculture.	After conducting a formal inspection, appropriate action should be taken against officers who have not effectively utilized the allocated funds to achieve the objectives of the project.

##### **4.2 Annual Performance Report**

In terms of subsection 47(4) of the Public Finance Management Act, No. 44 of 2024, the annual performance report must be published 180 days or earlier after the end of the financial year. In terms of paragraph 10.2 of Public Finance Circular No.2/2020 of 28 August 2020, the Annual Performance Report should have been prepared in accordance with the Format specified in Guideline 14, issued by the Department of Public Finance. Section 16(2) of the National Audit Act, No. 19 of 2018, this performance report must be submitted for audit along with the annual financial statements. The following observations are made in this connection.

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
Paragraph 2 of the summary performance report, under progress and future outlook of section 6 stated provisions of Rs. 172 million had been utilized to successfully implement the Youth Agro Entrepreneurship Village Program in 11 Divisional Secretariat Divisions, thereby improving the livelihoods of the people. It was observed that no criteria had been established for the selection of beneficiaries under this program and project supervision was weak. Performance indicators had not been identified for the projects and projects had not achieved their intended objectives as expected.	Although there are some obstacles in the project, the necessary steps are being taken to achieve the desired goals.	Accurate information should be disclosed related to the institution's performance in the annual performance report and formal action should be taken against officers who fail to do so.

#### **4.3 Implementation of Projects under Domestic Financing**

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
a) Under the "Saubhagya Production Village Program - 2023" "passion fruit Cultivation Project," provisions amounting to Rs. 2.34 million had been spent to provide materials to 70 selected beneficiaries. Out of 47 of these beneficiaries had not generated any income from the project and indicating that the program had failed to achieve its objective of creating stable income sources for the beneficiaries.	It was observed that a small number of seedlings had been destroyed due to bacteria disease and heavy raining after planting. Measures have been taken to provide necessary guidance and conduct follow up actions to replant replacements and continue the cultivation activities.	Beneficiaries should be selected in a way that will enable the project objectives to be achieved and program should be prepared to streamline follow up activities and achieve the desired objectives of the project.
b) The walls of the new Divisional Secretariat building of Angunukolapelessa, construction was completed in October 2023, have a total	The contractor has been informed in writing to complete the relevant deficiencies.	Payments should be made after verifying that the construction has been carried out to the required standards

	length of 147.25 meters, ranging from 0.2 meters to 6 meters, of 141 locations and there were explosions/cracks in 32 locations, covering an area of 239.02 square meters observed during the physical inspection.	and in case of deficiencies, appropriate action should be taken against the officers who made the payments and steps should be taken to complete the construction work.
c)	Observed that in the new building of the Lunugamwehera Divisional Secretariat, approximately 182 square meters across 40 locations of the walls, surrounding pavement and upper floor waterproofed areas had suffered cracks, peeling and bulging. Due to poor quality painting of the building floor, several areas required repainting immediately after the building was first use, incurring an additional cost of Rs. 116,230.	The contracting agency has agreed to correct the relevant deficiencies after pointing them out. Do-
d)	Observed that under the projects implemented by the Lunugamwehera Divisional Secretariat, the UdaMattala Primary School renovation project, the development of four grounds in Jayamaga Grama Niladhari Divisions and the Devrumwehera Bogahawwa Community Water Project supplying drinking water from Galahitiyawa to Ilukpelessa an excess amount of Rs.189,783 had been paid for tasks that were not completed.	Steps will be taken to recover the amount overpaid for work that has not been completed in the future. A formal investigation should be conducted to immediately recover the overpayments and formal action should be taken against the relevant parties.
e)	Observed that the Hambantota Divisional Secretariat had paid a total of Rs. 3.16 million for the construction of the partially completed drainage system on the south side of the Ruwanpura Rotary Road, construction of a culvert on the Kapuwatta Busnawa along the Kapuwatta-Katuwawa Agricultural Road and the development of the “Hela Bojun” at the Pallemalala Agrarian Service Centre. instead of conducting the more accurate concrete cube tests to	The Deputy Chief Secretary Engineering Services will seek clarification from the authorities in this regard and report back, stating that the Reborn Hammer Test is a quality test that is highly optimized in any situation. A thorough inspection should be conducted to verify the quality of the construction.

assess the quality of the concrete used in these constructions, inspections were carried out using the Reborn Hammer Test, and payments were made based on this less precise method.

f) Observed that under the Katuwana Divisional Secretariat, a box culvert construction project on the Medakanda-Doladeniya canal, implemented in 2023 using provisions of Rs. 6 million from the Disaster Management Center, had concrete cube tests confirming that the concrete strength was below the expected level. Consequently, retention money was deducted and Rs.3.35 million was paid to the contractor.

The Hammer Test was conducted and payments were made as per the instructions given by the District Engineer.

Payments should be made after the construction work is completed to the required standard according to the estimate and appropriate action should be taken against the relevant parties for failure to do so.

g) Observed that under the Tissamaharama Divisional Secretariat, concrete cube tests conducted for projects such as the concreting of the Medirigiripura village road and the construction of a culvert on the bypass near the Rohanapura cemetery showed compressive strengths below the expected level. Despite this, a non-standard Reborn Hammer Test was conducted and payments totaling Rs.3.36 million were made based on its results. Approximately 35 square meters across seven locations on the Medirigiripura road had suffered cracks/splits. In addition, sand for the road base and shoulders was estimated and paid for using the manual rate instead of the mechanical rate listed in the Southern Province Road Price Schedule, resulting in a loss of Rs.71,094.

Payments have been made based on written instructions given by the District Engineer.

A formal inspection should be conducted and formal action should be taken against officers who made payments for substandard construction and steps should be taken to immediately recover the existing deficiencies.

#### 4.4 Procurement

Audit Observation	Comments of the Accounting Officer	Recommendation
a) It was observed that under the free rice distribution program for low income families in the Hambantota District, implemented by the Ministry of Women, Child Affairs and Social Empowerment in coordination with the District Secretariat, total kilograms of 2,317,400 of rice value Rs. 431.04 million was procurement was not conducted in accordance with the established procurement guidelines and due to improper financial transactions by the officers, the first stage of the program resulted in a loss of Rs. 34.9 million to the government.	Due to insufficient time to convene a national competitive tender and lot of government holidays, it was not possible to carry out procurement in accordance with paragraph 1.3.2 of the Procurement Guidelines. Consequently, to implement the program urgently, the Divisional Secretariat procured and distributed rice directly. The rice was purchased according to the certified prices and standards specified under paragraph 2.3.2 of the referred circular.	A formal investigation should be conducted and appropriate action should be taken against the officers responsible for did not follow the 2006 Government Procurement Guidelines and the loss incurred by the government should be recovered from the responsible parties.
b) Under the Youth Agricultural Entrepreneurship Village Project, when the Hambantota District Secretariat procured five rice flour production machines, the technical specifications listed in the tender documents were not properly evaluated. Instead, the submitted prices were rejected and machines with lower efficiency than the specified requirements were purchased. Resulting of it in loss of Rs.148,500 to the government. It was observed that the procurement failed to achieve the objectives of the tender evaluation and the procurement guidelines as outlined in paragraph 1.2 of the Procurement Guidelines.	Observation had accepted and that technical evaluations were carried out based on the need for 3HP rice milling machines instead of 10HP rice milling machines based on the beneficiary's needs.	Appropriate action should be taken against officers who have not acted in accordance with the provisions of paragraph 7.7 of the Government Procurement Guidelines in 2006 and the loss incurred should be recovered from the responsible parties.

c) When purchasing 14 Revers cameras worth Rs. 980,000 for the District Secretariat and Divisional Secretariat vehicles, the procurement was carried out without the assistance of technical evaluation committee. While a fully specified unit of the Revers camera could have been purchased for Rs.44,000 each unit was instead procured at Rs. 70,000. Resulting of it in total expenditure of Rs. 980,000 and a loss of Rs. 364,000. Furthermore, the procurement decision did not clarify the reasons for purchasing at Rs. 70,000 per unit.

Observation is not accepted and that the cameras were procured based on the recommendation of a mechanical engineer without a technical evaluation committee recommendation, but following the decision of the Procurement committee. Only the completion of the basic specifications was considered and the Revers cameras were selected consider the warranty period and the brand reputation in the market.

A formal investigation should be conducted and the loss incurred should be compensated in accordance with the provisions of the Government Procurement Guidelines in 2006.

#### 4.5 Assets Management

##### Audit Observation

- a) A new inventory register was prepared in 2024 for the government house reserved for the District Secretary, replacing the old register. Comparison of the old and new registers revealed shortages of 220 units in 63 item categories and excesses of 70 units in 21 item categories. However, action had not been taken on the shortages in accordance with Financial Regulation 103.
- b) A cab, a three-wheeler and 13 motorbikes belonging to the District Secretariat were lying idle due to unused.

##### Comments of the Accounting Officer

A committee will be appointed to examine the deficiencies and excesses in the old and new prescription documents and further work will be carried out.

##### Recommendation

Further action should be taken in accordance with Financial Regulation 103 regarding deficiencies and surplus goods should be properly recorded and inventory register should be maintained properly and accurately updated.

Within the next three months, the necessary actions are being taken to properly dispose or repair and use them.

Vehicles should not be left idle and should be used effectively or disposed of properly.

c) The official residence allocated for the Beliatta Divisional Secretary was not used for residential purposes and used as office storage facilities, despite spending Rs.4.12 million on repairs during the year under review. The residence allocated for the Assistant Divisional Secretary was also used to operate the Social Services Unit. Further, it was observed that two official residences belonging to the Walasmulla Divisional Secretariat were also being used for office storage purposes.

Due to the limited space available in the relevant office and the fact that houses are located in close proximity to the office, houses have been used for office purposes and that the necessary arrangements will be made to use official residences in future, after discussions with the Divisional Secretaries.

Government housing should be used for purposeful purposes.

d) According to Paragraph 7.5 of the National Budget Circular No. 01/2024 dated 10<sup>th</sup> January 2024, under-utilized government buildings should be utilized optimally. However, it was observed that 07 official residences in 05 Divisional Secretariats remained under-utilized, as they were not being used for residential purposes.

It is in a maintenance condition and will be repaired and used in the future.

Government housing should be used for purposeful purposes.

#### 4.6 Losses and Damage

Audit Observation	Comments of the Accounting Officer	Recommendation
a) The final Board of Inquiry report, conducted under Financial Regulation 104 regarding the damage to property and theft of cash from the safe at the Ambalantota Divisional Secretariat, recommended that the loss of Rs. 1.94 million be recovered from the security service provider and five government officers of the office. However, no cash had been collected from this loss as at 31 December 2024.	The Ministry of Home Affairs has sought instructions regarding the actions to be taken on the appeals submitted by the officers and since the security service provider has not made any payments. Further guidance has also been requested from the Ministry of Defence.	The government must make up for the losses it has incurred without delay.

<p>b) Although action should have been taken under Financial Regulation 105(2) to determine the liable officers and recover the total loss of Rs. 220,479 arising from accidents involving 04 vehicles belonging to the Hambantota District Secretariat and the Beliatta Divisional Secretariat, the losses had not been recovered from the responsible parties over the six years since the accidents.</p>	<p>Written notice has been given to recover damages from the responsible officers and third parties.</p>	<p>Formal action should be taken against officers who have not taken action to recover the losses and steps should be taken to recover the values related to the damages that have been incurred without delay.</p>
<p>c) A cab owned to the Angunakolapelessa Divisional Secretariat met with an accident in 2023 and was repaired cost was Rs.95,000. However, the insurance claim was rejected due to accident details had not provided how to accident met in the claim application form. No action had been taken to recover the loss from the careless officers.</p>	<p>The relevant insurance company has not accepted the insurance claim since the manner in which the accident occurred was not stated when applying for the insurance claim.</p>	<p>The losses must recover from the responsible parties incurred to government.</p>

#### 4.7 Management Weaknesses

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>a) The total of Rs. 1.66 million for purchase price license fees and penalty interest for the period from 2020 to 2023 and the license fees of Rs. 320,000 for the year 2024 remained outstanding of the Tissamaharama Divisional Secretariat as at the audit date of 09 October 2024.</p>	<p>That the tax subject officer transferred without a successor and that the collection of outstanding tax monies was not carried out due to the absence of an officer with knowledge of that subject and requests for a replacement officer had been made through letters to the Land Commissioner and actions would be taken to recovery of the dues properly.</p>	<p>Steps should be taken to promptly recover outstanding taxes and fines.</p>

<p>b) Although the Grama Niladhari had reported in March 2023 regarding unauthorized cultivation on approximately 02 acres of state land in Ambagasara division of the Katuwana Divisional Secretariat, no action had been taken to remove the Intruder as of the audit date of 11 November 2024.</p>	<p>The Grama Niladhari has been informed to obtain a new <sup>eo. 60</sup> report to remove all unauthorized persons at once a time.</p>	<p>Action should be taken against the officers who have not taken steps to remove the intruder and immediate action should be taken to remove the intruder.</p>
<p>c) Tangalle Divisional Secretary had entered into an agreement at 30 November 2011 with a farmer's organization for Rs.437,799 to implement the project for developing the access road to Wadiyagoda paddy field of Kattakaduwa South under the 2011 "Gamaneguma Programme", prior to the approval of project funds. A feasibility study had not been conducted and formal agreement with the landowner had not been obtained. As a result of it the landowner was still objections to the project as at 2024.</p>	<p>Tangalle Pradeshiya Sabha has been informed that the audit observations are accepted and compensation for the land is appropriate.</p>	<p>Approval must be obtained from the relevant parties before implementing government development projects and formal action must be taken against parties who fail to do so.</p>
<p>d) An amount of Rs. 5.32 million should have been recovered as of 31 December 2024 from 36 pensioners paid in excess of Rs. million 8.89 by 11 Divisional Secretariats.</p>	<p>Observation is accepted and that a further amount of Rs.4,757,007 should be collected.</p>	<p>If formal investigation is conducted and officers have misused, appropriate action should be taken and overpaid pensions should be promptly recovered.</p>
<p>e) The elderly allowances, disability and kidney disease allowances amounting to Rs.474,000 had been overpaid to beneficiaries by 03 Divisional Secretariats were due as at 31 December 2024.</p>	<p>The relevant Divisional Secretariats are recovering the overpaid allowances.</p>	<p>Formal action should be taken against officers who made over payments and steps should be taken to promptly recover the elderly allowances, disability and kidney disease allowances that were overpaid.</p>

f) Loans amounting to Rs. 327.13 million granted to 4,736 beneficiaries through the Samurdhi community based banks operating in 12 Divisional Secretariat divisions of the Hambantota District had become overdue by the end of the year under review and loans totaling Rs. 130.47 million granted to 1,475 beneficiaries had been identified as bad debts.	After received from the District Samurdhi Office, the answers will be submitted.	A formal investigation should be conducted into officers who have not taken actions to recover debts in a timely manner and necessary measures should be taken to recover overdue debts.
g) An amount of Rs. 11.51 million was dues from 50 leaseholders by 31 <sup>st</sup> December 2024 in respect of lands and properties leased on long term lease basis by 05 Divisional Secretariats.	The steps will be taken to recover outstanding lease amounts and take legal action in accordance with the circular.	Formal action should be taken against officers who have not collected lease amounts on time and prompt action should be taken to recover the relevant amounts.

## 5. Achievement of Sustainable Development Goals

Audit Observation	Comments of the Accounting Officer	Recommendation
Although Paragraph 4.4 of the National Budget Circular No. 04/2023 dated 04 August 2023 requires that the 2024 budget estimates be aligned to the Sustainable Development Goals (SDGs) and that all budgeted programmes and projects should be mapped accordingly and submitted to the Sustainable Development Council. But District Secretariat had not taken action to do so.	Efforts will be made to align with the Sustainable Development Goals targets under the 263 budgeted provisions for the year 2025.	Formal action should be taken against officers who have not acted in accordance with the relevant provisions.

## 6. Good Governance

### 6.1 Rendering of Services to the Public

Audit Observation	Comments of the Accounting Officer	Recommendation
a) Due to not a permanent solution for human-elephant conflict, this poses a significant threat to lives and property in the Hambantota District. During the year of 2022, 2023 and 2024 were reported 26 deaths, 23 injuries and 255 property damages from elephant attacks. A total of Rs. 41.18 million had been paid as compensation for the damages incurred.	The total number of deaths from 2022 to 2024 is 26.	Necessary measures must be taken to provide a sustainable solution to the wild elephant problem, which remains a sensitive issue for the public.
b) Observed that further action on compensation payments for human and property damages caused by elephant attacks had been delayed as at the audit date of 31 March 2025. Due to do not receipt of wildlife field inspection reports for 48 applications pending for 1 to 3 years and 28 applications received in 2024.	Further work will be carried out after the deficiencies are resolved and wildlife reports are received.	An appropriate program should be developed to provide immediate compensation to the public affected by attack.
c) Although the Service Charter of the Beliatta Divisional Secretariat requires timber falling permits to be issued within 07 days of receiving the duly recommended application, there were instances where 03 to 5.5 months had been taken to issue this permits. Further observed that no action had been taken, as at the audit date of 24 June 2024, on 38 applications submitted between 05 <sup>th</sup> May 2023 and 03 June 2024.	That delay had occurred due to deficiencies in the verification of applications and necessary actions have now been taken to ensure timber falling permit applications are accepted without deficiencies in the future.	Formal action should be taken against the officers responsible for the delays and a proper mechanism should be introduced to ensure activities are carried out in accordance with the approved Citizen/Service Charter.
d) Although states that Public Administration Circular No. 18/89 dated 23 <sup>rd</sup> March 1989, action about public complaints should be completed within a maximum of two weeks, no action taken reports had been submitted in respect of 07 public complaints received by the Ambalantota, Hambantota, Katuwana, Thissamaharama, and Sooriyawewa Divisional Secretariats.	Divisional Secretaries have been informed to take prompt action regarding public complaints.	Formal action should be taken against officers who have not acted in accordance with the relevant regulations and steps should be taken to act in accordance with the circular in the future.

## 7. Human Resource Management

Audit Observation	Comments of the Accounting Officer	Recommendation
a) Observed that as at the end of the year under review, there were 26 vacancies and 117 excess staff based on the approved cadre and actual cadre of the District Secretariat and 12 Divisional Secretariats. 268 officers were in excess in the Development Officer and Development Officer (Development) positions.	Actions will be taken in consultation with the Ministry to fill staff vacancies in the future and that necessary steps will be taken to include surplus staff in the approved staff.	Staff cadre should be reviewed and staff management should be carried out systematically to achieve organizational goals.
b) Although 27 Technical Officers (Central Government and Provincial Councils) and 12 Technical Assistant Officers were attached to the District Secretariat and 12 Divisional Secretariats, it had failed to provide a more efficient and effective service through proper management of those officers in all 13 offices. Under this situation, it was observed that due to the absence of a Technical Officer in the Ambalantota Divisional Secretariat, 09 projects with an allocation of Rs. 28.75 million for the year under review could not be implemented.	Necessary actions will be taken in the future regarding the imbalance of the office Technical Assistant Officers and Technical Officers.	Do-
c) While five office assistants were employed as per the approved staff for the Angunukolapelessa Divisional Secretariat, 10 multi task assistants were attached to the Divisional Secretariat from October 2020 to 26 <sup>th</sup> June 2024 for the purpose of office staff services. During that period, a total of Rs.3.57 million in allowances had been paid, but it was observed that the above staff had been retained in excess in the office without taking steps to direct them to other institutions where there were vacancies.	20 letters have been sent to other institutions asking whether they need multi task assistance.	Action should be taken against the officers responsible for maintaining excess cadre and arrangements should be made to systematically direct the excess cadre multi task assistance to other institutions.