

## **Head 270 –Ampara District Secretariat - 2024**

### **1. Financial Statements**

#### **1.1 Qualified Opinion**

Head 270 - The audit of the financial statements of the Ampara District Secretariat 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 Ampara District Secretariat 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 Ampara District Secretariat was issued to the Accounting Officer on 28 May 2025 in terms of Section 11(2) of the National Audit Act, No.19 of 2018. This report will be tabled in Parliament in pursuance of the 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 give a fair view of the financial position of the Ampara District Secretariat 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 to the financial statements.

#### **1.2 Basis for Qualified Opinion**

My opinion is qualified on the matters described in paragraph 1.6 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified 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 Ampara District Secretariat 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 Ampara District Secretariat, 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 the Accounting Officer for the Financial Statements**

The Accounting Officer is responsible for the preparation of financial statements that give a fair view on all the materialities 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 of the Secretariat

As per Sub-section 38 (1) (c) of the National Audit Act, the Accounting Officer shall ensure that effective internal control system for the financial control of the 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 skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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.
- Obtained an understanding of internal control relevant to the audit in order to design audit 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 the 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**

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(i) The lands belonging to the Divisional Secretariats of Damana, Addalachchena, Thirukkivil and the Official Residences and Government Quarters belonging to the two Divisional Secretariats of Padiyathalawa and Damana had not been valued and included in the financial statements.	Requests and reminders have been sent to the Valuation Department for many years to value the lands, Official Residences and Government Quarters belonging to these Divisional Secretariats. In this regard, as per the decision taken at the District Audit Management Committee meeting held on 18 March 2025, a gross valuation has been carried out by a Committee appointed by the District Secretary until the valuation of the Valuation Department is received, and measures have been initiated to include that value in the financial statements.	The assets belonging to the District Secretariat should be identified, and action should be taken to value them correctly and include them in the financial statements.
(ii) The value of the “Nila Sevana” buildings belonging to fifteen Divisional Secretary’s Divisions constructed in the years 2017 and 2018, amounting to Rs. 46,422,256, had not been included in the financial statements.	The value of the “Nila Sevana” buildings belonging to fifteen Divisional Secretary’s Divisions constructed in the years 2017 and 2018 was Rs. 46,422,256, and currently, the building value of Rs. 37,524,313 has been stated in the financial statements. The Divisional Secretariats of Lahugala, Pottuvil, Alayadivembu, and Eragama should include the value of their “Nila Sevana” buildings for the CIGAS program.	- Do -
(iii) The total debits presented in relation to each asset item as per the Summary of Non-Financial Assets (SA80) for the year under review were Rs. 3,440,139,546, the debits during the year under review in the Treasury Cumulative Non-Financial Assets Accounts Report (SA82) were Rs. 145,225,657, and the debits as per the Treasury Trial Balance were Rs. 136,927,445, resulting in differences between the balances.	A journal entry has been included to rectify the errors in the non-financial assets. Accordingly, when the SA 21 financial value is added to the value under each code number, it matches the SA80 balance. Further, there is a difference in the balance in SA82, which is an error that occurred while preparing the asset files through the CIGAS program. Action will be taken in the future to bring the CIGAS file to the Treasury, and rectify the error.	Action should be taken to identify differences and rectify them by comparing them with Treasury prints before preparing financial statements.

(iv) Even though the debits during the year under review under asset item 9152 in the Summary of Non-Financial Assets (SA80) were stated as Rs.684, 376,370, as per the monthly summary notes of assets in the Treasury prints, the debits during the year under review in the Summary of Non-Financial Assets were stated as Rs.688, 888,972, therefore the debits during the year under review in the Summary of Non-Financial Assets were overstated by Rs.4, 512,602.	The total monthly debits during the year 2024 under asset item 9152 in the Summary of Non-Financial Assets (SA-80) is Rs.688,888,972 and it is kindly informed that the said value is correct.	- Do -
(v) As per the cumulated non-financial assets report (SA82), as at the beginning of the year under review, there were Rs. 7,990,518 worth of Government Quarters and Circuit Bungalows and Rs. 28,500,000 worth of cargo vehicles totaling Rs. 36,490,518 under work in progress. However, physically there were no such work in progress or cargo vehicles.	There is a difference between the data mentioned in the CIGAS consolidated account summary and the Treasury prints (SA82). I discussed this with the officers of the Treasury, and since this is an error in the CIGAS system, I will take the relevant CIGAS file to the Treasury and rectify it.	The Treasury balances and District Secretariat account balances should be checked and identified the differences and rectified before preparing the financial statements.
(vi) Even though the opening balance of four asset items in the Summary of Non-Financial Assets Account (SA80) as at the beginning of the year under review is Rs. 7,392,945,922, the opening balance of the four asset items in the Cumulative Non-Financial Assets Account (SA82) is Rs. 10,677,482,178. Accordingly, there was a difference of Rs. 3,284,536,256 between the opening balances of non-financial assets in the two reports.	There is an error in the closing balance of the year 2023 and although a journal entry was sent to the Treasury to correct it, it has not been rectified. Action will be taken to forward a journal entry to the Treasury again and rectify it.	Action should be taken to identify the differences and rectify them by comparing them with Treasury prints before preparing financial statements.
(vii) Even though the value of acquisition of capital assets during the year under review as per the Financial Performance Statement was Rs. 78,816,549, as per the Treasury books, it was Rs. 145,225,657 in the Cumulative Non-Financial Assets Account (SA82), resulting in a difference of Rs. 66,409,108 in the value of acquisition of capital assets between the Financial Performance Statement and the Treasury books.	There is a difference between the data mentioned in the CIGAS consolidated account summary and the Treasury prints (SA82). I discussed this with the officers of the Treasury, and since this is an error in the CIGAS system, I will take the relevant CIGAS file to the Treasury and rectify it.	Action should be taken to identify differences and rectify them by comparing them with Treasury prints before preparing financial statements.

**(b) Lack of Audit Evidence for Audit**

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
During the year under review, a sum of Rs.78,816,549 has been stated as acquisition of non-financial assets in the Financial Performance Statement .However, it was not presented to the audit to verify it.	The expenditure incurred by each Divisional Secretariat in respect of the acquisition of capital assets in the year 2024 has been informed through a report.	A detailed report should be submitted regarding the capital assets acquired by Divisional Secretariats and the District Secretariat.

**2. Report on Other Legal Requirements**

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

- (a) The financial statements are consistent with the preceding year.
- (b) The recommendations in paragraphs 1.6.1 (a) (i) and (v) of this report that I had made regarding the financial statements related to the previous year were not implemented

**3. Financial Review**

**3.1 Expenditure Management**

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a) 25 to 49 percent out of the allocation of Rs.54,296,905 provided to the District Secretariat by 09 other Ministries and Departments related to 12 objects had not been utilized.	The capital allocation projects provided under the Expenditure Head of the predecessor President before the 2024 Presidential Election had to be cancelled as per the instructions of the Presidential Secretariat, and the allocations provided by various Ministries in the last months of the year had to be returned due to insufficient time to implement the relevant projects and the prevailing adverse weather conditions.	The allocations provided should be fully utilized for the relevant tasks through a formal arrangement and monitoring, and action should be taken against the parties who did not implement the identified projects.

### 3.2 Utilization of Allocations Granted by Other Ministries and Departments

	Audit Observation	Comments of the Accounting Officer	Recommendation
(a)	<b>Ministry of Buddhasasana, Religious and Cultural Affairs</b>		
	Even though the Ministry of Buddhasasana, Religious and Cultural Affairs had provided an allocation of Rs. 42,000,000 from 2015 to 2024 to construct a cultural center at the Mahaoya Divisional Secretariat, the construction work on the building, which had been constructed at a cost of Rs.16,695,573, had been stopped midway by 2021. Although construction was again carried out in 2024 at a cost of Rs. 12,870,964, about 10 years have passed since the beginning, the work on the project had not been completed.	The contract was awarded on 24 November 2015 and the project was to be completed within 180 days and construction work commenced on 01 December 2015. However, due to negligence and poor financial management of the contractor, the project was partially abandoned. As a result, the building was unusable for a considerable period of time. For the third phase, the Ministry of Cultural Affairs provided Rs. 13 million, which was used to complete the roof, plastering, cementing, window installation, painting, electrical wiring and plumbing. At present, this cultural center is in a manageable condition.	Formal action should be taken against the contractor who acted negligently, and measures should be taken to make the building usable through a formal arrangement.
(b)	<b>Ministry of Social Welfare and Primary Industries</b>		
(i)	While provisions have been made for late payments of elderly allowances in terms of Section 2.14 of Circular No. NSE/EL/01/2018 dated 15 October 2018 of the Ministry of Social Welfare and Primary Industries, the Uhana Divisional Secretariat has not paid a total of Rs. 2,707,900 in elderly allowances to 792 elderly persons and the said amount had been returned to the Ministry during the period from January to December 2024.	As per the Circular No. NSC/EL/01/2018 dated 15/10/2018 of the Ministry of Social Welfare and Primary Industries, provisions for late payments are made only in case of sudden illness or any other reasonable cause to a beneficiary, otherwise, it has been instructed that if the beneficiary does not receive the allowance within the relevant month, it will not be paid again. Further, the annual total number of beneficiaries is 26801 and 792 beneficiaries have not received the allowance. It is kindly informed that this is less than 4%.	Action should be taken against the officers who have not taken steps to identify the relevant beneficiaries and pay the allowances in a proper manner, and the relevant benefits should be paid to the elderly persons.
(ii)	In accordance with Section 2.15 of Circular No. NSE/EL/01/2018 dated 15 October 2018 of the Ministry of Social Welfare and Primary Industries, the names of beneficiaries who do not receive the elderly allowance for a period of 03	In accordance with Section 2.14 of the Circular No. NSC/EL/01/2018 dated 15.10.2018 of the Ministry of Social Welfare and Primary Industries, there was a delay in enrolling new beneficiaries in place of beneficiaries who had not received the elderly	An arrangement should be prepared and implemented to ensure that benefits are provided to eligible beneficiaries in accordance with

<p>consecutive months should be submitted to the committee, and after that, the next beneficiary on the waiting list should be given the opportunity to receive the allowance. However, the Uhana Divisional Secretariat had not taken such action.</p>	<p>allowance for a continuous period of three months due to the irregularity in the provision of the elderly allowance last year due to factors such as not receiving money on the due date, receiving money for several months at once, etc. and the lack of sufficient officers for the duties. Action will be taken to attach relevant subject officers to the Social Services Division to ensure that these omissions do not occur in the future.</p>	<p>legal provisions, through formal monitoring and follow-up.</p>
<p>(c) <b>Department of Pensions</b> Due to improper calculations regarding pension allowance payments, 37 pensioners in the Uhana Divisional Secretary's Division had been paid an excess of pension allowances of Rs. 2,026,913 as at 31 December 2024.</p>	<p>An excess of pension allowances has been paid to 37 pension beneficiaries in the Uhana Divisional Secretariat Division, and the Pensions Department has already taken steps to recover on a monthly basis the amount of Rs. 2,026,913 paid for the relevant pensioners.</p>	<p>A formal investigation should be conducted, and if the officers have acted irregularly, action should be taken and the amount paid in excess should be recovered promptly.</p>
<p>(d) <b>Ministry of Women, Child Affairs and Social Empowerment</b></p>	<p>(i) Out of the loan amount of Rs. 183,669,297 provided to Grama Shakthi Society members during the period from 2018 to 2023 through the Grama Shakthi Program, Rs. 114,608,554 was yet to be recovered even by December 31 of the year under review.</p>	<p>According to the Grama Shakthi report for the year 2023, the amount to be recovered was Rs.79,784,717. However, in the year 2024, it has reduced to Rs. 75,314,300. The Divisional Secretaries have been informed to recover the outstanding balance promptly.</p>
<p>(ii) Even though the funds available in the active Grama Shakthi parent societies can be used for microfinance loan programs, improvement of essential infrastructure facilities and other programs essential for the members of the societies as per the Circular Number SDB/SPV/GS/2022/Circular 01 issued by the Saubhagya Development Bureau regarding the Grama Shakthi program, 122 active societies out of the 234 registered</p>	<p>As at 31.03.2025, there is an amount of Rs. 14,131,718.30 in the 122 inactive Grama Shakthi Societies in the Ampara District, and all the Divisional Secretaries of the District have been informed to take steps to transfer that amount to the active Grama Shakthi Societies. Accordingly, Rs. 430,964 has been transferred to the societies operating in the Damana Divisional Secretary's Division.</p>	<p>Action should be taken against the parties who have not recovered the outstanding loans in a timely manner, and prompt steps should be taken to recover the outstanding loans.</p> <p>Appropriate beneficiaries should be selected, loans should be issued and programs should be actively implemented, inactive societies should be activated or formalized, and their money should be taken as Government revenue.</p>

societies in the Ampara district had not utilized their funds as per the Circular and had retained idle a total of Rs. 27,561,514 in their bank accounts. Out of the total registered societies, 112 inactive societies had retained a total of Rs. 12,581,380 in their bank accounts by 30 June 2025 as member funds and government funds.

- |       |   |   |  |
|-------|---|---|--|
| (iii) | A sum of Rs. 99,496 was to be recovered from 24 individuals under 05 loan projects implemented in 05 Divisional Secretary's Divisions under the Ampara District Secretariat during the period from 2010 to 2022 to uplift the economic status of low-income widows and women -headed households by the Women's Bureau of Sri Lanka. | The loan provided to 05 Divisional Secretary's Divisions under the Ampara District Secretariat to uplift the economic status of low-income widows and women -headed households by the Women's Bureau of Sri Lanka, under the Ministry of Women, Child Affairs and Social Empowerment, are due for recovery and payment agreements have been obtained from all these borrowers and relevant measures have been taken to recover the loans. | Action should be taken to recover the outstanding loan balances. |
|-------|---|---|--|

(e) **Ministry of Finance, Economic Stabilization and National Policies**

As per the letter No. MF/WBB/02NOTICE/D/DIV-2022 issued on 13th July 2023 by the Welfare Benefits Board under the Ministry of Finance, Economic Stabilization and National Policies, if the beneficiary in a family with only one beneficiary dies, the Grama Niladhari should inform the Welfare Benefits Board and stop the payments to that beneficiary. However, the accounts of 23 Aswesuma welfare beneficiaries of 05 Divisional Secretariats had been credited even after their deaths. Accordingly, due to the non-performance of the duties of the Grama Niladharis in the relevant Divisions, a financial loss of Rs. 825,250 had been incurred by the Government.

All Divisional Secretaries have been made aware to inform Grama Niladharis to take steps to inform the Welfare Benefits Board immediately after the death of the Aswesuma beneficiaries. The Divisional Secretaries have taken steps to recover the excess amount paid.

A formal investigation should be conducted, and the excess amount paid should be recovered from the relevant responsible parties.



### 3.3 Certifications to be carried out by Chief Accounting Officer/Accounting Officer

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) In terms of the section 38 of the National Audit Act, No.19 of 2018, the Chief Accounting officer and the Accounting Officer should ensure that an effective internal control system had been prepared and maintained for the financial control of the District Secretariat and carry out periodic reviews to monitor the effectiveness of such systems and accordingly make any alterations as required for such systems to be effectively carried out. Even though such reviews should be carried out in writing and a copy of the same should be submitted to the Auditor General, the statements for carrying out said reviews had not been submitted to the audit.	The certification for the year 2024 is submitted herewith.	The action should be taken as per the provisions of section 38 of the National Audit Act, No.19 of 2018.

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

Referenceto Laws, Rules and Regulations	Observation		Comments of the Accounting Officer	Recommendation
	Value Rs.	Non-Compliance		
(a) Section 4 of Chapter XXIV of the Establishments Code of the Democratic Socialist Republic of Sri Lanka	1,024,622	According to the reconciliation statement on advances to public officers' account, steps had not been taken to recover outstanding loans from the period of 01 to 10 years from the officers who had suspended their service, left the service, were sick and retired by the last day of the year under review.	The amount to be recovered at present is Rs. 1,024,622. Action has been taken to recover the outstanding loans of retired officers from their gratuity. Actions are being taken to recover the outstanding loans of those who have left the service through legal actions and from the guarantors.	Action should be taken against officers who have not taken steps to recover outstanding loans in a timely manner, and steps should be taken to recover outstanding loans in accordance with the Establishments Code.
(b) <b>Public</b>				

## Administration Circulars

- |  |                  |  |  |   |
|--|------------------|--|--|---|
| <p>(i) Public Administration Circular No. 18/2001 dated 22 August 2001</p>   | <p>–</p>         | <p>The maximum period of service to be served at one place of work is five years, and every officer who has served at one place of work for more than five years should be transferred to another place of work. However, 26 officers working at the Damana Divisional Secretariat have been serving at the same place of work for a period of 05 to 15 years, and action had not been taken to transfer them to another place of work even at the end of the year under review.</p> | <p>For the officers of the Combined Service, due to the inability to find suitable successors in the 2025 annual internal transfer process, transfers have not been made for officers who have completed 05 years of service. The Damana Divisional Secretariat is operating in Sinhala, while Tamil media officers are working in the nearest Divisional Secretariat, Irakkamam. The transfer of Sinhala and Tamil media officers creates practical difficulties in performing their duties. Since the distance between the Damana Divisional Secretariat and other Sinhala media Divisional Secretariats is very long, the officers face difficulties in daily reporting for duty. Therefore, Action will be taken to transfer officers with a service period of more than 05 years in the year 2026 in a systematic manner and in a manner that does not cause administrative issues.</p> | <p>Action should be taken as per the Circular.</p>  |
| <p>(ii) Section 2.iv of Circular No. 2009/09 dated 16 April 2009 of the Ministry of Public Administration and Home Affairs and Section 2.2 of National Budget Circular No. 01/2024</p> | <p>1,466,674</p> | <p>Salaries were paid to three staff officers of the 03 Divisional Secretariats without verifying their attendance and departure through finger scanners.</p>  | <p>The three staff officers of the relevant 03 Divisional Secretariats have properly recorded their arrival and departure in the attendance register during the period relevant to the audit queries, and currently, they are also recording their arrival and departure properly using the finger scanner.</p>  | <p>Action should be taken as per the Circular and formal measures should be taken against the officers who have taken actions contrary to it.</p> |

(iii) Circulars Nos. 1,900,943 09/2009, 09/2009(i) and 02/2021(viii) dated 16 April 2009, 17 June 2009 and 12 May 2023 of the Ministry of Public Administration and Home Affairs	If overtime and holiday pay are paid after regular duty hours based on time, then the time should be verified through the finger scanner. However, during the period from January to September 2024, holiday allowances were paid to 19 staff officers of the Pottuvil, Sainthamarathu, Irakkamam, Kalmunai and Akkaraipattu Divisional Secretariats without obtaining fingerprint verification.	Divisional Secretaries have been made aware that holiday pay and overtime payments should be paid based on the data from the finger scanner.	-Do-
(c) Section 191 of Chapter 454 of the State Lands Ordinance No. 08 of 1947	It is stated that when Government land is given to an individual or group of individuals for commercial purposes, the permission of the Land Commissioner General must be obtained. However, lands in 04 Divisional Secretariats had been given to 14 private companies on a long-term lease basis without the permission of the Land Commissioner General.	The relevant Divisional Secretaries have informed that all documents have been forwarded to the Provincial Land Commissioner to provide the relevant lands belonging to the Divisional Secretariats of Addalachchenai, Pottuvil, Nintavur and Akkaraipattu on a long-term lease basis, and steps will be taken to collect the long-term lease as soon as approval is received.	Action should be taken in accordance with the provisions of the Land Ordinance, and steps should be taken against the officers who have not taken action accordingly.

### 3.5 Transactions in Fraudulent Nature

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Under the Program to Provide the Nutrition Allowance to Pregnant and Lactating Mothers implemented by the Ministry of Women, Child Affairs and Social Empowerment, two subject officers committed a financial fraud of Rs. 5,356,000 due to poor supervision by staff officers and non-implementation of internal control procedures during the process of distributing vouchers in the Sammanthurai and Addalachchenai Divisional Secretary's Divisions from 2022 to 2024.	<p>The progress of the investigations into the voucher fraud that has occurred in the Sammanthurai and Addalachchenai Divisional Secretariats under the Program to Provide the Nutrition Allowance to Pregnant and Lactating Mothers is as follows.</p> <ul style="list-style-type: none"> <li>• The preliminary investigation into the nutrition voucher fraud in the Sammanthurai Divisional Secretariat has been conducted by the Assistant Divisional Secretary, Irakkamam, and it has been forwarded to the Director General of Combined Services along with the draft charge sheets. In order to determine the loss caused by this incident, a committee chaired by the Accountant of the Karthivu Divisional Secretariat has been appointed to obtain reports under F.R. 104(3). The accused officer has already paid a sum of Rs. 1,350,000 to the Sammanthurai Divisional Secretary.</li> <li>• The preliminary investigation into the nutrition voucher scam in the Addalachchenai Divisional Secretariat has been conducted by the Assistant Divisional Secretary, Karthivu and it has been forwarded to the Director General of Combined Services along with the draft charge sheets. As per the letter of the Director General of Combined Services No. DP/6/2/2025 and dated 22 April 2025, the accused officer, Mrs. Umarulebbe Sitthi Suhara, has been interdicted. In order to determine the loss caused in this regard, a committee under the chairmanship of the Divisional Secretary, Nintavur has been appointed to obtain reports under F.R. 104(3).</li> </ul>	Steps should be taken to expedite investigations and take action against the officers, to recover the financial losses, and to strengthen internal controls to prevent such situations in the future.

#### **4. Operational Review**

##### **4.1 Non-Achievement of Expected Outcome**

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a) Under the President's Fund, a project to renovate a children's playground and a beach park in the Addalachchenai Grama Niladhari Division 07 of the Addalachchenai Divisional Secretary's Division was carried out at a cost of Rs. 2,925,000 and playground equipment (REVOLI) was installed. In accordance with Section 1.11 of the Circular MF/02/2023 dated 19 December 2023 of the Ministry of Finance, the Divisional Secretary should have been satisfied that the construction could be used for the proposed purpose without hindrance in the future and that a proper procedure had been prepared for maintenance. Even though, this equipment, which had a warranty of 05 years, had broken and been damaged even before 06 months had passed since its purchase, the Divisional Secretary had not taken any action in this regard.	The Economic Development Officer in charge of the relevant Division has submitted a letter to the Addalachchenai Divisional Secretary dated 09 April 2025 in this regard. Accordingly, the Divisional Secretary has sent a letter to the relevant manufacturer on 19 May 2025 requesting that this equipment should be repaired immediately.	A program to ensure the sustainability of the projects should be developed and implemented using a formal program to achieve the objectives of the relevant project, and this project should be made successful through formal monitoring.

##### **4.2 Abandonment of Projects without Completion**

<b>Audit Observation</b>	<b>Comments of the Accounting Officer</b>	<b>Recommendation</b>
(a) A fund of Rs. 4,967,175 had been provided to the farmers of Vadinagala village in the Damana Divisional Secretariat under the Youth Agri-Entrepreneurship Village Programme - 2024 of the Ministry of Agriculture, Livestock, Lands and Irrigation. However, the Damana Divisional Secretariat had not implemented this project during the year under review.	Under this programme, a provision of Rs. 4,967,175 had been allocated on 03 December 2024 for dairy farming for the farmers of Vadinagala village in the Damana Divisional Secretariat, and the project was to be completed by 31 December 2024. However, the implementation of the dairy cattle purchase project is a very complex process, and the project could not be completed within 03 weeks, and the adverse weather conditions also made it difficult to implement this project practically. Accordingly, the Ministry of Agriculture has been informed in this regard and has been asked to take back the allocations.	An action plan should be prepared to utilize the funds received by the area for development activities, and steps should be taken against the relevant parties for not implementing projects in a timely manner.

- |     |  |   |  |
|-----|--|---|--|
| (b) | <p>A sum of Rs. 6,500,000 provided by the Provincial Education Department to the Addalachchenai Divisional Secretariat for the acquisition of land for a school in the Division had been retained in a deposit account for a period of 06 years without being utilized for the relevant purpose.</p> | <p>The process of acquiring land for the Addalachchenai Al Arham School is ongoing as per the instructions and directives of the Ministry of Lands. The process of acquiring land is a very complex and time-consuming task. Accordingly, the Divisional Secretary has informed that the activities under Sections 2,4,5, and 6 of the Land Acquisition Act have been completed and the Gazette Notification under Section 7 has been forwarded to the Government Printing Department and the work under Section 9 will be initiated very soon and other work will be continued under Sections 10(1) and 17, and the amount in the deposit account can be paid to the landowner after the work under Section 17 is completed.</p> | <p>Steps should be taken to promptly acquire the lands by coordinating with the relevant institutions.</p> |
|-----|--|---|--|

#### 4.3 Delays in Projects

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Under the Housing Programme -2023 for Families with More Than 03 Members Displaced Due to the Conflict Situation Prior to 2009 of the Ministry of Urban Development and Housing had provided Rs. 7.8 million to the Mahaoya Divisional Secretariat, out of which Rs. 3,200,000 had not been allocated for the construction of houses for 04 beneficiaries. However, those constructions had not been completed.	As per the letter of the Ampara District Secretary No. PLN/DEVE/16/RESET/HOUSE-2023 dated 11 September 2023, the Mahaoya Divisional Secretariat has received a provision of Rs. 7.8 million for the above housing scheme. Based on the above provisions, the first phase installment amount has been released to Samurdhi Banks on 09 November 2023 and 28 December 2023. Provisions for the entire installment amount for this project were not received at once. Provisions for the remaining installment amount were received through the letter of the Ampara District Secretary No. PLN/DEVE/RESET/05/2024 dated 06 June 2024, and all installment amounts have been released to Samurdhi Banks by 31 July 2024. Accordingly, the opportunity has been provided to release the installment amount to the beneficiaries in a systematic manner based on the recommendations of the Economic Development Officer in charge of the Division and the Divisional Secretary, depending on the progress of the construction of the houses.	Steps should be taken to commence the work within the stipulated time after strengthening monitoring and follow-up actions and complete the work as per the agreement.

#### 4.4 Procurement

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) When purchasing animals through the Akkarapattu Divisional Secretariat under the Rural Economy Upliftment Project of the Ministry of Agriculture, the goats were purchased at a low price of Rs. 1,600 per kilogram for male goats and Rs. 1,200 per kilogram for female goats, it was observed that during the same period, male and female goats from the Addalachchenai, Nintavur, Alayadivembu and Sammanthurai Divisional Secretariats had been purchased at a higher price compared to the value purchased by the Akkarapattu Divisional Secretariat, and an overpayment of Rs. 308,000 had been made for 1286 kilograms of goats from those Divisional Secretariats.	<p>The Divisional Secretaries have informed that since there was a religious festival during the implementation of this project in Sammanthurai and Addalachchenai Divisional Secretariats and other Divisional Secretariats were also implementing this project, there was a high demand for goats, which led to an increase in prices, and since it was difficult to purchase from the surrounding area, they had to purchase from a distant area, and therefore, transportation costs had to bear.</p> <p>The Alayadivembu Divisional Secretariat did not call for separate quotations for this, and the Thirukkivil Divisional Secretariat purchased the goats based on the procurement decision taken to purchase them.</p>	Procurement should be carried out in a manner that is beneficial to the government, and a formal investigation should be conducted and action should be taken regarding overpayments.

#### 4.5 Assets Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) A computer was purchased with the amount of Rs. 353,000 provided under the provisions of the Ministry of National Integration, Social Security and Mass Media for the purchase of goods for the Cultural Center under the Uhana Divisional Secretariat. However, it was not used and remained idle in the store.	The Divisional Secretary has informed that the goods and equipment purchased for the Uhana, Wevgampathuwa North, Regional Cultural Center under the Ministry of Buddhasasana, Religious and Cultural Affairs, are being kept safely in the store of the Divisional Secretariat until the physical security of the building premises is established and managed in a manner suitable for the usage of the public.	After a formal study, goods should be purchased according to need and usability, and all purchased equipment should be used for the relevant tasks.

- |     |   |  |   |
|-----|---|--|---|
| (b) | <p>Under the 2024 Decentralized Budget Program, 12 sound system- related equipment worth Rs. 346,500 was provided to a community center belonging to the Akkaraipattu - 20 Grama Niladhari Division of the Akkaraipattu Divisional Secretariat. However, only 08 out of the equipment were stored in a private building. No evidence was submitted to the audit regarding the remaining 04 equipment.</p> | <p>Under the 2024 Decentralized Budget Program, 12 sound system -related equipment worth Rs. 346,500 was provided to the Bullet Community Center belonging to the Akkaraipattu - 20 Grama Niladhari Division of the Akkaraipattu Divisional Secretariat, and the Divisional Secretary has reported that due to the flood situation, it has been stored in another place to protect it from flooding.</p> | <p>A formal investigation should be conducted to find out whether the relevant items are actually in the custody of the community center, and formal steps should be taken.</p> |
|-----|---|--|---|

#### 4.6 Losses and Damages

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Even though the loss incurred due to the theft of goods from the Saddhatissapura store belonging to the Ampara District Secretariat on 21 September 2015 was assessed at Rs. 850,738, no further action had been taken in this regard by the end of the year under review.	Even though the final inspection report in accordance with F.R.104 (4) regarding the theft of goods from the Saddhatissapura store was prepared and forwarded to the Secretary of the Ministry of Public Administration, Provincial Councils and Local Government on 10 October 2024, a letter was issued by the Secretary of the Ministry of Public Administration, Provincial Councils and Local Government, vide letter No. HA/F/07/WRI16/001 dated 30 October 2024, requesting a correct final inspection report in accordance with F.R.104 (4), indicating the shortcomings therein. In response, the final inspection report prepared by completing the shortcomings under F.R.104 (4) has been forwarded to the Secretary, Ministry of Public Administration, Provincial Councils and Local Government by the letter of my even number dated 19 March 2025.	Investigations should be completed promptly, and action should be taken against the parties responsible for the loss, and steps should be taken to recover the loss.



#### 4.7 Uneconomic Transactions

Audit Observation	Comments of the Accounting Officer	Recommendation
<p>(a) As per Section 4.2 of Circular No. DRD/2023-1 dated 09 February 2023 issued by the Ministry of Finance, Economic Stabilization and National Policies regarding the 2022/2023 Maha season paddy purchasing program and paddy stock distribution program, the District Secretary should take action to handle the operational expenses incurred in purchasing paddy in accordance with the relevant Financial Regulations, Circulars and other Government approvals. The Ampara District Secretariat has allocated Rs. 3,089,000,000 for administrative expenses for the District Secretariat and 17 Divisional Secretariats, as 1% out of the Rs. 30,890,000, which is the total provision so as to allocate administrative expenses for general projects, contrary to the Circular, ignoring the actual expenses incurred by the officers and stating that it was on the verbal instructions of the Department of Development Finance, and a committee chaired by the Ampara District Secretary was appointed and, as per the decision of the committee, an amount equivalent to ¼ of the basic salary of the relevant officers, based on the number of months they were involved in the project, totaling Rs. 15,580,562, had been paid as administrative expenses by July 2023. Further, as per the audit test check, in addition to the allowance of ¼ of the basic salary of each officer under the Uhana Divisional Secretariat, Rs. 367,181 had been paid to 16 officers as holiday pay, travelling expenses and overtime allowances.</p>	<p>The Department of Development Finance had notified that 30,000 metric tons of paddy should be purchased from the Ampara District, and the money should be credited to the farmer's account within 24 hours of purchasing the paddy. This was a very complicated process, and a paddy stock worth Rs. 270 million had to be purchased and payments made to the farmers. The former District Secretary appointed a committee as per the instructions of the Department of Development Finance, based on the issues of selecting paddy mill owners, registering them, identifying farmers, determining the amount of paddy to be purchased from them, preparing reports, having to refer them to banks, having to work outside of office hours for these tasks, having to go to the field regularly, having to use personal mobile phones, etc., and made these payments as per the decision taken there. The recommendations of the Divisional Heads and the relevant Divisional Secretaries have been obtained before making the payments. Since the allocated provisions are necessary, overtime, travelling expenses, and holiday salaries have been paid.</p>	<p>Only administrative expenses actually incurred in accordance with the Circular should be paid with proper approval, and payments made contrary thereto should be recovered.</p>

- |     |   |  |             |
|-----|---|--|-------------|
| (b) | <p>Even though the 2022/2023 Maha season paddy purchasing program was supposed to be completed in March and April 2023 as per Section 2.3.2 of Circular No. DRD/2023-1 dated 09 February 2023 issued by the Ministry of Finance, Economic Stabilization and National Policies, formal action had not been taken regarding the remaining stocks of 420,546 kilograms of rice and 8,779,903 kilograms of paddy in the relevant warehouses as at 31 December 2024. Accordingly, it was observed that an amount of Rs. 15,580,562 had been paid to the officers as administrative expenses related to this project before it was completed.</p> | <p>Even though 30,000 metric tons of paddy were purchased on the instructions of the Department of Development Finance, the program could not be completed within the expected time frame due to insufficient demand for rice from other Districts. Accordingly, disposal of the remaining stocks is being continued on the instructions of the Department of Development Finance.</p> | <p>-Do-</p> |
|-----|---|--|-------------|

#### 4.8 Management Weaknesses

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) Samagipura Samurdhi Bank, which belongs to Mahaoya Divisional Secretary's Division, has a balance of Rs. 17,565,390 in overdue loans as at 24 February 2025, and necessary action had not been taken to recover the loans from the relevant parties.	<p>Self-Employment Bad Debt(3201) - 1,2 reminder letters have been sent to the borrower. Livelihood Revolving Loan - (3210) - Officers in the Divisions have been informed about the recovery of loans. Livelihood Development Loan - (3219) - Currently, the balance of this loan is Rs. 9,548,192. Action has been taken to recover a sum of Rs. 233,024.</p> <p>Sampatha Loan (3220) - Currently, the balance of this loan is Rs. 7,359,073. Action has been taken to recover Rs. 68,104. Regarding the recovery of these loans, the Mahaoya Divisional Secretary has asked the field officers to hold meetings at the divisional level and personally visit homes to inform them to pay the loans before 30 April 2025. It is also reported that the Mahaoya Divisional Secretary has also informed the subject officers to take necessary steps to submit all these loans to the Mediation Board after 30 April 2025.</p>	<p>Action should be taken against the officers who have not taken steps to recover the outstanding loans in a timely manner, and steps should be taken to recover the outstanding loan balances promptly.</p>

- |     |   |  |  |
|-----|---|--|--|
| (b) | <p>The Ampara District Secretariat had provided loans worth Rs. 15,515,924,709 to 443,779 beneficiaries through 45 Samurdhi Community- Based Banks, and Rs. 2,685,152,942 had not been collected from 33,976 beneficiaries by 28 February 2025. Out of them, 4630 beneficiaries had been identified as having bad debts amounting to Rs. 337,025,097.</p>   | <p>The District Samurdhi Director has informed that a committee has been appointed to obtain a detailed report on this matter and the committee has been informed to analyze the bad debt and submit a plan to reduce the bad debt, and a detailed report will be submitted as soon as the committee provides the detailed report on the analysis of the bad debt and the relevant plan to reduce the bad debt.</p>  | <p>-Do-</p>  |
| (c) | <p>Even though a delay fee of 0.05% per day should be charged from the amount of the contractor, in case the work is not completed within the agreed period of the project for the construction of the boundary wall of Muslim Central College of Sammanthurai under the Special Funding Programme of the Presidential Secretariat, a delay fee of Rs. 116,073 was to be charged for 52 days by 31 December of the year under review.</p>   | <p>The Divisional Secretary has reported that the construction work was delayed as it could not be completed within the stipulated time due to the continuous rains, which caused a large flow of water through the main drain, and as it was used as a main examination centre of the scholarship examination, and operated as an Advanced Level examination centre, and used as a polling centre for the Presidential and Parliamentary Elections, and as it was difficult to procure raw materials due to the continuous rains and flooding and therefore, no late fees were charged even though the agreement for this project was signed on 30 August 2024.</p>     | <p>The relevant projects should be completed within the specified time frame and late fees related to delays should be charged from the contractors.</p> |
| (d) | <p>Even though a delay fee of 0.05% per day on the amount of the contractor should be charged in case the work of the project for the construction of the boundary wall of Muslim Central College of Sammanthurai is not completed within the contract period specified in the contract in December 2024 under the Special Funding Programme of the Presidential Secretariat, a delay fee of Rs. 209,746 was to be charged for 88 days by 31 December of the year under review.</p> | <p>The Divisional Secretary of Sammanthurai has reported that even though the agreement for this project was signed on 26 July 2024, it was not possible to complete it within the stipulated time frame due to the continuous rains, and as it was used as a main examination centre for the scholarship examination, and was operated as a Advanced Level examination centre, and used as a Presidential and Parliamentary Election centre, and as it was difficult to procure raw materials due to the continuous rains and flooding. The construction of the relevant gate has been fully completed by now, and late fees were not charged due to those reasons.</p> | <p>-Do-</p>  |

- (e) According to the letter No. DFD/MD/GPPP/PD/Maha/2022 /23 dated 17 July 2023 issued by the Director General of the Department of Development Finance regarding the production of rice from government paddy stocks held by rice mill owners and the sale of them after the government purchased paddy and distributed it to low-income earners under the programme of purchase and disposal of paddy of Maha season in 2022/2023, 1,110,396 kilograms of rice worth Rs. 154,064,224, which should have been delivered to the District Secretariat by 22 paddy mills selected under 09 Divisional Secretary's Divisions for the sale of rice to the buyer selected according to the first tender carried out in September 2023 regarding the remaining paddy stocks under the District Secretariat, had not been handed over to the District Secretariat even by 10 March 2025.
- It has been decided to take legal action against rice mill owners, who have not paid the amounts payable as at 31.12.2024, and action is being taken with the Ampara Police for this purpose. The outstanding amount to be paid has been reduced to Rs. 154 million. Moreover, the audit divisions have been requested to immediately initiate the necessary steps to file cases against rice mill owners belonging to the limits of the Uhana Divisional Secretary's Division and to promptly provide necessary audit query reports regarding the relevant rice mill owners of other Divisional Secretary's Divisions for conducting investigation activities.
- Steps should be taken to promptly recover the amount of rice that should be recovered and to take legal action promptly against rice mill owners who do not provide rice.
- (f) **Charging of Long -Term Lease**
- A lease amount of Rs. 24,580,510 was to be recovered by 31 December 2024 in respect of long-term lease deeds issued by the Divisional Secretariats of Damana, Akkaraipattu and Kalmunai.
- A long-term lease balance of Rs.4,603,063 has been recovered on government lands belonging to the Kalmunai Divisional Secretariat, and necessary steps have been taken to grant a long-term lease of the government land of 9.5 perches located in the Grama Niladhari Division 13 of Akkarapattu belonging to the Divisional Secretariat of Akkaraipattu for commercial purposes. Steps have been taken to recover the outstanding lease amounts of the Damana Divisional Secretariat.
- Action should be taken against the officers who have not taken steps to recover the outstanding lease amounts in a timely manner, and the arrears should be recovered expeditiously.

## 5. Human Resource Management

Audit Observation	Comments of the Accounting Officer	Recommendation
(a) As at 31 December 2024, the approved cadre was 2365, and the actual cadre was 2808, and steps had not been taken to fill 81 vacancies in the staff and to formally approve the excess staff of 662.	All of these 662 excess officers are Development Officers. This situation has arisen since Development Officers are recruited at the Ministry level and have been recruited without considering the approved cadre. The Department of Management Services has been informed in this regard. Due to the lack of sufficient vacancies and language issues, there is no provision to approve them under F.R.71.	A staff review should be conducted and action should be taken to fill only the necessary vacancies and to balance the excess staff in a formal manner.
(b) According to the appointment letter dated 19 April 2023 issued by the Public Service Commission, a Management Services Officer had been promoted from Grade I to the Supra Grade of the said service on the basis of merit. Accordingly, the said officer had been released from the Samanturai Divisional Secretariat to the District Secretariat on 23 May 2023. However, he had not assumed duties in that post by 18 April 2024, the date of the audit. Even after his release from that office, the Samanturai Divisional Secretariat, which is the place of work, had paid him 07 months' salary of Rs. 434,840 for the previous post from June 2023 to December 2023. As per his appointment letter, he should inform within 03 weeks from the date of that letter whether he would accept the appointment or not. Even though 11 months have passed, no such written notification has been made to date.	The relevant officer has been appointed to a Supra Grade post in the Management Officer Service with effect from 28.11.2021 by the letter of the Public Service Commission No. PSC/APP/071520 dated 30.03.2023. He was attached to this office from 23.05.2023, and he has not assumed the duties of the Uhana Divisional Secretariat. Accordingly, a letter has been sent to the Public Service Commission in accordance with Section 98 of the Procedural Rules of the Public Service Commission to inquire whether this appointment is still valid and the further steps to be taken.	The existing vacancies should be identified, and the staff should be attached, and those officers should be attached to duties in a manner that ensures maximum efficiency.